

# CORRECTED VERSION

## RURAL AND REGIONAL COMMITTEE

### Inquiry into rural and regional tourism

Melbourne — 28 June 2007

#### Members

Ms. K. Darveniza

Mr D. Drum

Mr J. Eren

Ms W. Lovell

Mr R. Northe

Ms G. Tierney

Chair: Mr D. Drum

Deputy Chair: Ms G. Tierney

#### Staff

Executive Officer: Ms L. Topic

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#### Witnesses

Ms J. Durston, coordinator, Daylesford Macedon Produce, and

Mr R. Permezel, chair, Great Grape Touring Route.



**The CHAIR** — Thanks, Roger, thanks Joy. In A little bit of a break from convention, we are going to have our next two pieces of evidence given in one joint sitting. That will work out well. I will let you two bounce off your respective evidence. The Rural and Regional Committee is an all-party parliamentary committee. We are doing an inquiry into rural and regional tourism. All evidence given before the inquiry today is afforded parliamentary privilege under the Constitution Act 1975, the Parliamentary Committees Act 2003 and also the Defamation Act 2005. Any evidence given outside this hearing is not covered by parliamentary privilege. Before we kick off, if you could just give us you full names and addresses and also the names of the organisations which you are representing, then we will let you do the best with this joint sitting. Thanks very much.

**Ms DURSTON** — Joy Durston. I am the coordinator of Daylesford Macedon Produce Group. I live at 18 Spring Street, Glenlyon.

**Mr PERMEZEL** — Roger Permezal. I am chair of the Great Grape Touring Route. I live at 108 Davies Street in Buninyong.

**The CHAIR** — Who wants to kick off first?

**Ms DURSTON** — I think it is me.

**The CHAIR** — Thanks, Joy.

**Ms DURSTON** — Daylesford Macedon Produce was established six years ago in recognition of the opportunities for unique regional products in high-end domestic and international markets and to serve as a coordinated networking and information-sharing forum for the local food industry. It is actually a working group of Daylesford and Macedon Ranges Inc. — you will be hearing from our chair, Athol Guy, later in the day. Our membership comprises small and medium-sized food and wine producers, manufacturers, restaurants, cafes, farm gates. Almost all are directly involved in culinary tourism one way or the other, either their own farm gate or providing produce for restaurants and cafes.

The food industry is not just about producing or growing or manufacturing. A wise old saying notes that there is no money to be made in producing, growing, catching or making anything, there never has been and there never will be. The money is made when the product is sold. Our food industry has other indirect benefits for our broader community, such as our tourism industry. It is an important attraction for an increasing number of tourists who regard food as an important part of the experience. In a recent report by the Bureau of Tourism Research entitled the *The Great Australian Bite — Travel Patterns of Culinary Visitors* the travel and spend patterns of culinary visitors are examined. The report suggested that up to 47 per cent of domestic tourists can be classified as culinary tourists.

We all eat when we are out. They spend over 30 per cent more than other tourists. Even 30 per cent of daytrippers qualify as culinary tourists, and their spending accounts for 42 per cent of all daytrip spending. The report further found that more than half of all tourism spend, both domestic and international, is by culinary tourists. It is fair to say that the travelling and dining public has become incredibly well educated, and the dining experience is seen by many as a part of tourism as a train trip, a visit to Hanging Rock or our mineral springs.

One of the areas of tourism that is always very appealing when you travel of course is food. Wherever you go, the main topic of the day is what you are going to have for the meal at night. Culinary tourists are looking for healthy food and a unique experience. They do not want to come here, the centre of Victoria's food bowl — watch that one get knocked down by other areas — to try food that they have in their own state, country or city. Part of their tourism adventure to the region is the food and the local wines.

Among other business and economic development ventures, Daylesford Macedon Produce aims to find new and innovative ways to promote the region and grow the food tourism industry in the Daylesford and Macedon Ranges region. Tourism is a significant generator of jobs and economic growth, particularly in regional and rural communities. However, food and wine tourism in the Daylesford and Macedon Ranges regions is, we feel, under managed and underfunded. There is very little support, financial or physical, from local government, which only now is coming to recognise that tourism is the major industry in the region.

There is little support from other relevant government departments too. There appears to be almost no cross-departmental cooperation or integration of information and services. To use our own example, for several months now we have been endeavouring to create a consolidated Victoria-wide database of artisan food and wine producers. This is because we will be hosting in September a statewide regional food and wine group meeting. We want to know who we are going to invite. We have contacted economic development officers in local councils. Despite the fact that councils have the mechanism which registers, licences and rates businesses, they are unable to tell us who are food and wine producers. We have sought out regional food— —

**The CHAIR** — Sorry Joy, is that because of privacy?

**Ms DURSTON** — Yes, but there must be some way of getting the information out.

**The CHAIR** — Sure.

**Ms DURSTON** — We have sought out regional food groups, but the majority of these are no longer active or are minimally functional because there is no government support. Food group management is voluntary, and the members are overstretched and unable to commit the necessary amount of time. We have sought input from Regional Development Victoria, Tourism Victoria and the Department of Primary Industries. They do not hold wide-reaching databases. Farm gate is another issue. Tourism Victoria supports the concept; DSE or planning is restrictive allowing only state-grown products to be sold. In most cases this means that producers can sell products for only a small part of the year.

Another issue, which I thought of earlier this morning and which is not on your papers, is that the Daylesford and Macedon Ranges region has a growing reputation as a tourist destination for its innovative food and wine production. I have yet to come across anyone showing interest in touring areas of genetically engineered monoculture crops. One of our members has spent many years manning an organic farm. But the Treasurer, John Brumby, who now owns a property next door, has been reported as saying that he would be really pleased to be the first person to grow GE rye on his property. You can imagine what that is going to do to the organic farm next door.

To help all of the above, we would like to recommend to this committee that a working party be established to investigate, in consultation with industry, the creation and the funding of a network of food industry development offices, otherwise known as FIDOs. These FIDOs would work with regional food groups and relevant government bodies to build food cultures, promote food tourism and grow individual businesses. This model has been working in South Australia since 2004. In a recent review the South Australian government acknowledged the FIDO program, saying it had helped achieve about 30 per cent growth in food sector employment and turnover in the past three years. By working as a one-stop shop, FIDO could act as a conduit between government and businesses and provide key information to people who are prepared to take commercial risks to encourage value adding to the products.

In the Victorian state government's *10 Year Tourism and Events Industry Strategy* released in October 2006, according to Access Economics in 2003–04 tourism contributed \$10.9 billion or 5.3 per cent of gross state product. There is a little illustration showing this, and beside that it shows that food rates over 8.5 per cent of the gross state product, which is \$17.4 billion. Just think

how much higher that combined gross state product could be with strong cooperative, collaborative and strategic processes and actions between government and industry.

**Mr PERMEZEL** — As Tony Blair said today, ‘That is it! I am out’. I will probably start by saying that I endorse the comments from Daylesford Macedon Produce. The reason we appear together is that we see the inextricable connection between food and wine tourism. So I am more promoting the cause of wine tourism, but I see that it is absolutely inextricably linked with food tourism, and I will address that. The way I have chosen to make my presentation is to offer a few thoughts, and then to suggest some strategies which I suggest will address those ideas. I guess generally I am probably taking a view of the food and wine tourism industry council as being the peak body in Victoria to which probably most of these comments would be addressed. So I will start off.

**Ms DARVENIZA** — Can you say that again? Who would you be addressing these comments to?

**Mr PERMEZEL** — The minister’s food and wine tourism council. Are you familiar with that group?

**Ms DARVENIZA** — Yes. Is that part of Tourism Victoria?

**Mr PERMEZEL** — Yes, it is. Whilst Victoria enjoys an enviable profile in the fields of food and wine through the efforts of dedicated and highly skilled chefs, restaurateurs, winemakers and artisan producers, food and wine tourism does not share the same success. In recent years, since relocating to regional Victoria, I have established a significant working interest in food and wine tourism to the extent where I occupy the chair of the Great Grape Touring Route, which represents 54 cellar doors in the Ballarat, Pyrenees and Grampians regions, and membership of the working party establishing a national slow food Australia organisation. I would say here also that Joy is also on that same committee.

There are some 625 wineries in Victoria of which 489 offer cellar door operations, which is a little over 30 per cent of Australia’s total cellar doors, so we have a significant position there. But they are of vastly differing formats, standards and trading structures. So a cellar door is not a cellar door; they are very different. In fact, probably of the cellar doors in Victoria, that is the 489, roughly 30 per cent, maybe a bit more, do not, for instance, offer open trading. They offer trading by appointment only, which in terms of serving the interests of tourism is pretty poor. That is a starter, and then of the remaining ones a number of them, quite a lot of them, are seasonal and quite a lot of them only operate on several days of the week. I will probably contend straight away that we simply do not have a cellar door industry per se.

I believe that the development of wine tourism needs to be in concert with food tourism and of course vice versa. Culinary tourism is currently quite fragmented as a consequence of its relative infancy and new players, traditionally from non-tourism backgrounds, recognising their dependence on tourist markets but with little knowledge or appreciation of the commitment required to developing and implementing tourism strategies. This problem tends to be exacerbated the further away from the source markets. So quite apart from communication issues, there is a significant role to be undertaken in education. Hence I see this aspect as a key focus for the tourism council to address.

The sorts of strategies I would be looking at to address this is that we need to present more training workshops around Victoria for the cellar door segment. The Winemakers Federation of Australia has produced a very useful little kit called the Wine Tourism Toolkit. It has run seminars in Victoria. I will be urging that it does not lose sight of that and that in Victoria we keep running that training.

I am going out on a limb here with a very contentious issue; most people do not like to go anywhere near it. I am suggesting that it might be useful to establish a simple accreditation

standard for cellar doors to ensure, from the industry's perspective and very much from the consumers' perspective, that there is at least a basic level of product and service offered out there.

The other thing we should be looking at for Victoria is investigating alternative cellar door options, utilising capable, specialist wine and food retailers to provide creditable experiences. What I am talking about here is looking at operations. I give as an example a place in Heathcote called Cellar and Store where, rather than a lot of the small wineries trying to do the cellar door thing, we have 30 wineries all concentrated at one outlet, also bringing together local food elements. On an international model — and we are seeing it now in Australia — Enoteca, the Italian wine library or wine house model, is another model to look at. In the Yarra Valley, as a part of the Yarra Valley Dairy, there is the Yarra Valley Wine Hub where people who have a passion for growing and making their wines, but simply do not have the resources or the skill to run a retail tourism outlet, cluster together with the other parts of the experience — the food as well — to offer a much better-quality tourism experience.

Given the sensory and, to some extent, technical aspects of culinary tourism, there is a need for tourism professionals and front-line staff to be given a broader appreciation of product elements, although only to a limited level. Of course, food and wine products are quite technical, and you would not want to have to train tourism people to become fully competent or conversant, but they need a basic appreciation. It is sometimes quite pathetic observing a visitors centre volunteer describing the food and wine experiences in their local region. I had it today. I rang up someone from a visitors centre to ask about cellar doors in the region, and she started her response by saying, 'Of course, I do not drink wine, but'; she has lost you straightaway. That, pretty much, is a profile of the sorts of people who work in those visitors centres. They simply are not up to speed on the food and wine tourism experience. I would say that flows through to the tourism officers, the paid staff, as well. They need to be given specialist training.

Probably in saying that I should also point out that culinary tourism needs to look at alternative distribution modes as well, and not just visitors centres. Regional tourism plans that are prepared by local government officers tend to be very tactically focused, with little underlying strategy, leading to marginal residual benefit and negligible information on the necessary industry building blocks. So there is not really much happening out there in the industry about growing this food and wine tourism business, I guess. They are very good at running their wine-tastings, their food samplings, their big dinners and all those sorts of things, which are all very tactical and very easy to do, but in terms of people out there with the skills to develop the food and wine tourism product there are very few around.

A few of the strategies I have put down include, firstly, that we need to actively encourage cellar doors in Victoria to subscribe to the Winemakers Federation of Australia's Cellar Door METRICS benchmarking program. From that there should be development of articulated industry strategies, based on the definitive results. The Winemakers Federation has launched, with the full support of Tourism Australia, Tourism Victoria and the other states, a very significant benchmarking program, and we really need to get the cellar doors contributing to it, because out of the other end of that comes all the data and statistics, which we simply have not had before, on which we can build creditable sorts of strategies.

Another point I want to make is that we need to develop specialised staff training programs for tourism officers, volunteers and the like in wine tourism, including specialised communications media in support of tactical marketing programs. There are issues of equity to be considered — for example, the wine industry has very large corporate players right through to small family-style businesses, and a big range of operators in between.

Cellar doors take on a diverse scale of significance across the board, which has its challenges in finding common ground for culinary tourism. So a big winemaker — a big corporate — will, for instance, see its participation in cellar door activities as something to support its brand image. It might be able to afford to subsidise its cellar door operation because it understands it has a reason

for it. At the other end of the scale you have small operators that rely — quite often 80 per cent, 90 per cent or 100 per cent — on their cellar door to sell their wine. You have vastly different purposes for why people are in the business, and we need to understand that when we are sitting down and looking at our strategies.

I do not think there has really been within the wine tourism market a close appreciation of the dynamics of the marketplace, and I think we need to do that. The wine tourism council has done a lot of research. It has done a lot of marketing and so on, but without a really good understanding of the dynamics that are driving that very disparate market.

The food side of the partnership — that is, food and wine — is generally far less resourced than its wine allies and tends to be comprised of less-mature businesses, which Joy has just mentioned. Local food and produce groups are by no means sophisticated and mostly exist hand to mouth — which is Joy's experience there. Further, much of our food tourism product is barely market-ready, which impedes the overall rate of market development. This also applies to the wine industry to a lesser degree. There are a lot of good product opportunities out there in the marketplace in the food tourism area, and they just have not reached maturity yet.

There are some strategies that could be used. I would support considering the establishment of the FIDOs: the food industry development officers. We really have to bring this food industry up to be able to offer a far more competent food tourism element. We need to continue doing market research addressed at development strategies to address the structural impediments to the development of the wine industry. We need to improve the coordination of all relevant government departments to better facilitate the development of food and wine products, producers and their markets. My experience would be exactly the same as Joy's in trying to put programs together. When you go to government departments to try to find out who are the people involved, you simply cannot get the information. It makes one wonder what the public servants are doing if they cannot give you that information. It is of concern.

In conclusion, the effects of drought on our agricultural industries and slow or negative rates of growth in regional tourism present challenges for food and wine tourism. However, a thriving food and wine tourism industry should be a strong fillip for both the tourism and agricultural industries. The imminent preparation of a new food and wine tourism plan by the food and wine tourism council is a wonderful opportunity to continue shaping the future of the industry and help address many of the structural and communication issues of the industry. Further, the food and wine tourism industry needs to be assisted in learning how to influence and leverage the programs of the likes of Tourism Victoria, regional tourism bodies, slow food and other industry associations such as the wine federation of Australia and the Victorian Wine Industry Association.

**Mr NORTHE** — I am interested in what you were saying about the information centres and having better training for volunteers and so forth. In my experience with volunteering anywhere, once you mention training and the like it can be a turn-off for some volunteers. Have you got any initiatives in place on how you would attack that particular issue?

**Mr PERMEZEL** — I think one of the problems with a lot of the visitor information centres is that they are running babysitting services for people who need to occupy their time. I do not say that too disrespectfully, but the people who work in those centres need to be far better skilled. The fact that you have lived in the region for 40 years and you know all the local people does not make you a good tourism guide. I would almost come to the point of having some level of accreditation for those volunteers, which as you say is quite often a turn-off. But so what? If we want to get the quality of the industry up, we need to get that sort of thing happening. I think sometimes they take a very lazy approach. With the availability of volunteers, it is too easy not to do all the right things, because you have got arms and legs available to do it for you. I think the wine tourism industry needs to address that issue.

I will give you an example of what we are doing with the Great Grape Touring Route. We are just about to launch a new brochure of cellar doors for the region and we have actually had a DVD produced to go with the brochure. It is a brochure about a brochure that we will use in launching our brochure, but we will also use it as the basis of an educational program to take around to the local visitor centres and run workshops. All we are doing is simply educating the volunteers about our brochure, that is all it is, but giving them the right words to use, telling them a little bit more about the technical aspects of wine touring and so on, which really they do not understand at the moment. You have got this problem of, 'I don't drink wine', and there is lot of them. Of course, if you start talking about the wonderful artisan food products and everything, they are totally lost. We are talking about getting a more sophisticated level of tourism operation up and running. It is not good enough that they are just there to hand out brochures any more or tell you where the map is.

**Mr NORTHE** — Further to that particular point, who, in your opinion should provide the training, and to what extent would that training go?

**Mr PERMEZEL** — I would see the training coming through Tourism Victoria, or at least the development of the training modules — the training modules can then be delivered locally — to provide the training templates and so on, so that you make sure then that the message that the visitor people are getting in Ararat is the same as they are getting down in Bairnsdale and so on, so you are getting that continuity and you are getting the quality control.

**The CHAIR** — Joy has described the inextricable link between some of the food produce in your group and how it sits within the wine sector. Are there any examples of cellar doors — you have acknowledged that some cellar doors are not quite up to speed — where the two industries have sort of got together in relation to cellar doors offering a whole range of gourmet foods that are locally grown, locally produced, and so forth?

**Mr PERMEZEL** — I have referred there to one, and I will let Joy mention too, at Heathcote, for instance, which is Cellar and Store. From my understanding they have certainly got it right, got it together. They obviously are very passionate about their food and their wine, but they have all the requisite retailing and merchandising skills to be able to present it so well to the tourists.

**Ms DURSTON** — Just a couple of our wineries do tend to stock the local produce, either using it for the meals that they produce or for sale, for retail, but it is not well integrated.

**The CHAIR** — The whole concept that you can go to a winery of a reputable wine manufacturer and not be discounted for purchasing the wine is quite incongruous, is it not? You can go to the very best wineries and buy that wine at a higher price than you can buy it for at the local supermarket.

**Ms DURSTON** — This is the Victorian liquor licensing laws, is it not?

**The CHAIR** — Is it liquor licensing laws, or is it more to do with the power of the supermarkets?

**Ms DURSTON** — I think it would be a combination of both, but I know with the liquor laws — don't quote me on this one — many years ago it was an issue that people were complaining that you thought you could go to the cellar door and you would buy cheaper, when in fact it was cheaper to buy in town. Even before supermarkets got into discounting, there was some issue with liquor licensing. Beyond that I do not know; it is anecdotal.

**Ms DARVENIZA** — Part of the problem too would be the glut that is on the market at the moment. Some of the very big wineries still have an oversupply and therefore you can go to Danno's and you can buy a box and get a box free.

**Mr PERMEZEL** — It is going to be interesting.

**Ms DARVENIZA** — That will not last!

**Mr PERMEZEL** — There is going to be enormous pressure on that, because they have got very ambitious claims on their exports over the next few years and of course from a much lower production base, so it will have a significant impact on what is available locally. The issue again goes: if a smart operator is confronted with that issue that you just raised, Chair, you would wonder why they are not value adding to their cellar doors. Very few, I would have to say a very small percentage, of the cellar doors offer food. Is that not a experiential thing? Should they not be offering food? Well, they do not.

**The CHAIR** — It is also the lack of data that you spoke about earlier and how it is hard to actually resource some of the information you need from fellow industry participants. You may not be able to get it from the government department, but surely you would be able to get it from industry associations?

**Mr PERMEZEL** — There are none. The fellow who grows organic carrots out the back blocks of Ballarat does not belong to any associations. They have been growing those carrots for 30, 50 or 100 years, and that is the problem. The real issue is that the people in the government departments do not understand what is happening out there in the marketplace. To a great extent it is an issue of will. If they actually got their heads around what we are talking about, about food and wine tourism, and understood what the movement was, then they might understand why they need to look at their act and be more amenable to helping the development of the industry. At the moment they tend to be just taking a bean-counting approach to industry development, and not helping us.

**The CHAIR** — You tend to be talking about the stalls that actually participate at the Hanging Rock Harvest Picnic, are you not? You have got all of those respective small gourmet dealers, growers and producers in one area.

**Ms DURSTON** — But they are in the system.

**Mr PERMEZEL** — They are in the system, and that is another issue that is significant — the enormous growth of farmers markets, a huge growth. Everything is pointing to the fact that this is where the customers want to be, it is what they want to do, and yet we are not getting a concomitant response from government in terms of what they are offering, or providing. I think it gets back to understanding and knowing.

**Ms DARVENIZA** — What do you reckon they should be suppling, what information should they be able to give you that they are not? That farmer B is out the back and he is growing organic carrots and what farmer A is producing?

**Mr PERMEZEL** — All that sort of stuff, yes. And obviously what we want to do — these people for years and years are surviving hand to mouth — is hopefully provide a more solid industry for them.

**Ms DARVENIZA** — I have got a couple of questions. I am interested in your recommendation that you put up, Joy, in your submission, and that you have supported in yours about the FIDOS — I reckon we could find a better name for them!

**Ms DURSTON** — You won't forget it!

**Ms DARVENIZA** — If this committee was going to be established and was going to conduct these investigations, who do you reckon should be responsible for setting up this committee? Who do you reckon should be sitting on the committee, who gets a seat on it, and what sort of terms of reference do you think it should have?

**Ms DURSTON** — I think it should be a government initiative. It should be cross departmental along the lines of planning, primary industry, Regional Development Victoria — anybody who vaguely touches on the food and wine industry. Who sits on it? The same representatives, people from the regional food and wine groups, interested producers — not many of those; they might be interested but they do not have a lot of time — educational bodies. Terms of reference? That is beyond my speculation.

**Ms DARVENIZA** — No, that is good, thank you for that.

**Mr PERMEZEL** — I think it should probably be driven out of primary industry.

**Ms DURSTON** — Largely, yes, and regional development.

**Mr PERMEZEL** — I think for reference the model from South Australia is well worth studying.

**Ms DARVENIZA** — I have just got a couple more quick questions. You have also mentioned in your submission that food and wine tourism in the Daylesford and Macedon Ranges region is under managed and underfunded. Who is it under managed by and who is it underfunded by, and who is it that should be giving more support to the industry, that is not now?

**Ms DURSTON** — I have daggers in my back because one of our councillors is sitting there.

**Ms DARVENIZA** — Come on; be courageous.

**Ms DURSTON** — Our council appears just now to be learning about the value of tourism. The economic development officer is point two; the tourism officer is tourism and recreation and is severely limited in what he can do because he has such a huge remit. I was listening to Chris Malden's discussion. I think a lot of that hinges back onto the things that Chris was talking about for funding and for responsibility.

**Ms DARVENIZA** — So really you are talking about a council there. Roger, in your submission you talk about alternative distribution channels for culinary tourism. What would be the alternative distribution, and who do you think should be doing the distribution? Who should get it?

**Mr PERMEZEL** — I will tell you; distribution in terms of drawing on a lot of the established standards. For instance, if people are going and supporting restaurants in Melbourne in their swarms, then surely if you are trying to promote food and wine tourism, there is a whole aspect of marketing that you should be able to tap into using those sorts of other outlets which currently are not being used as tourism. Likewise, I have referred to the development of other support media and to maybe working out how to use the internet a lot better to promote food and wine tourism. Because of its more specialised nature and so on, therefore people are seeking more information of a technical nature, which they are possibly not going to get at their visitor centres. It is about opening the mind and saying, 'What are the possibilities? What can we do?'. We need to recognise that food and wine tourism is different, and therefore it needs different skill sets and different media — the whole lot.

**Ms DARVENIZA** — So really you are talking about the industry looking at developing what those alternatives might be.

**Mr PERMEZEL** — I am talking about the industry, and I am probably pointing the finger at this food and wine tourism council as being the sponsoring body.

**Ms DARVENIZA** — So you think that they should be looking at alternatives, and they should be looking at who should be responsible for the distribution?

**Mr PERMEZEL** — Yes.

**The CHAIR** — Well done, Roger. Thanks very much, Joy. We appreciate the opportunity to come down here and for you to give us your time and your evidence. A copy of your evidence will be made available to you in a few weeks. You will be able to peruse that and to make any corrections that you think are typographical errors. Thanks very much for your time.

**Witnesses withdrew.**