

# TRANSCRIPT

## ENVIRONMENT AND NATURAL RESOURCES COMMITTEE

### Inquiry into heritage tourism and ecotourism in Victoria

Port Campbell — 25 October 2013

#### Members

Mr T. Bull  
Ms J. Duncan  
Mr D. Koch

Mr J. Pandazopoulos  
Ms L. Wreford

Chair: Mr D. Koch  
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#### Witness

Mr G. Ronan, owner, Bothfeet Walking Lodge.

**The CHAIR** — We appreciate you making the effort to join us this morning, Gavin. On behalf of the committee, Gavin, I would also like to thank you for yesterday when you not only received us at the walking lodge but also for giving us lunching, briefing us and taking us down to the foreshore at Johanna Beach. We look forward to your contribution.

**Mr RONAN** — Thank you kindly.

**Overheads shown.**

**Mr RONAN** — I have done a little presentation, and I will pass copies around.

**The CHAIR** — We are running a little behind time, but it will not be taken away from your time. For your presentation we have allocated half an hour — 20 minutes of your time and if we can have 10 minutes on the back of it for questions that would be great.

**Mr RONAN** — Thank you. Good morning everyone. It is nice to see you again, and thank you for the opportunity to come before you. Thank you firstly for the foresight to bring this inquiry together. As I mentioned yesterday I feel that tourism does not quite get the spotlight it deserves, and I will be focusing on that in my discussion today, but thank you again.

I have made a submission to the inquiry and I have gone a little higher in this presentation. On the first page of my slides I talk about what you guys are aware of, which is the Deloitte Access Economics report that is coming out soon. It talks about the future growth industries of Australia but also in the Victorian sense. On the top right-hand corner of the graph you will see the five sectors that are seen as the key growth sectors for our economy, going forward, which are tourism, gas, agribusiness, international education and wealth management. We were very pleased to see that tourism is up there as a key strategic industry for us as a country, going forward.

Turning to the next slide, I have done a summary of some statistics that I have googled overnight. I am comparing agribusiness to tourism as two different industries, and the employment numbers show that tourism is a slightly bigger employer than the agribusiness sector. The expenditure in tourism verses farm or agribusiness depends on how you look at it, but at the farmgate level verses retail level they are both sizeable industries, but tourism is a significant industry. The export size of both industries is quite comparable, so when we talk about inbound tourism we talk about people coming to Australia compared to the exporting of food and fibre products overseas.

How is this industry serviced in terms of banking and finance? Agribusiness has a dedicated sector; tourism does not have such a facility. Are the stock exchange and investment funds present in agribusiness? Yes. Are they present in tourism? Not really, and at a government level, how it is supported? Is there a ministry for tourism? No, not any longer, but agriculture gets a senior ministry in government at the federal level, and at the Victorian level it has the same level of support whereas at the Victorian level tourism is a minor portfolio appended to a number of other major portfolios. I am just highlighting that tourism is a very significant industry but it does not get the focus it should from government, in my opinion. It is obviously seen as a strategic industry for us, going forward.

I have taken that to the next level: what are the unique selling points that we have for Australian tourism? Roger picked up on this before: we obviously have very diverse and unique landscapes, we have our own flora and fauna that you cannot see anywhere else, and we have these vast empty spaces. We get people on our walks who cannot believe there is no-one out here. In a world that obviously has a population under pressure we have a country with these spaces. Nature-based tourism is at the centre of this growth opportunity. It is the nature side of Australia that is the strongest selling point from a tourism growth perspective. We talk about ecotourism and nature-based tourism, and I am talking in a similar way. Ecotourism is obviously ecologically sustainable tourism, and nature-based tourism is tourism in a natural space, but we would see them as both being in the same space.

The next slide shows the key to nature-based tourism growth enablers. The things I see there are having excellent access, so that means having great roads like the Great Ocean Road which is well maintained, having airport access into the regions as well as to major centres like Melbourne, and having a significant investor fund presence, which we touched on yesterday. In other words getting those investment moneys coming into the

sector, high quality infrastructure both on Crown land and private infrastructure, getting great people into the industry, and making it a career for people. As an employer we see a lot of transient people going through the industry. It is not seen as a long-term industry, it is something you do at a certain time in your life and then you move on to something else.

How do we make this a career for people? How do we build education systems to give the skill sets we need for the industry and ensure that we have the housing and social infrastructure to meet those needs? Living near Apollo Bay and seeing the stresses in the summertime of staff trying to find accommodation, you can see that as we grow we will have to think about how we will house the workforce we need to grow these industries.

We need great marketing, and that is really about how we position ourselves to be at the forefront of Australian and world markets for people to come here. Having well-run businesses and systems is about having professionally-run businesses and having really good, smart people. Well-run businesses deliver a great product, but it is about quality. Finally, it is about sustainability, so in a nature-based space we need to ensure that the product we are delivering will be there for generations to come. We do not want to destroy the asset we are using to deliver the experience. I think we have much to do in Victoria but we are better positioned than some other states to leverage this space. It is an exciting time.

What is the status of nature-based tourism in Victoria? You guys would be aware that there was a strategy developed before 2008 by the previous government, and by Tourism Victoria, called the Nature-based Tourism Strategy. It was quite a compelling and comprehensive document, but the fact is that a lot of it just sat on the shelf. I will give an example: we run the Great Ocean Walk. That is our business. The Great Ocean Walk is not yet completed and the project has been running for 10 years. The track is not yet completed. Whilst you can have a great ocean walk experience, the track is not consistent all the way through.

There were four walks identified in that strategy. Of the next three walks, planning has started for the one in the Grampians, and planning has been going on for an alpine walk but ground has not yet been turned. This is almost six years after that document came out. How long are we going to wait until more action happens? I will come back to the reason behind that, but it is about being top of mind, putting money in and getting the levels of government involved. I think we have failed there. That is not to say there has not been good work done, but I do not think it is top of mind. Other strategies that have come down in recent years include a trails strategy from Tourism Victoria and a cycle tourism strategy, but often they are documents without any meat behind them to make them happen.

Most of the operators in the sector are small microbusinesses; so they are mums and dads. I put myself in that category. We are a sector that runs off lean funds and lean businesses. Nature-based tourism is largely a regionally delivered experience, but operators are largely based in Melbourne, so we find that the employment opportunities for this sector are actually not based in the region. Melbourne is getting the spoils of the industry. Roger was talking about day-tour businesses, for example. They do produce some jobs in the regions in terms of food and so forth that people consume en route, but most of the jobs are still based in Melbourne, where the operators are based.

There is little significant investor involvement in the sector, as I mentioned earlier. This goes hand in hand with a lack of infrastructure development, both from a Crown and product point of view. The licensing system for being on Crown land and in national parks is essentially worthless, and what I mean by that is that a lot of people do not get licences, or that there are very few barriers to getting them. The cost of having a licence is very low, and whilst that is great for someone starting up like we did, I do not think it leads to the best outcomes in terms of the experience for the consumer, or for the economy or the social benefit of the regions these places are in.

Sustainability is not a focus for most of the operators. About 11 per cent of Parks Victoria licensed operators have accreditation. There are many schemes for accreditation, which you guys would be aware of. There are myriad schemes for accreditation, and there are reasons why that is not happening, which I will come back to.

Finally, I will say that Victoria's core marketing message is really Melbourne centric. It plays Melbourne hard in terms of tourism. The Jigsaw campaign has been around for 20 years now, and that was a great campaign, but we have not really evolved into new thinking in terms of our regions. We need to get people beyond Melbourne.

We see people are driving down here in a day and going back in a day; they are not staying in the region. That is the outcome of all of these things, and the consequence is largely unrealised potential.

I will move to the next slide. So how do we realise the potential? I do not have it all here, but I want to recognise that there has been some good work done. We were involved with the VCEC inquiry into tourism, which was called by the previous government. There were some really good outcomes in that inquiry, particularly the on-park development opportunities that came out of it. On-park means national parks, which we strongly support. The longer term Crown land tenure leasing opportunities are up to 99 years. The recent reforms to rural zoning by the planning department allow for much more sensible flexible development in tourism zones. We were personally affected by this in our own development of the Great Ocean Walk, because we had to select land that had an existing development. We could not choose blocks that were more ideal from our point of view. It took a long time — 12 months — to get approval from council for existing use rights, so that is a great reform that is going to allow for much more flexibility of site selection, which is about providing the best tourism experience for the guests. Also, parks licences have been extended to 10 years. Previously the maximum was three years, and so that has been a positive step forward, although, as I said, I do not think they are worth a lot, because of the fact that anyone can get them. It is a cornflake packet-type scenario.

One of the priorities, I would say, is how we get the funds industry to invest significantly into tourism. Certainly more incentives are needed to make that happen. We talk about it being one of five key strategic industries for the country, but we do not have any strategy for getting the super funds and other investment sectors involved in investing in the industry. That is something I do not have the answers to. Work needs to be done by people who know the industry to find out how we can get funding unlocked from that sector and into this industry.

We need to deliver a new version of a nature-based tourism strategy that updates the strategic opportunities. It should be based on comprehensive research, and it should be demand driven. The Shipwreck Coast master plan is a great example of a master plan that talks about where we are going to be 20, 30 or 40 years from now, but we need to think about that as a broader tourism sector. What will the customer be looking for 20 or 30 years from now? What will be the interface? What will be the experience? What infrastructure do we need? We need to get that research done to prepare the plan. Once you have that strategy in place, you can make it happen. As I said, the previous strategies that came from Tourism Victoria are great documents, but often there is nothing behind them to make them fully completed documents. There are little bits done at times, but it depresses me when I go to the regional workshops. I am involved with VTIC as well. We talk about the priorities, and we keep rehashing the same priorities over and over. You think, 'When are we ever going to get this stuff done?'. We know what they are, the industry knows what is required, and it has been well documented.

The other thing I would say is play to winners. It is not about giving everyone a T-shirt. It is not about saying, 'We want to have a walking track in every part of the state that needs to be a tourism icon' or having a cycle trail or whatever. It is about saying that, like the national landscapes discussion before, there are obvious places where the tourism potential is higher than others, and they are places we should be really focusing on to deliver world-class experiences rather than putting in a little bit of money everywhere. That delivers a piecemeal solution. The Great Ocean Walks is an example of that — after 10 years piecemeal funding we have not finished it yet. It is good, but it is not great. We have to get out there and do it.

We have been involved with the Three Capes Track project in Tasmania, which is a new walking track. They did a comprehensive master plan up-front, and they did a feasibility study. They scoped out the track, they have built the track and they are tendering for an exclusive on-park development right now. They are going to do all of that before it even opens, and yet we opened a walk with a little bit of track built here and here and we added to it over time. There was no master plan. It was a very different approach, and we think that has led to a different outcome that is far short of where we should be.

On the next slide I talk about how we should treating commercial access to Crown land like other environmental assets. If we talk about the fisheries, water licensing, timber et cetera, the value of the Crown land is not open slather — anyone can go in there and do what they like commercially. From an individual consumer or a citizen point of view, these things should be accessible, but from a commercial point of view, we should be smarter than that. I believe we should be using competitive allocated licences in high-potential areas to encourage best investment, and not as a last resort. The National Parks Act talks about licensing, and there are reasons why it does allow for competitive allocated licensing for environmental, social and cultural reasons. They are the three reasons. The policy that goes alongside says that it should only be used as a last resort, so we

should not only think about competitive allocated licences as a last resort. That is wrong. We should be thinking that having 50 operators on a particular national park experience is not the best outcome for the park or for the community. Ten-year licence terms are now available. The legislation may not need to change, but the policy needs changing to allow for this.

This can provide real alternatives to the state to fund parks. I note that the minister recently announced that they are going to update the park fees for users of parks. I know the government spent about \$10 million on the Great Ocean Walk and they spend about half a million dollars maintaining it every year. The money that comes from commercial operators is around \$5000 a year and on-park campers \$10 000 or so a year. It is a pittance. How can the government keep funding these things willy-nilly? We have to think smarter about how these things can be self-sustaining in terms of their funding. That is where the competitive licensing can help. I think longer term licences need to be considered, too. That is not something that is currently possible, but it is something that would need to be considered.

In terms of improving the industry and sustainability, if you are in nature-based tourism or you are in ecotourism, you need to have sustainability at the heart of your business. You are working in the environment. It is about reforming the accreditation systems, and there are other systems. I really believe in having a national system.

Lorraine made the comment about an international system. I think that is a great goal, but like all these UN processes, for example, we are much more able to deliver something here. I know a lot of our customers are coming from overseas, but I feel that we should get our act together first here as a country and have a great system here. With ecotourism, for example, we were a world leader. We were at the forefront of this accreditation wave. Perhaps what we develop here can then be taken to the international level, but I do not think it is worth waiting for that process.

We really need one system in my opinion. If you operate in a park or in a natural environment, then you need an accreditation system. It needs to have simple gradings, and people should be able to easily identify what those gradings mean. It should be mandatory for all operators. It is crazy to think that people do not think about that in running a business in a national park. They should be thinking about this stuff. We need to educate operators in terms of their business and updating their systems and ensure they are people who can deliver these values properly and that they are motivated and passionate about it. Finally, obviously it is about the consumers. It needs to be demand driven. People need to be able to recognise those gradings and be able to demand those gradings. When they are comparing two experiences, they can see which is the better of the two by their sustainability or accreditation gradings.

It is also about building stronger industry groups and engaged operators. I see that. Because we are all small businesses by and large, we are all busy and we are all otherwise occupied. There is just not a lot of involvement in these sorts of forums or getting involved with groups like VTIC. I sit on one of the policy committees. We do not get a lot of input from operators. They are too busy. But that is not a reason for me. We are all busy, but we have to get people wanting to have a voice. I guess change is about lobbying, having a voice and getting people to feel that they have the power to make change. A lot of my fellow operators do not feel they are in that space, so we have to change that.

It is about developing the skills, the workforce and the community plans to support the growth. There is no point building this capacity and demand for experiences if we do not have the people who can deliver it — and the supporting social infrastructure. Like the example I mentioned with Apollo Bay, if you have no room to house employees, then you cannot service the demand.

Finally, the last page is about marketing. It is about changing the focus away from a Melbourne-centric message and saying that Victoria is a great nature-based destination. It is funding that and building a long-term campaign that really brings out Victoria as Australia's premier nature-based destination.

The last point, to recap yesterday's discussion, is that I feel tourism should be core business for government. It should be a senior ministry. With that change of focus a lot of these initiatives would more readily occur. At the moment we get support but it is not a primary focus of government. I guess those are the key points I wanted to discuss today. I am happy to take any questions.

**The CHAIR** — Thanks, Gavin. We will endeavour to spend 5 minutes or so on questions and then have a break for morning tea. John, do you have anything you would like to raise?

**Mr PANDAZOPOULOS** — I want to focus on your comments around having a limited number of licences, just to go what it means not being able to run a sustainable business. I assume that is on the basis that the more operators there are, the harder it is to run a sustainable business. There are costs for the environment, you have a lot more operators who cannot run a fine-line business and you are not able to invest back into the business.

**Mr RONAN** — Exactly.

**Mr PANDAZOPOULOS** — Talk us through some of these sorts of things and what you think is a fair licence. If you are saying governments should limit these but collect revenue, what sort of revenues are attainable?

**Mr RONAN** — Sure. I do not have a precise answer, but I know from other jurisdictions that, for example, the Overland Track has an exclusive on-park operator and what the parks service collects from that operator is in the hundreds of thousands of dollars. I think competition is great to a point, but if you have too many competitors in a space, it is a race to the bottom. What suffers is the quality of the experience for the guests, the environmental impact, because people do not do things properly, and opportunities for the community to grow. People are running such cutthroat businesses that it is a race to the bottom. There is a point where you need to have a limited number of licences. I think it is going to depend park to park, experience to experience. It is not one size fits all.

On the Great Ocean Walk, for example, I think four or five operators would be a sustainable model. The truth is that you cannot be all things to all people, and there are different markets for the same experience. We service one market, but that is not the whole Great Ocean Walk hiker market. There is room for people to come in at different levels to service these markets. That means they can work together, not collusively, but in terms of growing the pie. We are all building a bigger Great Ocean Walk experience, and that makes a bigger industry for us all. Obviously we have built our own eco-lodge off-park. I still very strongly believe on-park is an opportunity, but it is a different consumer experience to what we offer. I think it is complementary to have both of those experiences.

In my opinion it is specific to each particular attraction or opportunity. You need to work out what the mix is, but I think exclusive licensing should be done with care. You would have to have a good case for there being only one licence for something, and that might be an environmental restriction. But I do not think we need to go to that extent in many cases. Those are my thoughts. Have I answered your question, John?

**Mr PANDAZOPOULOS** — Yes, I am just wondering what the philosophical basis is for the approach we have at the moment. My view is that we still have the mindset that the parks system is for everyone, so everyone should have easy entry. We all want more regional jobs, but we are not tying these things together. Roger touched on losing a tourism focus and a commercial focus in agencies. We get into it, then we lose these people and we do not reinvest back into the mentality. What is the philosophical basis of these things and what transformation do we need to make if it is important?

**Mr RONAN** — I think the premise of licensing fisheries or other sectors, such as water, and how we regulate environmental assets is well documented and well proven. There is a philosophical view that parks are not a free-for-all commercially. They are a sensitive asset that needs to be managed. My view is that the licensing system does not deliver that because it is open slather and, like I said, a lot of operators do not have licences either. It should not be a free-for-all commercially. It is not a free lunch so that anyone can come in and do these things easily. The other side of it is that if I have a licence and I know I am one of five operators, it gives a foundation for investment. We have experienced this firsthand in a number of investor approaches to us. Without having some surety of tenure as a licence-holder — that I have got that licence and it is only one of a few — it is very hard to attract investment. You are not going to get the funds in to develop the infrastructure that is needed to really build this sector. That is a core need: you need to give an incentive for investment.

**Mr PANDAZOPOULOS** — So you believe if you have got some of this certainty, investors will be looking for that sort of certainty and will be able to support the growth of professional, sustainable businesses?

**Mr RONAN** — Yes. There is an issue — ‘rent seeking’ is a common phrase used for it — of commercial entities trying to come in and basically get something to themselves. I think it is a balancing act. Without some security of tenure you are not going to get the investment. Without the investment it is all theoretical discussion. You need the investment to make it happen, so I strongly believe you have got to have that licensing restriction to support that.

**Ms WREFORD** — Good to see you again, Gavin. What relationship do you have with other eco/nature-based tourism operators in the region, and are you involved in any collective marketing?

**Mr RONAN** — Yes. We have a local and regional tourism association, which most members are involved with, and we get involved with some of those meetings. We meet and see local operators regularly, so informally we catch up regularly with operators. In my role at VTIC I ring around to operators and talk about what issues there are in the industry, so I am involved I guess not on a day-to-day basis but on a regular basis. You do have a feel for what is happening in the industry.

**Ms WREFORD** — Are you doing any collective marketing?

**Mr RONAN** — From a collective marketing point of view, we collectively market our business through a group called Great Walks of Australia, and that group is made up of Tourism Australia and the state tourism agencies, which have come together to sponsor us, and six other walks nationally to build a profile of walking in both international and Australian markets. Australia is not known for hiking really, so we are basically coming together as a marketing agency to build that and also to work with each other in cross-marketing.

**Ms WREFORD** — Is that actually working for you — doing that collective marketing?

**Mr RONAN** — It is. You have the power of the group. You can open up doors as a group that you cannot open up as an individual, and we have been able to get through many doors and present it as a group product, which gives us weight in anything from trade discussions to media opportunities to sponsorship opportunities. We are seeing those doors open, and Tourism Australia and the state bodies have been really supportive in terms of opening up those opportunities. I think it is a model that Tourism Australia started. There are great golf courses, there are great winery experiences and niche Australian experiences that are different to the average city or whatever experience. Tourism Australia is trying to show a different side of Australia for people who are coming here I suppose, so it is exciting to have been chosen, to be honest.

**The CHAIR** — Gavin, two very quick questions. We are out of time.

**Mr RONAN** — Yes.

**Ms DUNCAN** — Just to get back to the licensing issue, you make comparisons with fisheries, as an example. A lot of the other things that we have licensed in the past have been because they are a natural resource with a finite — —

**Mr RONAN** — Size or — —

**Ms DUNCAN** — Size or yield.

**Mr RONAN** — Yes.

**Ms DUNCAN** — With the Great Ocean Walk, as you have described it a few times, people are amazed, they get out there and there is no-one else there, so in order to limit the number of people who can go on that walk, which is what you are advocating — —

**Mr RONAN** — Effectively, yes.

**Ms DUNCAN** — What is the sustainable yield of that track if there are limited numbers of people walking on it? And is it just a way of protecting existing businesses, like yours — I am just playing devil’s advocate here — that would limit entry for others? Why do you think it would necessarily be a race to the bottom and not good competition?

**Mr RONAN** — Where we are already has had that element to it. We have already had a lot of operators — and they are not apples and apples but the consumer does not know that, so they will see you are half the price or twice the price, but it looks the same. The reality is that the consumer experience is very different, so we are delivering an experience that is not really what it should be. Sorry, the first part of your question was?

**Ms DUNCAN** — About trying to limit the number of people. For example, licensing the walk you would think would be a way of limiting the number of people who are walking it, and that would be about protecting the natural environment.

**Mr RONAN** — It is — obviously a part of it is about protecting the environment; it is also about the experience, so operators who are licenced schedule how they interface with the track so they can give that freedom experience. But it is also that they are investing money, they are paying for the licence that is improving the park. We have been involved — —

**Ms DUNCAN** — So it is a money generator as well to maintain the asset?

**Mr RONAN** — It employs people, it builds investment in the sector, but it should be into better asset management and a better asset in the end. It should be better than it is now. The issue with it now is that there is just not enough money in the walk; it is just not turning over anywhere near what it should be turning over, and therefore money is not coming back into the walk to improve it.

**Ms DUNCAN** — And just briefly, could you outline what sort of development you would have in mind that would require a 99-year lease on Crown land?

**Mr RONAN** — It is going to have to be pretty significant. I think on the Great Ocean Walk there is a case for maybe a 25 or 30-year lease. If you are looking at low-scale, low-impact accommodation that is blended into the walk and that is very low key, you need to get a return period commercially to make that make sense. I think 99-year leases would be for something more significant.

**Ms DUNCAN** — Like?

**Mr RONAN** — Say there was a significant interpretation centre or something that was a major thing at Loch Ard Gorge or wherever, that would require a fairly massive investment — it might be \$50 million or \$100 million. That would require a longer-term lease period in my opinion, whereas for a low-scale very environmentally sensitive development it might be 25 to 30 years, so it is not a one size fits all.

**The CHAIR** — Gavin, in 1 minute if you can: you find yourself sitting in the minister's chair, what would your three major thoughts to assist in the passage of our reference be?

**Mr RONAN** — I think the first one is the last point I made. I am going to give myself a promotion, the Premier has just made me a senior minister — thank you, Premier — so get tourism on the first page instead of the last page. I also think: solve the investment problem — why can we not get the big money to invest in tourism? How do we solve that? Because I think without the funding we are still going to be talking about the same things.

**The CHAIR** — Yes.

**Mr RONAN** — Thirdly, it is the strategy. It is the research, it is looking at where the consumers are going to be, looking at what we need to be doing and do it properly. Do not do a strategy and then put it on the shelf and find it does not happen. Do it properly and fund it and make it happen. That would be the third thing.

**The CHAIR** — Thank you, Gavin. On behalf of the committee I thank you for joining us here today. I did not mention earlier that your evidence taken here today is protected by parliamentary privilege as provided by the Constitution Act 1975 and also the Parliamentary Committees Act 2003. Any comments you make outside the hearing may not be afforded such privilege. I also indicate that the evidence has been recorded, and as a witness you will be provided with a proof version of that, hopefully within the next couple of weeks. Again, thank you very much for joining us.

**Witness withdrew.**