

TRANSCRIPT

ENVIRONMENT AND NATURAL RESOURCES COMMITTEE

Inquiry into heritage tourism and ecotourism in Victoria

Melbourne — 7 March 2014

Members

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Witness

Mr B. Cheatley, consultant.

The CHAIR — Our next witness will be Mr Brett Cheatley, consultant in his own right, and he has certainly been of assistance to the committee at an earlier stage in recognising some of the opportunities, not only domestically but internationally. Brett, we look forward to your contribution. On behalf of the committee we appreciate very much the time you have made available to come and see us today. We appreciate also your earlier assistance in assisting us with some of the research and projects that we should be looking at. We look forward to your further presentation today on our reference. All evidence taken at this hearing is protected by parliamentary privilege, as provided by the Constitution Act 1975, and as further subject to the provisions of the Parliamentary Committees Act 2003. As you are aware, any comments you make outside the hearing may not be afforded such privilege. Also, all evidence given today is being recorded, and as a witness you will be provided with a proof version hopefully within the next couple of weeks. I look forward to your presentation. I apologise that we are running a couple of minutes behind time, but we will not deny you the opportunity afforded of half an hour.

Mr CHEATLEY — Thank you, Chair. It is very nice to be here today. I am here today as a proud Victorian, passionate about nature based tourism — and a resident of Parkdale, I might add.

Ms WREFORD — Excellent, it is a good place to live.

Mr CHEATLEY — It is a very nice place to live. I am proud Victorian, passionate to see growth in nature-based tourism in our state. I think political leaders of all persuasions wish to see growth in tourism, particularly in nature-based tourism.

Overheads shown.

Mr CHEATLEY — These questions have been asked before. How does Victoria turn visitation into much greater yield? because Victoria has the largest visitation to our parks of any state in Australia! Has does it build capacity in regional communities? How do we improve job growth?

Having been western region manager for Parks Victoria in a past life, and seeing small rural towns struggle with the change in agriculture and in other industries, it is interesting to see the sorts of opportunities there are for growth in other areas, particularly nature-based tourism. So we are all keen to see what happens in terms of a transition from those industries to a service-based economy, and we are aware of the job situation associated with that. You will be aware that Tourism Victoria collects and reports on brand awareness for Victoria every year. Victoria recently leads in every category, I believe. Food and wine, major events, you name it, shopping — we lead in every one. So the question is where is the capacity for growth? If governments of all persuasions have got a vision for growth in Victoria for the tourism industry, where is the capacity? Is the capacity in major projects? I doubt it. Is it in food and wine? I doubt it.

Mr PANDAZOPOULOS — It is in major events.

Mr CHEATLEY — Yes, major events. It is a matter of keeping capacity at the levels that it is already at, and keeping the attractions that there already are. There is one area that Victoria does not lead on. In fact it is one area that every other state beats us in. It is an area in which we fall behind every other state and territory. It is an area of tourism that in fact has the fastest growth rate of any form of tourism worldwide, and particularly in the Asia Pacific region. It is an area where tourism reaches the highest yield per traveller, and that is because, basically, nature-based tourists stay longer and spend more than any other tourist coming to the country. So it is that area — nature-based tourism — that has a compelling argument given supply and demand.

Today I am presenting to you a piece of work that the head of the Victorian Tourism Industry Council and I worked on in another organisation about two years ago. It is a piece of work that deliberately does not wear any brand of any organisation, any department in government or any side of politics. It is a piece of work that was deliberately established to sit within governments of all persuasions, given that all of the projects that are sitting within it have been long-term ideas in Victoria.

What you have in front of you is a project called Natural Icons, and the second part of it, is all of the projects in nature-based tourism that are in fact possible in Victoria. I have not got time today to take you right through the presentation that goes along with this piece of work, but I commend to you the piece of work, which is basically a business case for investment in nature-based tourism, both from a government and private-sector perspective. There is also a second volume that has a whole range of projects that are possible in Victoria, and in fact have

been talked about for a very long time in Victoria, including the Rocky Valley Dam project that was just talked about earlier.

What I would like to do, in the 5 to 10 minutes that I have got, is whip through aspects of the presentation, show you a DVD, and then we will get into questions, if that is okay, Chair.

Nature-based tourism we are saying is the key to growth. We now have down at the Twelve Apostles, for instance, an area that attracts about 2.4 million visitors, and brings \$190 million to the economy. We know about Phillip Island Nature Parks in the same regard. We know about other areas of the state that have been developed. So imagine these experiences in Victoria. Imagine we had a Southern Ocean lodge; imagine we had a Cradle Mountain Walk, and some of New Zealand's great walks; imagine a zip line like we have in Tasmania here in Victoria. Imagine this one, we bring it over with the boaties to develop a nice ecolodge in Victoria somewhere.

Imagine Bruny Island Cruises operating around the coast in Victoria. Rob Pennicott, who runs Bruny Island Cruises, has won the ecotourism award nationally for the last three years. Imagine a Grand Canyon Skywalk. One has just been developed in China, actually, a new glass walk, and Parks Canada has just gone into a new partnership with Brewsters in Canada to build a new Glacier Skywalk. Imagine some of these. Nature-based tourism, as I said, is the fastest growing tourism sector worldwide. There is a huge opportunity to capture that. As to the current nature-based tourism contribution to gross state product in Victoria, we have \$2.6 billion in gross state product and 41 200 jobs. That is about a quarter of the current tourism industry in Victoria. I would imagine that growth in nature-based tourism should be putting nature-based tourism up to around a third of total tourism.

On the supply side, Victoria is probably better placed than any other state, interestingly enough, in nature-based tourism. It has spectacular and diverse natural assets; access to public lands that cover nearly a third of the state; other complementary strengths — major events, food and wine; other regions close by; capacity for tourism growth; and comparative advantage in terms of having one of the best airports and one of the best cities for attraction worldwide, as well. A former head of Tourism Victoria used to call Melbourne the Paris of the Southern Hemisphere. It did not even need its own marketing. I think to some extent, with the involvement of major events, that is very true.

On the demand side, nature-based tourists, who are they? They value unique and authentic experiences, they immerse themselves in culture and nature, they expect a higher level of service and products than we currently offer, they are stronger with internationals and they take longer trips and spend more time in regional Victoria. Hence the obvious, that they are good for our return on investment, in any sense.

I will just whip through the rest of this. This is in the presentation that you have. I would take too long if I was to go right through every aspect of this. Basically the investment case talks about three must-see nature-based tourism experiences, four iconic walks in Victoria, three major world-class experiences, five ecolodges, more demand for tourist accommodation and four mountain biking centres, and talks about a path to action for government, of which some is already the case with the changes to leasing around the Forests Act, Crown Lands (Reserves) Act and the National Parks Act.

An investment of \$800 million, public and private, in the 40 or so projects that you have in front of you would give rise to — and these are figures by Ernst & Young — 5320 jobs, \$4.4 billion in additional gross state product, a strengthening of social pride, and an improvement in Australians' and visitors' mental, social and physical health. If you look at this video, it will give you some idea to stimulate the mind for nature-based tourism.

Video shown.

Mr CHEATLEY — Chair, apart from championing some of the projects in the presentation specifically — like a new major visitor centre at Loch Ard, four icon walks around the state, an upgrade to Phillip Island nature park and three significant ecotourism lodges — that is the end of my presentation.

The CHAIR — Thanks, Brett, and thanks for the clip. From your wide experience — statewide, but more particularly in the western part of the state — what is the catalyst for putting this imagination into reality? What is required to seduce the private sector to actually take on the challenge, and the gamble in some cases, of

putting some of these opportunities in place? We were fortunate that we had former senator Dr Bob Brown make a contribution to our public hearing when we were in Tasmania last month, and he left us in little doubt that there were huge opportunities in Victoria that had not been exercised, and that, from the point of view of heritage listings, we were probably the poorest relation in Australia. I would just like to hear from you, with your background, as to what may be that catalyst. The government has opened up the opportunities to lease Crown land, but it is more than that. To seduce the private sector, what is the catalyst and the ingredient needed?

Mr CHEATLEY — I have given this a lot of thought over my 25 years as a bureaucrat looking at how to get investment in nature-based tourism, and I have certainly travelled a lot to look at what other governments have done around the world. We are in a similar position to what Canada was earlier on, a similar position to what California was early on and a similar position, I have to say, to Tasmania. It would be nice if Victoria had a Federal Resorts Group backed by a casino, and it would be nice if we had a large federal government handout — during the Harradine time too in Tasmania — to stimulate that economy there.

The reality is that the private sector have money in their pockets, sitting in the banks, but they are not yet prepared to spend it. The bottom line is that they look for a lead from government. If the government does not invest, then the private sector will not invest, particularly in this area. If you have lunch or dinner with any of the major investors, like James and Hayley Baillie, who run Southern Ocean Lodge, they are not interested if the government is not interested. The bottom line is that government has got to be a partner, and to some extent government has got to lead.

Some of the Trojan Horses in those initiatives are like the relationship between the Brewster Bus Company in Canada and Parks Canada, where they developed the Icefield Centre at Athabasca. That was probably the Trojan Horse for nature-based tourism in that area that really took it to a new level. You can probably find a similar example in Tasmania and in every other country of the world, where a particular initiative really got the stimulus going and it was a matter of a government initiative backed by some private interest.

The CHAIR — Okay. In saying that, can you list from your point of view your top five priorities that the state government should be leading the charge on and where the private sector would quickly get in behind it?

Mr CHEATLEY — I think it is embarrassing that Victoria has a natural icon that attracts over 2.2 million visitors a year and we greet international tourists with a toilet block. They spend 30 minutes down there and turn around and go back again. It is a disgrace, really. There are 4.4 million people that go to the south rim of the Grand Canyon. There are 8.6 million that go to Jade Dragon Mountain in China. Any other spot that gets over 1 million people has a world-class visitor centre. We need a world-class visitor centre at the Twelve Apostles. I would propose that it be built at Loch Ard, because I think that is where the major story for the Shipwreck Coast actually resides, and some planning has been done for that site. If you go back, over 20 years of preparation and planning has been done for that site. I think it is ready.

I think government needs to stimulate that initiative, and I think you would find that with the work that Corangamite Shire has done, and which I congratulate them on, from a local government perspective, you would soon find accommodation falling in behind that very, very easily. They will not go there first. There are people who will sit here and say that Port Campbell needs accommodation first and then you can build your visitor centre. It will not happen that way. You need the stimulus to come first, and then the accommodation providers will come. RACV may well build a centre down there, if it had the stimulus to set up. The bottom line is that visitors need something to do after hours. Where can you get a nice seafood meal down at Port Campbell? You go to the pub, you get a seafood basket — frozen seafood. It is crazy really compared to world-class visitation around the rest of the world.

Very quickly, the other items are the four icon walks — the Grampians Peaks Trail, the Great Ocean Walk, the Far East Gippsland Wilderness Walk and the Falls to Hotham Alpine Crossing. All need the first components of those done — that is, the three-day, high-end aspect of them, with high-end accommodation linked to it. The other one that has been sitting on the books for a long time is an significant upgrade to our already number one nature-based icon in the state — the penguins.

Ms WREFORD — Throughout your presentation you talked about nature-based tourism. The committee's terms of reference are around ecotourism. Do you see ecotourism and nature-based tourism as one and the same or are they different?

Mr CHEATLEY — Yes, I do; I see nature-based and ecotourism as one and same.

Ms WREFORD — The other part of our terms of reference is around heritage tourism. How do you see the interaction between heritage tourism and eco or nature-based tourism?

Mr CHEATLEY — Significant. I am lucky enough to have been the person who was the primary instigator of the agreement with the four communities in the west of the state on the development of Brambuk — the National Park and Cultural Centre. That was a \$2.4 million regional development funding bid and build. It is still the longest surviving totally Aboriginal-owned business in Australia. All businesses need support; they will not survive on their own. It requires continued subsidy, as do a lot of industries in this area. Aboriginal culture is critical to a lot of the success of developments.

It is the same thing with European culture. Look around Bendigo at any of the gold diggings areas. The Goldfields Trail needs the sorts of linkages to the history of gold. Having lived in Ballarat, I know that well. I also managed the gardens in the Dandenong Ranges. Another project that would be on that list of mine would be a major new development linked to the National Rhododendron Garden and the R J Hamer Arboretum and the Olinda Golf Course in the Dandenongs. It has been screaming out for development for ages.

Ms WREFORD — Just in regard to heritage tourism, the committee has heard evidence from quite a number of people, especially from country places, who have heritage icons or a whole lot of heritage artefacts sitting in a dusty hall somewhere. How do we look after those heritage pieces and turn them into icons? Is it state government or is it local government? Have you given any thought to that?

Mr CHEATLEY — I have given a lot of thought to that. I had some of the central Victorian mills in my area for some time, areas like Days Mill and others. It is a difficult one. The bottom line is that heritage does require adaptive reuse for survival. Look at the mansion at Werribee. Without the major hotel development with a consortium down there, the mansion would not be anywhere near the condition it is in today if it did not have that major injection of private sector and reuse development.

You can find examples of where reuse has saved cultural heritage right around the world. Unfortunately cultural heritage areas around the state are numerous and we cannot save all of them. There are some for which we will just have to ensure that their decline is safe for the visitors around them. Some of the areas that I have managed in the past in a previous job have fallen into that category. We cannot save all of them, but we can save those for reuse and for exceptional reuse in some instances. I think Werribee is a classic example, one of the best in Australia in terms of reuse, as are some of the areas around Sydney Harbour, in terms of the Harbour Trust's work in heritage protection. Money!

Mr PANDAZOPOULOS — Just relating to Lorraine's question, a nexus issue that we have been having a look at is the European and North American conceptual view of this. Having been involved in tourism and public policy for 18 years, I know that we tend to have 'heritage' and 'environment' as two separate things. When we look at good practice in other areas, it all starts from heritage, and environment is a part of that stream; your environmental landscape is part of your heritage. Then you have human interaction, so that environmental space that you also value has had human interaction from Indigenous people and then, in our case, colonial development over time. Then you have the built form.

With all the assets we have and also some of the dilemmas we have, where we have been seen to be a bit slower in responding compared to other states in Australia and also globally on this issue, is that because we are separating heritage and the environment? Should we really start with heritage and then everything else comes under that — environmental, Indigenous and then colonial settlement and development? Or should we continue saying environment is separate to heritage? What are your views on that? I think it will help guide public policy.

Mr CHEATLEY — It is an interesting question. North America certainly leads in terms of the National Park Service and Parks Canada. They are managing both. They manage most of the cultural icons plus the natural icons in both countries. We have a different situation in Victoria, although Parks Victoria manages a lot of cultural sites but you also have other organisations like Mint Inc. doing some of the sites in Victoria as well, so you do have a separation. To be honest, John, I do not know the answer to your question. I do not know whether it would be better if they were together or if they were apart. At the end of the day it is a matter of public policy as to which ones you are going to allow to be developed for reuse and which ones you are going to deliberately neglect.

It is really a strategy around how you protect the sites that you have and make sure that the organisation that has the responsibility for that has the right mechanisms and resources to manage it. I am not sure that joining them is going to solve that problem.

Mr PANDAZOPOULOS — Do you think that having more world heritage declared sites in Victoria would be useful for attracting extra tourism?

Mr CHEATLEY — World heritage does lead to increased visitation — there is no doubt about that. There is no doubt that people literally go around the world to tick off, ‘I have been to this world heritage site’. I have seen some world heritage sites around the world that have been completely destroyed by — —

Ms WREFORD — Too much.

Mr CHEATLEY — By too much, but that is never really going to be the case in Australia, I have to say. A lot of people talk about numbers in Australia. A place like Yosemite National Park has the population of Australia within its drive-to catchment. It is ridiculous that in Australia we talk about volume being difficult for the environment. It is never going to be the case. We are never going to have the sort of volume that is going to absolutely destroy an asset, as long as it is well managed and planned — that is always the case — and maintained. We do not get the sorts of volumes that the Northern Hemisphere gets. Look at Ephesus in Turkey. It is an amazing cultural site, but the numbers are extraordinary and the extent to which they go now to manage visitation through there is amazing. But 2.4 million, and going to 3.2 million at the Twelve Apostles in the next 10 years — that is getting up there. That is why I said before that one of the things we need down there is a decent orientation centre both to distribute the experience and protect the sites. It is an interesting question.

Mr PANDAZOPOULOS — The work you did with Dianne Smith a couple of years back — these look like picking-winner projects, versus an enabling environment. The argument about having enabling legislation to allow things to happen versus proactiveness, we had from WA with the first submission — what was the name?

Mr CHEATLEY — Are you talking about Nature Bank

Mr PANDAZOPOULOS — Yes, Nature Bank. I mean a proactive approach, and Queensland has started to do that — pick winners on sites. In their public submission DEPI says, ‘We are just enabling the system and we are waiting to see innovation from the private sector’. What you are presenting to us now is about picking winners and running with them and taking them out to the private sector. Do we sit with enabling and hope the world will come to us, projects will come to us — —

Mr CHEATLEY — No, they will not.

Mr PANDAZOPOULOS — or do we have to really have to pick winners?

Mr CHEATLEY — At least Victoria now has a sign on the door saying, ‘We are open. We are not closed for business in terms of nature-based tourism investment.’. Through the Tourism and Transport Forum and sitting with investors around the table, I am aware that in the past they have seen Victoria as being quite locked up. Whether that be the reality or not, that has been the perception. In terms of leasing the changes to the Forests Act, the Crown Lands (Reserves) Act and the National Parks Act have sent a message to the private sector that, ‘We are open for business and we are happy to talk to you’, but that is about it. They are still not going to come into the state unless they see the government spend.

We will not see James and Hayley Baillie spending money on something like the Southern Ocean Lodge unless we assist them to find a site and get it rolling. That goes for any major eco-lodge development in the state. You only have to look at what other states have put on the table for the private sector to be attracted. Look at what South Australia did to get the Southern Ocean Lodge on Kangaroo Island. Look at the marketing campaign behind it. You could not pick up a magazine for the next two years without seeing a Southern Ocean Lodge ad in it. That is the sort of support required. Andrew McEvoy, who has just left Tourism Australia, knows all about it, because he was the head of tourism when they got Southern Ocean Lodge there. It needs a significant amount of government support to land an attraction. The Landbank stuff is an interesting way to go, but it has not had a lot of success.

We cannot spread investments like Vegemite across the state; it is a matter of picking winners. It is a matter of finding the two or three sites for which the government says, 'We are going to get behind this. We believe this is right for this area in terms of its management going forward' — for example, the visitor centre at Loch Ard. If the government says, 'This is the case, we want to go ahead with it', the private sector then thinks, 'We can now start thinking about people staying overnight'.

Bus companies, for example — we went to speak to Bus Association Victoria about changing their bus timetables to go down to the Twelve Apostles if Loch Ard was built. They will not change their bus timetables until the centre has an opening date. They are happy to go via the inland road and book a people mover down at Loch Ard to take them to the site and have an interpretive experience — they are very happy to do that — but they want an opening date for the centre before they will change their current route, which goes down the other way along the coast. It is a case of chicken and egg; the government has to put the foot in the door first.

Mr PANDAZOPOULOS — Just a final question. The thing that impresses me about you and some of your other colleagues who have worked in parks for years is your total commitment to the environment and heritage, and also to sharing that with visitors, but at the same time I see the pent-up frustration at trying to deal with bureaucracy across government — and I guess this is why you are going down this picking-winners road. Apart from issues with DEPI, is there anything else or lessons to learn? Apart from the enabling legislation that needs to be fixed up, what other barriers are we seeing in the way that we manage government that limits the opportunities that are available and makes projects that could otherwise be viable, unviable? What could be better — low impact to the environment, good for economic development, but be viable? We say we are really open, but we are really not, and we scare business away.

Mr CHEATLEY — I think it is an easy answer. It is the planning codes, particularly for local government. I congratulate Corangamite Shire on the work they did down there to identify sites for development and take it through their planning scheme. I think it is a lead that every local government should take in terms of that charter because it is a terrible situation when the private sector comes along and then they have to wait three years to get planning approval for something to happen. It is just crazy when you have got investors backing you and you have got to tell them, 'No, it is caught up in the planning scheme. It is going to be another three years before it goes through'. So the planning scheme is one area and there is local government. Local government planning and also local government initiatives in this area are critical to it. A good council and a good chief executive driving it makes a big difference to that.

It is interesting to look at government at the moment and think, 'Where is the "go to" place for the private sector for investment in product development in nature-based tourism?'. Who do you go to? Do you go to Tourism Victoria? No. It is largely a marketing organisation. Do you go to Regional Development Victoria? You do, maybe, if you need a grant for something outside of the metropolitan area. Do you go to Parks Victoria? DEPI have sort of said to them, 'You are not really into the tourism game anymore'. So who is the 'go to'? I do not know the answer to that question, and I have got to say neither does the private sector. Those in the private sector I have spoken to do not know.

Mr PANDAZOPOULOS — You have said that DEPI has told Parks Victoria, 'You are no longer in tourism'.

Mr CHEATLEY — I cannot put that on the record.

Mr PANDAZOPOULOS — No, but we have had it mentioned to us publicly around the tourism people —

Mr CHEATLEY — My own position and my staff in tourism at Parks Victoria was reduced as a result of a direction from the department, yes.

Mr PANDAZOPOULOS — We have heard that hardly anyone is doing tourism in parks in terms of those development roles. There is no nature-based tourism officer at Tourism Victoria anymore. It is just reinforcing those.

Mr CHEATLEY — Yes.

Mr PANDAZOPOULOS — Have you any comments in relation to Treasury and Finance? When I was minister I found them to be a barrier — that is, tourism is not on the radar, despite the reports about economic drivers.

Mr CHEATLEY — I will tell you a story about Treasury and Finance.

The CHAIR — It will be a short one, Brett.

Mr CHEATLEY — When I was at Parks Victoria we put in a budget submission for the early development of Loch Ard and I had to go and be quizzed by Treasury and Finance, as you do, for all of those BERC/ERC commitments and I sat around the table with four people from Treasury and Finance. The first question I was asked was, ‘Where is Port Campbell?’ The second question I was asked was, ‘This will have significant impact on water in Port Campbell’. Port Campbell is one of the only towns in Victoria that has an endless supply of water because it comes up from the artesian basin and is cooled and they will never run out of water. The third question was, ‘This will put a lot more pressure on the Great Ocean Road, won’t it, because there is only one way into Port Campbell and that is along Great Ocean Road?’ The fourth aspect of that was that of the four people around the table, three of them had never been out of Melbourne.

Mr PANDAZOPOULOS — So the problem was lack of awareness.

The CHAIR — Brett, thank you very much for your presentation and the subtle finish to that period of time. We appreciate very much, as I said earlier, your making the time available to come and put before us some of the reality checks that we confront in relation to encouraging private investment. Yes, the move has been made to make land available. That is a good first step. But there are a lot of other steps that we must encourage to secure that sort of investment and move our eco and environmental tourism forward. Thank you, Brett, it is much appreciated.

Mr CHEATLEY — It was a pleasure.

Witness withdrew.