

TRANSCRIPT

ENVIRONMENT AND NATURAL RESOURCES COMMITTEE

Inquiry into heritage tourism and ecotourism in Victoria

Port Campbell — 25 October 2013

Members

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Witness

Mr P. Abbott, manager, tourism services, Flagstaff Hill Maritime Village/Warrnambool City Council.

The CHAIR — I welcome Peter Abbott, the manager of tourism services for Flagstaff Hill and Warrnambool City Council, and I advise that all evidence taken at this hearing is protected by parliamentary privilege as provided by the Constitution Act 1975 and is further subject to the provisions of the Parliamentary Committees Act 2003. Any comments you make outside this hearing may not be afforded such privilege.

All evidence given today is being recorded, and as a witness you will be provided with a proof transcript within the next couple of weeks. Prior to hearing your presentation, we thank you very much for our site visit in Warrnambool and for briefing us, in particular on Flagstaff Hill and the Shipwreck Coast. We all appreciated that very much. It opened the public sittings in south-western Victoria and gave us a good understanding of what has taken place down here. Thank you very much for making yourself available. Time allocated is 30 minutes, and if we can, we will try to use the last 10 minutes for questions.

Mr ABBOTT — Yes, sure. No worries. Obviously we met, as you mentioned at the table, on site at Flagstaff Hill two days ago, I think it was. So you know the site pretty well, which is great, and I appreciate your time coming onto the site. Hopefully it brings some visualisation to the submission I made. Just so that we are clear, we are a business unit of Warrnambool City Council. The site is a Crown land reserve, reserved for recreational use. It was set up in 1974-75 as part of a public meeting that wanted to set up a tourist attraction for Warrnambool around the original lighthouse complex and the original Warrnambool garrison that you saw a couple of days ago. Currently we have 13.5 FTE staff which cover things such as, obviously, we are open seven days a week from 9 o'clock every day, apart from Christmas Day, and we have a sound-and-light show that operates every night of the year as well, apart from Christmas Eve and Christmas Day. Our visitation over the last three years has declined on average about 10 per cent. We are still in a bit of a quandary as to why that is, but either way, it is having some impacts on the viability of the site.

The sound and light show is in its 11th year, I think it is, and we have had over 310 000 people at the show. About 42 per cent of people that we have surveyed through the sound and light show say it influences their decision to stay in Warrnambool overnight. It is very much a bed-night generator for the Warrnambool community. One of the challenges for Warrnambool is that we are just that 50 kilometres past the Port Campbell turnaround spot for the Twelve Apostles, so the investment, I think, in the sound and light show, whilst I was not involved in it at the time, was very much about trying to drive regional dispersal around staying in the region longer, and it has had that impact, as I said, with regard to overnight stays. About 90 per cent of people we survey say that they would return to do the show again if there was a different show or a different type of show, so we are working with that with our master plan that we want to do on the site to refresh the offer and try to drive visitation past the Twelve Apostles into the Warrnambool community.

In the submission I am made to the group, we highlighted the land tenure issue over the site. As I mentioned before about the site, our liaison on the Crown land is through DSE, and we have had issues with private leases on the site over the past number of years. We have a restaurant operator on our site that has been there for a number of years. His lease is heading towards the end of its term, and as part of the renewal of the site we are looking to try to draw ways to get private investment onto the site, to still maintain that community benefit but also to try to secure private dollars onto the site is well. As part of the master plan document that I gave you, there are options to bring accommodation onto the site. The city council does not want to be a hotel operator. We want to try to draw private investment onto that site to try to help maintain the museum and the heritage status of the site.

In the submission I made we are suggesting that the site is a low-priority site for DSE in a Crown land management sense in that DSE is a busy group, and they all go and fight fires for six months. When we try to talk to them about private investment on land, we face some challenges to try to get them engaged and actually see it as a priority to provide suitable lease terms. We are just trying to get the conversation started about how we can actually get private investment onto the site.

In our submission we suggest that there be some sort of audit done of DSE land across their portfolio and for sites like Flagstaff Hill, which is partially protected by a heritage overlay and also directly managed by Warrnambool City Council, that we look at ways to try to get some of that land bank that is held by DSE off their database and into a group such as the city council or someone that can be more directly involved in managing that land. As I said, the site was heavily bulldozed and altered with the development of Flagstaff Hill in 1974 and 1975, apart from the heritage areas of the site. There is a local heritage overlay as well as a state heritage overlay over it, so DSE involvement on a day-to-day basis is very limited. With due respect to the

DSE, it really just complicates things rather than actually assists them in the management of the heritage values of the site.

The site was derelict before the tourist attraction was developed, so we think it is a good case study of how a tourist facility can add value to a heritage site. We get very limited funds for renewal of our heritage assets. It is on the state heritage register. We make applications through the heritage grants, but there are limited funds, and they quite rightly often go to smaller groups that are doing up halls and other things. They do not have the capacity to raise funds like we do. Our site maintains the garrison and the lighthouses, so we think there is a direct benefit from operating a tourist site on a heritage attraction.

Just flicking over, as I say, we rely heavily on gate receipts at the moment for our revenue, whether it be gate receipts for day entry or the night show or the gift shop. We believe we operate in quite a distorted market. We believe the heritage market is distorted by things such as free entry into Parks Victoria sites and subsidised entry into Melbourne museums and the Melbourne Zoo. We cannot pin down the reason why our numbers have dropped back, but the introduction of free entry to the Melbourne Zoo for families on weekends happened around about the same time that our numbers dropped back. We generally make our money on weekends, public holidays and school holidays, and it is frustrating to see advertising in newspapers with the Melbourne Zoo saying it is free entry for children through those times. Those times are usually when we make our highest yields in actual dollars, and we are competing against free entry to Melbourne Zoo. Parks Victoria sites such as Werribee Mansion and those sorts of things were opened up as part of a public policy approach to provide free access to Parks Victoria sites, which is fine, but it does have an impact on sites such as ours, which is a heritage site that relies on gate receipts for our dollars. We think we are reasonably priced. We are \$16 for an adult for the daytime, \$26 for our shipwreck show in the evening, and there are obviously concession prices under that. We think it is reasonable value. But at the moment Melbourne Zoo's prices are \$7 for an adult and free entry for children and pensioners. We think that it distorts our market.

There are also challenges in operating in a regional area. Scienceworks has a program called the Star 6 program, which provides free transport for school groups or bus groups if they include a visit to Scienceworks in their school camp to Melbourne. Scienceworks subsidises or pays for the transport costs to bring the kids into Scienceworks. We find that that takes a lot of regional people to Melbourne, but there is no program for subsidised transport to return city kids to regional areas. We have had cases where school camps have been lost to our area because they go to Melbourne and include a visit to Scienceworks and the bus transport costs are paid for under the Star 6 program. We have introduced a free shuttle bus from the Warrnambool station and we are trying to provide V/Line access for school groups out of Melbourne. Sometimes we are restricted in capacity on the rail network down to Warrnambool, especially as at the moment they are only running three carriages on the train because carriages are off getting repaired. If you are trying to provide for larger groups to get onto the V/Line train it can be hard. As I say, we have introduced a shuttle bus around town, so that we can go and pick up kids particularly around our local area or from the railway station.

In terms of our education programs, we are part of a strategic partners program which is run through the Department of Education and Early Childhood Development — it is a very long department name. The strategic partners program helps pay for a schoolteacher in our education program at our heritage site, and we deliver AusVELS-approved programs to schoolkids. That allows for an off-site education experience for kids. It gets them out of their school environment. One of the first national curriculum subjects that was passed was history, and our programs are aligned to the history there. The funding for the SPP program was reduced by 32 per cent two years ago, and the next three-year round is coming up next year, so we are hoping that we can hang onto some form of subsidy for our school education program.

We have been trying to keep up with the online presence. We obviously operate on our Twitter and Facebook accounts. We have Victoria's largest maritime heritage collection, and we have just put all that up online through a program called Victorian Collections, which is a great program that has delivered an online cataloguing system which is accessible to all regional museums. Basically it is a very easy-to-use system that is suited to volunteers and the volunteer base that we have. We have got the largest amount of items on that database now with nearly 7600 items.

Finally in relation to access to upgrade works, you will know through your inquiry that the way people experience or get information interpreted to them is completely changed, and we need to keep pace with those interpretive methods, whether it be online or through mobile tours. There are lots of other ways that people are

expecting stories to be told, particularly in a heritage sense. We need access to programs so that we can skill of our staff to actually understand how we can keep pace with what people are looking for in interpretation but also to help pay for some of those interpretive methods that people are expecting and help assist in that regional dispersal.

There is a trail called the Shipwreck Discovery Trail along the coast, which was set up many, many years ago, with the traditional signs at the location that tell the history of the shipwreck. But at the moment there is no online application for that process so there is an opportunity there to draw people along the Great Ocean Road, have them stop at probably the more spectacular sights along the Great Ocean Road to not only enjoy the scenery but get a bit of the history and the heritage of some of the incidents that happened in those shipwrecks along the coast and of course draw them along the road to Warrnambool and to Flagstaff Hill.

I think that is all of my presentation. I am happy to take questions.

The CHAIR — Peter, thank you much. It is much appreciated that you are making the time this morning. I am sure my colleagues may well have questions.

Ms WREFORD — Basically in your submission you suggest that Flagstaff Hill should no longer be managed by the Department of Environment and Primary Industries. What would be the benefit of changing the management?

Mr ABBOTT — We just think the DSE — sorry, it has changed its name — do not have any direct role in the day-to-day operation of our sites, so it is all completely managed by Warrnambool City Council. They underwrite the cost of the site and the cost of the maintenance. We have never gone to DSE and said, 'It's your land; hand over some cash'. Localised management of the site would provide more direct and easier access to providing leases onto the site. It would enable our local community to have more direct involvement in the day-to-day management of the site.

Ms WREFORD — So you are suggesting that council should run it — —

Mr ABBOTT — Absolutely.

Ms WREFORD — Not a private operator?

Mr ABBOTT — We are not saying that we should sell the land. We think we are a good community citizen to run that site. We are not saying to put it to freehold and put it on the market; we are saying that the local city council should be vested with the freehold of the site and then look at trying to give us more freedom to manage the heritage values of the site.

Ms WREFORD — One other question around using the modern technologies down the coast: who do you think should fund that?

Mr ABBOTT — I think there are absolutely some opportunities for private partnerships. Plenty of operators out there are doing trails, and we, as a museum and as a community asset, have a lot of knowledge of the history and heritage along the site. The signage that is in place along these sites has not been maintained over the years. It is like the traditional trails where they get the sign put up and someone puts a bullet through it, and over time those things degrade or a truck runs through it. We as a regional museum are happy to try and be involved in the maintenance of the trail, because it is obviously in our region's interest to try to draw people along the coast and extend their stay. I think there are opportunities for private operators to be involved in the apps and those sorts of things.

Ms DUNCAN — Peter, thanks for the presentation. So the council is effectively the committee of management for the department, and you have got leases with some private investors that are in that village now?

Mr ABBOTT — Yes.

Ms DUNCAN — Some of them are coming to an end. What is the period of lease that they currently have?

Mr ABBOTT — They were given a 15-year lease around about 13 years ago. The restaurant owner that we are talking with is on the primary site. We have not really started work. As I said, we have got a master plan and process in place, and once we settle what the future of the site is, then we will start working through what terms we can provide to that restaurant owner or private investor on the site. We are having vague discussions with DSE at the moment. There is a whole range of new regulations involved, and they say that they are more encouraging of private investment on the site, but we have not tested DSE in that sense. We have not gone to them and said, 'We want a 50-year lease', or, 'We want a 20-year lease'. We want to try to set up an environment where we have a lease period that is suitable for a larger investment, which includes the accommodation, and then test the market to see if anyone is interested. So our council would do the work to try to provide the space and the lease area and then test the market for a private investor on the site.

Ms DUNCAN — But you have not had that conversation with the department yet?

Mr ABBOTT — We have had vague discussions with them, but we have not said we want a 21-year lease or anything. We have not put a date on it at this stage.

Ms DUNCAN — So the 15-year lease is about to expire?

Mr ABBOTT — Yes.

Ms DUNCAN — When would you normally start those sorts of processes; now?

Mr ABBOTT — Yes, pretty much now, because it does take a long time. But as I say, we want to get a master plan through council at the moment, which will give us some guidance as to what the future of the site is. The current subsidy on the site is about \$450 000 which the council is paying into it. That is seen as unsustainable, so changes will have to be made to the site to get it back to something that the council is committed to and thinks is sustainable.

Ms DUNCAN — At the moment you are hoping that the leases on the businesses that currently exist there or may exist in the future will help get you through that?

Mr ABBOTT — That is right. There is quite a large part of the site which is down the eastern side that is currently our work yard, which we pointed out on the site tour. If the master plan goes through as we want it to — and it is up to council to make their final determination on that — we would then start working on that space of land, to either work with DSE or to try to get a level of assurance that we can get a lease of a longer term on that site. We can then go and test the market and say, 'Look, there is this land, there is a business plan around what we are doing on the village site', and see if there is an investor that would actually pay and operate the site.

Mr PANDAZOPOULOS — Based on your experience, what are we doing wrong as a state in the heritage space, particularly around resourcing? We had a discussion with Roger Grant earlier on about how in most jurisdictions around the world park services take heritage as their core value, side by side with environmental value. We discussed that a lot more places around the world resource heritage better than we do, which are comparable in terms of time frame of settlement to a country like Australia. Do you have any comments on what we need to be doing to improve that space?

Mr ABBOTT — I am the visitor services manager. The Twelve Apostles site and the Loch Ard site for Warrnambool are like the Melbourne Airport of our region, but at the moment the facilities that are there do not have any regional dispersal role. I will not say it is a glorified toilet block, but it is a very underutilised space. Warrnambool City Council sees that spot as critical, and getting that regional dispersal beyond that visitor point. We would love to see some improved facilities down in that area, but something that has real role in actual regional dispersal. because obviously, Flagstaff Hill is a shipwreck interpretive centre in many ways, so as a council we will challenge it to ask: if they build a Loch Ard centre or something of that nature, does that then finish up Flagstaff Hill's role. But the council just sees that location, the Twelve Apostles and the Loch Ard centre, as being critical to regional dispersal, and it is very supportive of trying to work out how we can build a facility down there that tries to hold people in the district for longer.

We think that other sites such as Tower Hill, just up the road from us, and you went out there, is an uncut diamond. If you look at TripAdvisor and the guest comments people love Tower Hill. It is close to the

highway, easy to get to and there is the sense that they can see all the big animals, pretty much guaranteed. But the facilities down there are, I think, not even 20th century; they are just really poor.

One of the challenges we have in our district, and I think the stats support it, is that whilst we have high visitation, we have a very low spend in our district, so the more we can get them on the ground, exploring along the coast, the more opportunities we have for them to actually spend dollars in our district as well.

The CHAIR — Peter, just as a final question: in an earlier public hearing in Ballarat, obviously Sovereign Hill made a contribution. I believe they have the largest entrance fee of any opportunity, certainly in Victoria, but I think across the country, and they still have, attendances somewhere in excess of 700 000 people. Firstly, on what do you base your fee structure and why should you not be 26 and not 16? Secondly, I am interested to know who owns the infrastructure at Flagstaff Hill? Is it owned by the department, is it owned by the city, what are the arrangements and would a similar situation to Sovereign Hill be an advantage to Flagstaff Hill, if it were run by a trust with community people driving it under private enterprise? I know that would conflict with where council sits today, but as you indicated in our discussions during our site visit, the viability currently is borderline from council's point of view. It does have a staff requirement, quite obviously, to make it all work. Has council given consideration to putting the operation into private hands, which would be to the community's gain not only the council's?

Mr ABBOTT — The answer is yes, that has been considered, and Bendigo Trust is another example of where the Bendigo council essentially invested all of their heritage attractions into a trust. It is still underwritten by the council, but operated as a trust.

The CHAIR — I am talking about the council is out — not underwritten — they have moved the leases over to a private entity with its own board of management.

Mr ABBOTT — It has been considered, but at the moment we just do not think that it is a viable option. It is such a community asset that I guess the feel is that if the trust was to fall over, it would just fall back to a council operation anyway.

The history of the site was that it was set up by the chamber of commerce in 1974-75. It fell over; council picked it up, and has been running it ever since. It has been explored, and as I said, Bendigo Trust was one of the ones we looked at more than, probably, Sovereign Hill. Sovereign Hill has set itself up very well to have a whole range of businesses that feed the dollars and resources back into it, whether it be caravan parks, motels, accommodation and Narmbool, which was gifted to them. They are obviously a world leader in heritage tourism. We always get compared to Sovereign Hill.

The CHAIR — Sorry, I am just using it as an example, I am not trying to compare. Who put up the capital for the infrastructure? Was that the ratepayers?

Mr ABBOTT — Yes. The development of the site over time has been through primarily the city council, but it also through grant applications of various forms through Regional Development Victoria and whatever over the years. The last major upgrade was put in in 2003, off the top of my head, or 2001 or 2002. That was Regional Development Victoria. I cannot remember what they were called back then, but it was through Mr Brumby's department back in those days. So that was three levels of government that put the dollars in.

The CHAIR — And from the point of view of admission, when was the last admission increase? I think collectively the committee would see it as a fine example of heritage tourism. What are the reasons it would not stand greater admission fees?

Mr ABBOTT — We always challenge ourselves whether we should put up the fees further, but the last increase was two years ago when we went from \$15.50 to \$16. The show has stayed at essentially the same price for the last three or four years, at \$26, but it is a challenging environment at the moment, with our numbers going backwards.

The CHAIR — You might not be making it precious enough, Peter.

Mr ABBOTT — Maybe. You have to try to work through how you create that sense of value when you get people to come onto the site. Creating that sense of arrival and trying to build up the expectation is important to

us. We have challenged ourselves whether we should even take our prices down or whether we put the prices up. We have done all that modelling. At the moment we think we are at about the price we can sustain. If we put the price up any further, we think that would have more impacts on our dollars.

The CHAIR — Thanks very much, Pete. I do not know if we have any further questions. Again, on behalf of the committee, thank you so much for our briefing and site visits, and, more so today, for giving us your time and travelling from Warrnambool over to Port Campbell.

Mr ABBOTT — Great. Thank you.

The CHAIR — Thank you very much.

Witness withdrew.