

# 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

Deputy Chair: Mr J. Pandazopoulos

#### Staff

Executive Officer: Dr G. Gardiner

Research Officer: Dr K. Butler

#### Witness

Ms C. Reid, executive officer, Shipwreck Coast Tourism.

**The CHAIR** — Welcome, Carole. As you are aware, 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 the hearing may not be afforded such privilege. All evidence is being recorded today, and as a witness you will be provided with a proof version of the transcript within the next couple of weeks. In saying that, Carole, welcome. You have made a long and very good contribution to tourism across western Victoria, particularly in the city of Warrnambool. We thank you for that, and we look forward to your presentation. Thank you.

**Ms REID** — Thank you so much, and thanks for the opportunity. Just referring to your comment about the city of Warrnambool, my interest has always been in regional tourism. I just happen to be in that space, but it is most certainly about the whole region and about the Great Ocean Road.

Really briefly, Shipwreck Coast Tourism started in 1988. It is basically almost the same structure as it was back then in that it has a skills-based board. We get funding from local government, but it is a skills-based board. As we speak the organisation is being wound up. I am missing its last meeting to be here today, but we are about the future, not about the past. We now move into Great Ocean Road Regional Tourism Ltd, which means that the organisation will go from Torquay through to and including Moyne; it covers all of those municipalities. I have brought notes, which I will be happy to leave behind.

We work in partnership, as you would expect of a regional organisation. We certainly do not sit on our own; we work in partnership not only at a federal and state level but also at an international level. Just by way of some comments, my submission I today is based on research, experience in and understanding of the domestic and international markets, but my comments mainly focus on consumer expectations — how are we rating in that? What are we doing? What are we not doing? All of my comments are based on yield — so, the visitor with yield — but I will make reference to the day-tour operators.

Currently our major markets domestically are metropolitan Melbourne, regional Victoria, New South Wales — more particularly southern New South Wales — and South Australia. International-wise they run in this order, and I am talking about overnight visitation, I am not talking about the day tour-market. It is the UK, Europe, New Zealand and USA. China has gone from being no. 14 to no. 5 within the space of 12 months. Port Campbell is the major beneficiary of that. Then it is Scandinavia, Switzerland and France. All of those European countries are now really coming up the scale, so to speak.

How do we act as an organisation for regional marketing? We are not just marketing, we are industry development and product development. Domestic-wise we work in partnership with Tourism Victoria. International-wise we have Great Southern Touring Route. I will leave some of our trade manuals that we produce every year. I will leave one of these, so you can go in and have a look at all of our online applications: the iPad app, iPhone, Android and all of that; you can just refer to them. We have been working in partnership for 22 years with the Grampians, so there is the Great Ocean Road, the Grampians and Ballarat. Under the new organisation of the Regional Tourism Board, that will continue.

Some facts are that our consumer research done in November–December 2012 identified that the consumer has little understanding of the diversity and depth of the tourism product on the Great Ocean Road beyond the icons. The reality of the space we sit in is that there has been no branding campaign for this region for four years. It has been the decision of Tourism Victoria to focus on destinations. As we all know, if you do a marketing campaign and you do it once every six or eight years, it does not work.

**The CHAIR** — Doesn't or can't?

**Ms REID** — It can't work because you have to be in the face of the people all the time. I will get to what we see as an opportunity there. The other reality in the international market is that the Great Ocean Road does not even get a look-in with some of the major wholesalers internationally because we do not have the high quality accommodation they are looking for. I will use Kangaroo Island as an example. If you are in the international market, you see the profile of the Southern Ocean Lodge constantly. The reality is the conversion of the visitation. What have they got? Twenty rooms. It positions Kangaroo Island. Of course the majority of the people are not go to stop there due to the cost, but it positions Kangaroo Island. We do not have that benefit. We have the amazing heritage, as you know, and we also have our natural attractions, but we do not have that iconic product.

I look after the Americas and New Zealand and particularly the Americas and Canada. It also happens in the European market. Roger from Geelong looks after the European market. I do the Americas, Canada, South America and New Zealand. The Grampians look after all of southern Asia, and Ballarat looks after all of northern Asia. That is the way we work it. We split the markets, build relationships and have a business plan, but we do miss out on getting what we call free promotion because we do not have that iconic product. That has been very much identified within a lot of documents but in particular the opportunities study that has been done by Corangamite shire.

I am assuming you have had access to the Great Ocean Road Destination Management Plan. It has identified that the experience seeker is the primary market for the Great Ocean Road. That is what we are focusing our energies on: the experience seeker, which very much fits in with what you are doing, and also that is the market with yield.

I know there is a big push at a state level in relation to the China market. No-one can disagree with that, except that for regional Victoria we have identified that by 2030 the UK–Europe market will still be our major market, so that is not being addressed. I know politically it looks great when you say we have got to increase this and increase that, but in reality what is the dispersal and the long-term prospect for our region?

The other point that is not necessarily identified is that the tourism industry — this is on the Great Ocean Road — employs more people and provides more economic benefit than agriculture, fisheries and forestry combined. I have the figures here, which I will leave with the committee.

**The CHAIR** — Thank you.

**Ms REID** — Another figure is that of the international visitors who come to Melbourne and who choose to have a regional experience 60 per cent come to the Great Ocean Road and 12 per cent go to Phillip Island. I am talking about the people with yield; I am not talking about the people who go down and back in a day, because the best that we get out of that is that Apollo Bay might get lunch and, if Port Campbell is lucky, they might get a cup of coffee. A lot of them do not even come into Port Campbell; they go past it. They might go to London Bridge — they may or may not — and they turn around and go back again.

I guess the gaps or the issues that we think are relevant include the lack of quality services to provide an enhanced experience when they come down here, more particularly around the Twelve Apostles and Loch Ard. They have to have a reason to stay longer. If they can come down, spend a small amount of time, do a helicopter flight and go back again, you are not going to convert them to overnight stays. Regarding the Twelve Apostles experience — John and I had this discussion — there is this whole supply and demand issue. There is criticism that we continue to market, but if you do not have demand you will not get the supply. We are critically short of supply at the moment. The Twelve Apostles experience is seriously diminished because of the infrastructure and the service that is there. One has to ask: is it the role of Parks Victoria to continue to provide that? We are talking about the short term. A plan is being done at the moment that is very much long term. What is the short term plan?

I can remember that when they were not responding to consumers' needs at Phillip Island they lost a lot of their market share, and I would suggest that is the situation that we are in. There is no infrastructure at the Bay of Islands, and for me and others that has the opportunity to become the second icon for the Great Ocean Road. There is a lack of relevant accommodation in and around the Twelve Apostles and Port Campbell and the region.

There is tired product beyond the Port Campbell National Park and that really impacts on our dispersal. I am referring to Flagstaff Hill Maritime Village and Tower Hill specifically. We are really lacking there, and I guess one has to say that when things are controlled by government it tends to be a case of 'invest and walk away; we have done that'. What renewal programs are there in order to ensure that these facilities are not the subjects of a large investment and then nothing. I know the Flagstaff Hill master plan, because I have had the privilege of being involved in it but also of reading the final document, has renewal in it.

There is a lack of recognition of Tower Hill as a significant attraction. That recognition would really assist in enhancing the diversity of the product offering. That product, with its Indigenous overlay, appeals to both domestic and international visitors. I heard Peter say that consumers absolutely love it, but the reality is that

within the Parks Victoria framework they have concentrated — probably all for all valid reasons: it might be mainly about resourcing — on the Great Ocean Walk and the Grampians. They do not see Parks Victoria as a product. I consider that the current operators of Tower Hill have a lot of skills; they just need to be supported, and they need to be given an appropriate agreement that allows them to become committed to it and take advantage of their Indigenous culture. We have always found them very good to work with.

There is a lack of interpretation of our natural attractions. There is a lack of support from Tourism Victoria and the state government to subsidise missions to the areas that are really important to us. We used to get some support by way of a ‘you pay this, we’ll pay that’ arrangement to encourage involvement. All of those subsidies are now going to Asia, and more particularly to China. One has to ask: why is that so? Are we all serious about regional tourism? Are we serious about dispersal? Or are we only talking about the bulk of numbers that make our figures look good?

We are currently undertaking a piece of work ourselves, which is looking at the day tour operations. I meant to bring a copy of the brief down, but I can forward it to the committee. We want to get a better handle on and a better understanding of the day tour operators that are coming down. I think we can pretty well say it is all to do with the commercial viability of the day tour operators.

It is also to do with the lack of sophistication of our operators, a lot of whom are still on manual systems. If you are an international wholesaler sitting somewhere around the rest of the world, you might say, ‘Yes, I want to come into Melbourne and, yes, I want to do Phillip Island, the Great Ocean Road and Ballarat’. It is very easy for them to book a hotel in Melbourne and book three day tours; they have got their money, they are all good. Is it good for our industry? The answer for us is no. Therefore we are doing a piece of work called a visitor experience and integrity study. We will interview these tour operators and just try to get a bit of knowledge and everything behind it.

There needs to be greater consideration of the packaging of potential products to attract private investment in partnership with state government. Rather than seeing, say, Tower Hill and Flagstaff Hill on their own or infrastructure on the Great Ocean Road, why would the government not say — —

Investment is one of the biggest barriers, there is just a lot of risk, as we know. I have a background in hospitality, as you know, and am still involved in all that stuff — for my sins, I say. But you have to be able to put almost a squeaky clean investment proposition. If we are serious about dispersal, what do we need to do? We say investment is needed for our trails, for example, to keep people longer. The study has been done and all of the design work has been done on the trail from Timboon down to Port Campbell. We are not talking about trillions of dollars here or large packages. That in itself is probably not going to require private sector investment. It could, but in the short term it will not.

But in relation to Flagstaff Hill and Tower Hill and down the road, you need to consider what is really needed and put a proposition as a package. Then you have one operator and one agreement, and you might get someone who has deep pockets who is able to invest for now. Look at Allan Myers at Dunkeld. He is only now starting to make a profit. There are regional people who are very passionate about their region, and they have money. So why would you not look at it in that way?

I just wanted to say this region has well-preserved heritage assets. It has its streetscapes, buildings, gardens, the stone wall network, Aboriginal culture, shipwreck history and the Great Ocean Road. But investment in infrastructure interpretation and marketing is required to develop it into a marketing product. Until we get our product right we will really not have those hooks that will say to someone coming into Melbourne, ‘Yes, I will get in a car’. If you are someone from overseas or you are in Melbourne, you have a lot of choice of where to go.

I just have a couple of final comments on what I think statewide considerations might be. We need increased and targeted funding from Tourism Victoria that would greatly enhance the current and future prospects for all sectors of our industry. They are underresourced, and I think if the government wants to understand and respect the benefits of the tourism industry — the industry itself is not fragmented the way it has been; we do a lot of things through VTIC — it needs to just continue support and implementation of some of the strategies that are in our nature-based strategy. A lot of those have been implemented, which is great, but there are some there that just should not be lost, between pages 37 and 42 if you want to be specific.

I think the current licensing agreement for tour activity operators and activities on public land requires a more streamlined administration system. It is very convoluted and difficult. It was interesting to hear Gavin. I heard only the last bit of his, but with his comments on the Great Ocean Walk, I have to say I was pretty horrified. I went by way of interest to a speed dating forum.

**Mr PANDAZOPOULOS** — Speed dating forum in the tourism industry — —

**Ms REID** — I have known you for a while, John.

**Mr PANDAZOPOULOS** — Clarify it.

**Ms REID** — One of the KPIs for the Great Ocean Walk was: how many operators can we get to buy into the program in order to market it? Is that what we really want, or do we want to make sure that the tour operators that are doing the work on the Great Ocean Road present the best experience for those people? I think that Tasmania and New Zealand do it really well. I think we should endeavour to investigate the way they do it.

Just an evergreen, the broader education of the benefits of tourism, if we are serious about that, it has to be done in a streamlined way that is consistent. There needs to be a more inclusive approach between government departments at all levels for tourism management and planning. That is an evergreen as well. There is not a great understanding of the true value of tourism's positive and economic impacts. In trying to establish regional Victoria, there needs to be a brand campaign for all the regions collectively to get people in Melbourne excited about what this state has to offer. Then the individual destinations can develop and pay for the campaign to support that. So Tourism Victoria does the brand. The regions know their regions and know them well. We actually do not need Tourism Victoria to tell us how to market our region. If you have to take control of your own destiny, you will, and we all get some money from Tourism Victoria.

I think that this region is very rich in its heritage and its ecotourism and nature-based assets but much work needs to be done at a state, regional and municipal level. Until all parties identify and embrace the advantages of that, we are really not going to position ourselves to take advantage of that high-yielding product market. There is the opportunity for private investment — I am very confident of that — but I think the current processes of doing it in an ad hoc way with individual attractions is maybe not the direction that will bring about the result that is needed.

**The CHAIR** — Thanks, Carole. In relation to Shipwreck Coast Marketing, I know that you have had a long involvement, as have many others. Have you actually arrive at the position where you have found the right product of consumer expectation and the position of what the spend capacity of the tourist is for regional Victoria? It is necessarily the high-end one.

**Ms REID** — No. We know we have the highest visitation and the lowest yield. Why is that the case? It is because our product is free; it costs nothing. The operators in Melbourne are not having to cost in entry fees or anything like that. You can see that the Surf Coast have decided that they are going to put a fee on one area around Bells Beach. That is a major issue for all the Great Ocean Road, where you do not have a consistent policy along the road. I am on the Western Coastal Board as well. As you know, that is about ecological sustainability. We think that that is just a disaster, what has happened there, because it has pushed a whole lot of the visitation into areas that cannot cope with the visitation. It is a significant attraction in the state and internationally and yet we are saying to people, 'Well, hang on'. We have to ask: who owns that? None of us owns any of it; it is all owned by everybody.

**The CHAIR** — I guess that takes me back to the admission price at Flagstaff Hill. In opinion that is something to sell, and I reckon for \$16 it is virtually being given away. That is only my perception. I am sure from a marketing — —

**Ms REID** — But the product itself needs investment. Until we get our product mix right, the trade will not — I am talking more about international but I am talking also about the consumer. It has become a must do. I know that it is government policy, but on the Twelve Apostles, not the Great Ocean Road, I think that the consumer would be more than happy to pay something. You have the ideal scenario to do it.

To answer your question, we have not done any modelling of that as such. One of the major things is that we have natural attractions and they are heritage attractions as well. I am not for one minute saying that we should

charge for the Great Ocean Road. Next year is the anniversary of Gallipoli, so we are going to be promoting that. Do the majority of people know how the Great Ocean Road was built and why it was built? Probably not. We are going to have a bit of a focus on it. I cannot answer your question directly.

**The CHAIR** — No. I was just interested to know.

**Ms WREFORD** — You mentioned that you were doing a visitor experience study. When will that study be out?

**Ms REID** — It will be about February. It is not a huge piece of work. It is to just try to — —

**Ms WREFORD** — It will be finished by February?

**Ms REID** — Yes.

**Ms WREFORD** — All right, because I think the committee might be interested, if you are keen to share the results?

**Ms REID** — Oh, yes, absolutely.

**Ms WREFORD** — The other question I have is: if you were the government and you could do maybe one thing to help regional tourism, especially to increase the spend, what would it be? You have mentioned lots of things.

**Ms REID** — I have mentioned lots of things, but it is about enhancing the experience. Although you do not pay to go to the majority of our attractions, if that experience appeals, that will automatically mean that people will stop overnight.

**Ms WREFORD** — From a government perspective, what do you think?

**Ms REID** — The government should put more money into marketing regional Victoria. That is what I would say. When you speak about the product, as I said, the majority of people in Melbourne do not know the diversity. You only have to go inland here to Timboon. They developed a cafe and everything else around it is now starting to happen. We have done a lot of stuff in marketing the region, as has Geelong, but when everything is on the drip-feed all the time and there is no positioning from the state — was it yesterday that they were saying that now Melbourne is the preferred destination? That is fantastic, and so it should be. But whilst you have a strategy for Melbourne, where is the strategy for regional Victoria? I can tell you that there is none.

All of us CEOs around the state have just got to draft form what we are going to present to government — that is, to say: these are the things that we think need addressing. I can tell you that one is to do a brand campaign for Victoria. The old campaign, that you will love every piece of Victoria, worked. Since then it has been an ad hoc campaign here and another campaign there, with no appropriate call to action on it. Some did not even have a call to action. If you are going to spend millions of dollars on a campaign, I would have thought that the evaluation of that campaign and its effectiveness was paramount. We have to do that through our skills-based board.

With regional Victoria, there is a lot of great product there. Do the consumers in Melbourne know about it? International marketing is a different thing, and 90 per cent of the business is domestic. As we know, international tourism produces three times more money, but we need to try to celebrate regional Victoria, make it appealing.

That is what we need to do, and it will be a good brand campaign that is not a one-off and has longevity to it and then the individual destinations. If we did it that way, we would get greater investment from the industry to buy into it because they would see leadership at a state level.

**Mr PANDAZOPOULOS** — Just a couple of things. One is high expectation, lowest yield — no-brainer to try to convert that field. You are mostly saying that that is a supply-side issue?

**Ms REID** — I think so. Yes, I do.

**Mr PANDAZOPOULOS** — And a little bit on the marketing side. People think they can go and do it in a day, which is the wrong message that they are getting, but mostly it is a supply-side issue.

**Ms REID** — Yes.

**Mr PANDAZOPOULOS** — Okay. Just let me understand little bit more about Tourism Vic. It is also a no-brainer to me that we are getting an increase in figures, but we are basically pretty static with the money we invest as a government. A business that has growing customers but spends the same amount of money to service those customers eventually is going to end up having a problem. Is that the situation we are in — that the market is growing but we are not really keeping up the growth in that investment, which is why you are saying we are not really seeing a lot of focus on regions and regional marketing now?

**Ms REID** — I could not agree with you more. For international marketing — and I know it is not just that we do. We are very much in partnership with Tourism Victoria, but I could show you the graph where the investment from industry has gone like that, and the investment from Tourism Victoria is static. It has been \$125 000 per year for about the last five years. When you look at that and take into account CPI, it is like that. I know that they have an issue with their budget as well, and I understand all of that, but I also understand the ramifications of it. I will give an example.

In November last year we had the first Great Ocean Road mountain bike race here in Port Campbell — huge coverage. It was chosen by a company called Initiative Marketing because of the Twelve Apostles. There was huge international coverage on SBS. We got \$25 000 from Tourism Victoria, \$25 000 as a one-off from RDV, support from Corangamite shire and then some support from the community. Then there was a blanket decision made that all events funding for Victoria across the events will be cut by one-third. I understand budget cuts very well. We will be cut by one-third irrespective of the longevity of the event. That cut of one-third — RDV's was one-off. It is cut by one-third back to — what, \$18 000? If that is one-third of \$25 000, the event is not going ahead, yet you have a company that runs Cape to Cape in Western Australia, which is highly successful. We have done all the evaluation. We have done everything.

One-offs do not work; we all know that. If you are a region that has the capacity to grow, it needs to be considered. If there are budget cuts, there are budget cuts, but when you have events that have been running for 25 years and one that is an inaugural event that was successful and it is all validated, it does not make sense. So I am saying to you yes.

**Mr PANDAZOPOULOS** — Finally, just for the benefit of the committee — people out there say, ‘It is mostly private businesses. What are they doing? Why does government need to invest?’ Can you explain from a tourism industry point of view why it is necessary for government to invest — why it is necessary for government to be a core investor in it?

**Ms REID** — It is new money that is coming into the region. If you look at international marketing, it is an export product. It is hard for everybody to understand what that means. We are selling something on the ground here rather than something we are exporting. Local government by and large gets it. They see that we are very lucky in this region, of course. We have not had increased budgets from them either, for the same reasons as state. We have not had cuts, but we have not had increases. But it is new money that comes in, and that new money that comes in is then — I use the figures there so far as employment. That generates, then, ongoing expenditure at a local level. If it is the farmer who is selling the milk, he has the money, but it is his money, as opposed to — —

**Mr PANDAZOPOULOS** — So they should invest because there is economic benefit. What you are really saying is that individually, because these are mostly small businesses, they do not have the ability to do it on their own. They do it through partnerships with each other and partnerships with government as well to, in effect, top up the funding, because a lot of businesses are even struggling to be sustainable. When you have high visitation and low yield it raises an issue of sustainability.

**Ms REID** — And John, that is one of the comments I did not put and did not articulate — the inability of the small operator to be able to do it themselves. The other side of that, and I am not complaining about this, is that if people are coming into Melbourne, the Melbourne operators — I am talking more about international here — get a free ride because all of the marketing is done to bring people into Melbourne. For our operators to be

profiled, they have to pay; they have to pay us in order to market them. Melbourne is the gateway — that is everything. We always celebrate that. But there seems to be some inequity.

**The CHAIR** — But the funding should go beyond Melbourne.

**Ms REID** — There just needs to be a bit more understanding of the value to regional Victoria and then what we are going to do about that. Acknowledging that Melbourne is the gateway, so that has to continue to happen — it does require more investment.

**Ms DUNCAN** — Carole, I might have missed it, but you said something or rather about there being a disaster. I am not sure if you were talking about charging at Bells Beach or whether it was something to do with the Twelve Apostles. What was the disaster?

**Ms REID** — Surf Coast made the decision that they — I would suggest it was a bit to do with the surfing movement. They just did not like the idea of their beach being taken over. There are some management issues. It is no different from the Twelve Apostles with their management issues. What they have done now is that, by charging there — they used to stop there and might have their morning tea, which came out the back of the bus or whatever it might be. They are going down now to Anglesea et cetera. They have buses and everything and parking in areas where there is no room for buses. It has created a whole lot of stress of visitation in areas that cannot manage it.

**Ms DUNCAN** — And what were the charges that they were applying to the buses?

**Ms REID** — If you want to drive down on your own, there is no charge, but anyone who is a commercial operator has to pay.

**Ms DUNCAN** — And what is the charge?

**Ms REID** — I cannot tell you honestly.

**The CHAIR** — It was not a lot of money, but the bus operators went around it because it did not fit into their profile. They were onselling, so they just left Bells Beach. Carole is quite right; they just went down to areas like Anglesea, and where there are no facilities they blocked that up a little bit. Thank you, Carole. It is much appreciated. If you would, Kelly will pick those up.

**Ms REID** — Okay. I just did want to say that we produce everything we do in all languages as well, and that is just an example. I do not know whether this is Portuguese or Spanish — they are both there. They are for South America. Thank you.

**The CHAIR** — Thank you, Carole. We really appreciate, from the committee's point of view, your presentation this morning and the time you have given us, especially in relation to missing your final AGM. I think that is very generous of you.

**Ms REID** — I was the inaugural chairman as well, so I am used to it.

**The CHAIR** — I know! From someone who has regional Victorian tourism very much at heart and has been part of the hospitality industry, we appreciate your time this morning.

**Ms REID** — Thanks, David.

**Witness withdrew.**