

# TRANSCRIPT

## LEGISLATIVE COUNCIL ECONOMY AND INFRASTRUCTURE COMMITTEE

### Inquiry into the Impact of the COVID-19 Pandemic on the Tourism and Events Sectors

Camperdown—Thursday, 13 May 2021

#### MEMBERS

Mr Enver Erdogan—Chair

Mr Bernie Finn—Deputy Chair

Mr Rodney Barton

Mr Mark Gepp

Mrs Bev McArthur

Mr Tim Quilty

Mr Lee Tarlamis

#### PARTICIPATING MEMBERS

Dr Matthew Bach

Ms Melina Bath

Dr Catherine Cumming

Mr David Davis

Mr David Limbrick

Mr Andy Meddick

Mr Craig Ondarchie

Mr Gordon Rich-Phillips

**WITNESS**

Mr Matt Bowker, Manager, Cape Otway Lightstation.

**The CHAIR:** The Economy and Infrastructure Committee public hearing for the Inquiry into the Impact of the COVID-19 Pandemic on the Tourism and Events Sectors continues. Please ensure that mobile phones have been switched to silent and that background noise is minimised.

I wish to begin by acknowledging the traditional owners of the land, and I pay my respects to their elders past, present and emerging.

My name is Enver Erdogan, and I am the Chair of the committee. I would like to introduce my fellow committee members: Mr Rod Barton, Mr Lee Tarlamis, Mr Mark Gepp, Mrs Bev McArthur and Mr Andy Meddick.

All evidence taken at this hearing is protected by parliamentary privilege as provided by the *Constitution Act 1975* and subject to the provisions of the Legislative Council standing orders. Therefore the information you provide during the hearing is protected by law; however, any comment repeated outside the hearing may not be protected. Any deliberately false evidence or misleading of the committee may be considered a contempt of Parliament.

All evidence is being recorded. You will be provided with a proof version of the transcript following the hearing. Transcripts will ultimately be made public and posted on the committee's website.

We welcome your opening comments but ask that they be kept to a maximum of 5 to 10 minutes to allow plenty of time for discussion. Could you please begin by stating your name for the benefit of the Hansard team and then begin your presentation. Mr Davis has also joined us. Thank you.

**Mr BOWKER:** Thank you, committee. Matthew Bowker. I live in Princetown—1040 Old Ocean Road, Princetown—and come as the owner of three businesses that are affected by COVID. One is I am the Director of Tourism Great Ocean Road, which manages and runs the Cape Otway Lightstation. I am the Director of Kangarooobie, which is a farm and school camp situated in Princetown, and also the Director of an event company called JNB Events, which runs a music festival also situated in Princetown. Thank you very much for the opportunity to come and speak, and thank you for the invitation to come along today. I hope that the information I can give you is informative and can inform some directional changes that I hope will be brought about as a result of the pandemic.

I come from, I think, a unique perspective. I am, as I explained, the director of three different businesses that have all been affected in three different ways by the pandemic. My camp, the school camp that I run, was obviously shut down for six months last year with no visitation allowed. That has reopened, and that is now going along quite well. We are getting great visitor numbers. The schools are very desperate to get to camp, and we are getting inquiries, at least two inquiries every week, to get a space at our camp. We are full—we cannot take more school camps for around about three years—so that has been going very well. Our weekend stuff at that particular venue has been affected. We have had a drop in things like family groups and church groups, and that has been around the uncertainty around numbers. Weddings, actually, is the other one, and that has certainly been around numbers of people that are allowed to attend. But essentially that is going okay.

We run one event, a music festival called the Loch Hart Music Festival, in November, which we started three years ago. So we had our first event three years ago, we had two very successful events, and then last year our event in November was obviously cancelled. But we are now in preparations and getting ready to rehost that event in November of this year. That is a three-day camping and music festival. Essentially, music for young people is the way I would describe the music.

**Mrs McARTHUR:** That is all of us.

**Mr BOWKER:** Which is all of you, yes! Up-and-coming bands, the sorts of bands that may have one album and been played on Triple J.

**Mr GEPP:** Sounds like Woodstock.

**Mr BOWKER:** Yes, yes. It is based on the farm and—

**Mr GEPP:** Perhaps without some of the other additional stuff at Woodstock.

**Mr BOWKER:** As far as I know everyone has left their clothes on to this point at the events—but I cannot confirm that. My invitation today was to talk about the Cape Otway Lightstation, but I wanted to fill you in a little more on the other things that I am involved with. We have been the leaseholders of the Cape Otway Lightstation for nearly 25 years. We initially got the lease from the state government through Parks Victoria back when the state leased every lightstation in the state out to public tender. The current state of those leases is nothing short of appalling. There is us and one other lease at Cape Nelson which are currently leased. The rest have all returned to Parks Victoria management because essentially there was very little support from Parks Victoria to maintain and run those leases.

I do not want to sound like I am talking myself up too much, but we have run an incredibly successful tourism venture at Cape Otway. We have improved, we have expanded, we have maintained what is an incredibly successful business and run that business with 26 permanent staff. We run a cafe, we run tours, we run accommodation, and that has been going very, very well. Our 21-year lease finished back in 2016, and since that time we have been operating on very short-term leases. We were offered two one-year leases, which we took up while Parks Victoria were managing the lease process. In 2017 they began a lease process, which was stopped in 2018, and at that point we were offered another one-year lease, which again ran out. They offered me another one-year lease. I said, ‘Give us three years’, which they agreed to. Then halfway through that three-year lease COVID hit.

The raw figures at the lighthouse were that 50 per cent of our visitation was international, 20 per cent of our visitation was state based and 30 per cent of our visitation was from Victorians. During the shut down—well, there were a number of different ways that it was shut down. 2019 essentially was tracking as the best year we ever had at the lighthouse. Our visitor numbers for every month up to December were the highest numbers we had had visit. We then had bushfires in December 2019, which affected the state visitation and also international visitation to the lighthouse, and then the rumours around the disease starting in China began. The Chinese visitation was almost non-existent for that summer. We had been very heavily reliant on Chinese visitors as part of the mix of international visitors, particularly around that time and in the lead-up to Chinese New Year. Chinese New Year essentially was non-existent for us. We had no visitors from China over Chinese New Year. Then the lockdown obviously came.

At various stages of lockdown what happened with attractions, particularly from the state government—the state government ruling around attractions—was that no-one was allowed to enter any buildings with any attractions, so we were not allowed to have anyone go into any of our historic displays or areas. They were not allowed to go up the lighthouse. So we were able to open, but we were very limited in what we could do, so we had to basically cut our entry fee down to nothing. We had to employ more staff so that we could have staff stationed at different buildings and then they could interpret the buildings as people came through but no-one was allowed into any buildings—and that was despite having all the cleaning protocols and everything else that we needed. We had a short time during July when we were able to open up and we had visitation come at that point, and then the second lockdown came. We were able to open up for regional visitors, but again we were not allowed to have anyone go into buildings and managing that was very, very difficult.

We did receive JobKeeper for most of our employees, so JobKeeper was a well-needed and very important part of us managing to retain our staff at that time. But JobKeeper unfortunately when your business is 100 per cent shut down did not actually have any impact on the business itself. Yes, it kept our staff employed, but there was nothing that came through for the business.

In terms of support that came through from the state government, we had about \$130 000 of support that came through to the lighthouse. The predicted losses over the shutdown time were somewhere around \$1.5 million in loss compared to the previous year. When the opening came from Melbourne, we were allowed to let people into buildings but with very restricted numbers, so again, to let people into the lighthouse, we were allowed to have 10 people in at a time. The time for people to be up and down the lighthouse is about 15 minutes, so you could have 10 people in there for about 15 minutes, which meant, again, the numbers that we could have through the place were severely restricted and we had to employ extra staff to manage the movement of people throughout the site. That actually stayed until recently, so the restriction on numbers has stayed until recently. It

stayed after the JobKeeper support had gone, and there was no support at that point for businesses that had restricted numbers. So we were not allowed to open up to our full degree, but there was also no support from the government around that. We were essentially being told, 'You can't operate to your full capacity, but we're not helping you within that. So good luck'. That was most disappointing, and that still exists for a number of businesses around the state. I know the big pubs and stuff in Melbourne are being restricted as to how many people they can have in currently and they are receiving no support around that. So they can operate at 50 per cent of their capacity, but they are not getting extra support around that.

Our pre-COVID visitation was around 150 000 people per year. This year our prediction is that we are going to have 45 000 people through for the year, so we have lost 70 per cent of our visitation. So where 70 per cent of our visitation previously was interstate and international, the visitation from Victorians has not kicked up to the level that we were hoping. What that has brought about is that we have in the last month sent a letter to Parks Victoria informing them that we are no longer going to maintain our lease of the lighthouse. We are handing the lease back to Parks Victoria because we have been trying since 2017 to get a long-term lease and we have had short-term leases ongoing, ongoing, ongoing. The best they could come up with to offer us was a 10-year lease, and with the current situation, the current visitor numbers, our predictions will be that for the next three or four years, particularly with the uncertainty around international visitors, we will lose money. Then we might break even for two or three years and then possibly in the last three years of a 10-year lease we might start to make some money, and that is just not viable because Parks Victoria have asked for us to invest in the site and continue investing in the site but with no support. So as it currently stands we will be handing the Cape Otway Lightstation back to the state on 1 July. It tears me apart that we have had to do that, because for 25 years we have run an excellent product down there.

**The CHAIR:** Thank you. I am just wary of time, Matt. If we could just—

**Mr BOWKER:** Yes.

**The CHAIR:** I might hand over for questions.

**Mr BOWKER:** Great. Sorry, yes. No problems.

**The CHAIR:** Is that where we are at at the moment?

**Mr BOWKER:** Yes. I have got a list of things that I can make suggestions on—on what could be possible.

**The CHAIR:** Could you forward that to us?

**Mr BOWKER:** I can, yes.

**Mrs McARTHUR:** Go through them quickly.

**The CHAIR:** Why don't you briefly just state what you are seeking, and then we will go to questions.

**Mr BOWKER:** No problem. So in terms of COVID, I think we have got to be very careful with the state government—that we can't have our cake and eat it as well. If there are good health reasons for closing businesses or for keeping businesses restricted, then offer support to those businesses. And if there is no longer any important need for businesses to be restricted in operating to their full capacity, then let them operate. Still have the COVID-safe restrictions around how things operate and all those sorts of things, but do not put numbers on what it is they can and cannot do.

The lease issue is statewide. There have been no long-term leases issued within the state of Victoria since 2017, and the longest leases that were available were 21 years. That is not in any way suitable for a business to operate and maintain a public asset to any decent level. The lease would need to be 40 years at the very least, and the land managers, particularly at Parks Victoria, have to take the lead on it. They are saying that there are department of justice rulings that have created this situation where the long-term leases—

**The CHAIR:** I understand you have got an issue with the lease. That is what I understood as well from the brief. But I do notice that some of those lease issues and about Parks Victoria's management of lighthouses and other parks—I am not sure they are in the remit of this committee. We are really looking at targeting the COVID impacts, and you have explained that about the tourism numbers—

**Mr DAVIS:** I think there is an interplay, though. I think they have been caught halfway—

**The CHAIR:** Yes, but I think the broader lease issue seems to be not just unique to your situation. From what I am understanding there have been leases that have not been renewed long term elsewhere as well, so—

**Mr BOWKER:** Anywhere in the state.

**The CHAIR:** Anywhere in the state. So as I said, it is a broader issue with Parks Victoria policy, I think, more so than this inquiry. So is there anything else—

**Mr BOWKER:** Yes. No problems. I will leave it at that, then.

**The CHAIR:** I will leave it at that. We will ask questions. We will continue with questions.

**Mr BOWKER:** What I will do is I will send some information from the 12 Apostles Helicopters, who were hoping to come and speak to you but were not able to. They have just given me their raw figures. For 2019 they had 90 123 flights. For 2021 to date they have had 8500 flights, so they are currently at an 80 per cent reduction in—

**Mr DAVIS:** So that first figure was 90 000?

**Mr BOWKER:** 90 123.

**The CHAIR:** And 8000 to date.

**Mr BOWKER:** 8500. And there has been no targeted support for businesses that were relying on international tourism at all from the state government and that are still being affected. They are businesses that are really important in regional areas and for the state in getting that international spend. So the businesses that probably need the most support are not getting support at the moment.

**The CHAIR:** No. I appreciate that. I am going to pass over to questions. I might start with Mr Davis on the end. You can ask the first question, Mr Davis.

**Mr DAVIS:** My question is actually about the lighthouse and the interplay between COVID. So that has been in effect a deadly hit: the limping along year by year—statewide policy—but then COVID has come in and it has kind of scissored you between the two. Is that a fair description?

**Mr BOWKER:** Yes, absolutely.

**Mr DAVIS:** And that has then forced you to announce or to indicate to Parks that you are going to hand it back on 1 July this year.

**Mr BOWKER:** This year—correct.

**Mr DAVIS:** So what is the actual problem? Why can't they sign the lease? What is the problem?

**Mr BOWKER:** The department of justice made a ruling in 2017 that there were to be no long-term leases in the state of Victoria until native title negotiations had been finalised. So since that time there has been not a long-term lease given on a public asset.

**Mr DAVIS:** So what about the businesses that are left hanging? Are they kind of just left hanging?

**Mr BOWKER:** We are left hanging—absolutely left hanging.

**Mr DAVIS:** Has there been any compensation or support for that?

**Mr BOWKER:** There has not, no. The only support we had was that Parks Victoria during COVID have not charged us lease.

**Mr DAVIS:** Right, so the lease has been waived, as per other landlords around the state.

**Mr BOWKER:** As per other landlords.

**Mr DAVIS:** All right. Well, that is actually helpful.

**Mr BOWKER:** So during COVID, while we were shut down for six months, they were there, and that continues, so they have not started charging—

**The CHAIR:** Thank you, Mr Davis. I might pass over to Mr Gepp then Mr Barton and give everyone an opportunity to ask a question.

**Mr GEPP:** Thanks, Chair. Matt, I am particularly interested in—you talked about the \$130 000 that you have received, and I will come back to that. I understand the point you are making about the international visitors and the impact that that has had on the business. You have talked about the state government, but of course control of our international borders is not a state government issue.

**Mr BOWKER:** Absolutely not, no.

**Mr GEPP:** It is very difficult for one government to then react to something that another government is doing. So if the federal government is going to close international borders and keep them closed and that is going to impact our businesses around the country, perhaps that ought to be something that the federal government responds to—not necessarily the state government, or maybe it is in tandem, but I make that point. Were you eligible during the period for that commercial tenancy relief scheme? Was that where the \$130 000 came from?

**Mr BOWKER:** No, that was the relief from the lease money, so we did not have to pay the lease money. The \$130 000 was a combination of the \$10 000 grants that came through, and that also includes the payroll tax. The \$130 000 was the total, so that was the payroll tax relief and also the grants.

**Mr GEPP:** Those one-off grants.

**Mr BOWKER:** I have combined them all into the one figure.

**Mr GEPP:** Yes. Then on top of that there was the rent relief, was there?

**Mr BOWKER:** And then on top of that we had rent relief.

**Mr GEPP:** Do you know how much that rent relief would have been?

**Mr BOWKER:** Around \$80 000.

**Mr GEPP:** Right. Okay. Thank you.

**The CHAIR:** Thank you, Mr Gepp. I am acutely aware of time, so I want to give everyone an opportunity. If we get time, I might cede my rights to you to ask another question. Mr Barton.

**Mr BARTON:** G'day.

**Mr BOWKER:** G'day.

**Mr BARTON:** I am curious in terms of what has happened has happened, and how do you trade out of this? How is the other business going, the school camp business? We heard yesterday that other school camps are going gangbusters. Can you tell us a little bit about how yours is going?

**Mr BOWKER:** Yes. Fantastic. As I explained, the demand is very high. There are a lot of schools that are not going to Canberra. They do not want to book to go to Canberra—that has always been a popular grade 5–6 thing—so they are looking for camps within the state to bring their students to. Like most school camps, your visitors are repeat business. We essentially have the same school come in the same week every year, and that just rolls over. There was never any fear during the lockdown that the school camp would not come back and operate successfully because the forward bookings are so far in advance. Yes, as I explained, the school camp side of it is booked for nearly three years. However, the weekend stuff there is still some uncertainty around, but that is getting better. Our weddings—we have got, I think, 14 weddings booked between October and January, so people are feeling much more confident around that and are coming to do that. That is really good. No, the school camp side of things and the camp side of things are fantastic.

**The CHAIR:** I cede my rights to you, Mr Barton. Ask one more—you can have my rights.

**Mr BARTON:** Just in terms of your three different core businesses, the lighthouse business—what percentage of the three businesses was that?

**Mr BOWKER:** I will just give you gross turnover numbers.

**Mr BARTON:** Just a percentage, you know.

**Mr BOWKER:** Yes, it was close to 50 per cent.

**Mr BARTON:** Fifty per cent of your business.

**Mr BOWKER:** Yes.

**Mr BARTON:** Okay. Thank you.

**The CHAIR:** Mr Meddick, then Mrs McArthur.

**Mr MEDDICK:** Thank you, Chair. Again, on the lighthouse—I want to keep this really simple—what do you need in order to keep that business running? I hear you saying a longer lease, so let us say that they take up on the 10-year lease. Would it be something like assistance with that? Would it be things like waiving the requirement that they are saying you have to put capital improvement in other than what is obviously essential maintenance and waiving your lease fees for five years, so half of the period? Would that be enough?

**Mr BOWKER:** No.

**Mr MEDDICK:** Okay.

**Mr BOWKER:** The issue is around the turnover, and we need to be able to keep our staff employed. The option I have given to Parks Victoria is that for the next 12 months, which is the term of the lease that we have got left, they cover the wages of our staff and we continue to operate until such time as they come around. The lighthouse has been offered to Eastern Marr. The Eastern Maar Aboriginal Corporation has been offered by the department of justice the lighthouse as a sign-off for the native title negotiations. I have had good conversations with Eastern Marr. They have said, 'Yes, we have been offered it. However, we cannot run a lighthouse. We do not know how to run a lighthouse'. We had offered to train up their staff and their nominated representatives to be managers and guides and those sorts of things, so that was part of the negotiations. What the numbers have shown us is that 10 years is simply not enough. If we were offered a 21-year lease, then we could at least wear five years of not making any money and then ride it out beyond that, but with a 10-year lease it is simply not enough time.

**Mr MEDDICK:** Thanks for answering the question.

**The CHAIR:** Mrs McArthur, back to you.

**Mrs McARTHUR:** Thank you, Chair. Thank you, Matt. And while, as Mr Gepp points out, the control of international borders is a federal issue, the state government could advocate that they open up—we could do that—but the control of interstate borders is our issue, and the lockdowns of interstate borders have been extremely problematic, as I see it, for regional tourism and events, and as serious as the lockdown of international borders. So I think we need to advocate that we do not have these lockdowns of state borders when we have got one case in Melbourne or somewhere so that businesses can have more certainty to go on. Anyway, I think that we have really got to be very careful about locking down state borders, and that is our responsibility.

It does seem to me quite extraordinary that the Victorian government could embark on a situation where a very profitable and extremely well run business, and highly regarded, is going to close because of their desire to change leases.

Just going to the events business that you run, what we have heard from other events companies is that they cannot get contracts because they are a long way in advance. You know, planning six months, a year out to have an event, whether it is a musical event or—

**Mr DAVIS:** Or a wedding.

**Mrs McARTHUR:** a wedding or a business event or whatever, there is a lot of investment required, and that is just not feasible. So is an insurance guarantee some sort of help in that regard? You have got to pay a deposit, but if suddenly the government—and that is not your responsibility, that is our responsibility—shuts down the state or an area or whatever, then they should be liable by way of an insurance guarantee for that investment that was made to get that event up and running. Would that be a feasible option?

**Mr BOWKER:** That would be absolutely fantastic. The impact of us having to book bands and stages and everything—we do have to book that a long time in advance, and it is a scary world to start putting your toe into when you think, ‘Okay, we’ve got to lock these people in, we need to pay the money, but we just don’t know if we’re even going to have an event’. So to have some reassurance around that—and our ability to get insurance to insure against that is not feasible from a private point of view—for our business to get that insurance is just not available.

**Mrs McARTHUR:** Matt, you might also be able to comment on the helicopter business of the Nesslerers, which is a highly productive and highly sought business, the biggest helicopter operation in the Southern Hemisphere before COVID, and also their proposal to develop the Glenample area and the Twelve Apostles site totally with private money, with no government investment whatsoever. Would that be a better option than what is currently on the table?

**Mr BOWKER:** It is hard to read what is actually available on the table at the moment. Everything is being kept very close to everyone’s chest.

**Mrs McARTHUR:** Well, given Parks’ ability of managing the Twelve Apostles now, you would not want to have them managing anything else.

**Mr BOWKER:** I think private sector investment is important. I will leave it at that.

**The CHAIR:** Thank you very much, Matt. I really appreciate you coming. I know it can be daunting coming for a public hearing in a committee. I appreciate your contribution. It has been an interesting debate, and I know the committee members were interested to hear from local businesses. So thank you for coming along today.

**Mr BOWKER:** No problems.

**Witness withdrew.**