

TRANSCRIPT

ECONOMIC DEVELOPMENT AND INFRASTRUCTURE COMMITTEE

Inquiry into local economic development initiatives in Victoria

Mansfield — 13 February 2013

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Mr M. Watson, General Manager, Adventure Victoria (sworn).

The DEPUTY CHAIR — I welcome Mr Michael Watson, General Manager of Adventure Victoria, to this public hearing of the joint party Economic Development and Infrastructure Committee’s inquiry into local economic development initiatives in Victoria. Our Chair, the honourable Neale Burgess, is indisposed today. Thank you for coming today, Michael. The evidence you give at this hearing is protected by parliamentary privilege but comments you make outside of the hearing are not afforded such privilege. Could you state for the record your name, address and the capacity in which you appear here today?

Mr WATSON — My name is Michael Watson. I live at 3 Chain Road, Boorolite, via Mansfield, and I am here in my capacity as the principal of the Adventure Victoria marketing cluster group, which is based in Mansfield.

Just by way of background, in 2006 there was a small group of adventure operators who participated in a nature-based tourism workshop organised by Tourism Victoria, and out of that we saw the opportunity for international marketing. I was actually there, supported by the Shire, as Watsons Mountain Country Trail Rides; I was one of the participants. Along with other tourism initiatives, they were talking about the international market, and we were very interested in being involved. We saw the cost of that involvement as being a barrier, and also quite a lot of resources were required to enter into that market. However, we saw that it was an important mix for our business, given international trends at the time — regional tourism was thought to be flattening out, but that there was going to be growth in the international market.

Following that, I came up with a bit of an idea that perhaps I could cluster with other businesses across the region. It is outside of Mansfield as well as within Mansfield, and with the support of the council’s tourism and economic development unit, we managed to put together a proposal that was ultimately an application for funding to the Australian Tourism Development Program, which is a program that has since been replaced with T-QUAL — I think it is called that these days. We were successful in obtaining \$250 000 worth of funding. We put in \$150 000 of our own funds through cash contributions and in-kind contributions, and it became quite a big project. That is the background to Adventure Victoria.

The idea of the project was the development of a brand and a template. We wanted to get some market research done into the development of suitable products in the international market, because we realised they were not necessarily the same as the domestic products we offered. We were involved in the development of an image library. We developed collateral for trade shows, and we attended international trade shows both within and outside Australia. I might add that the funding from the tourism development program was only for expenditure within Australia, so much of our contribution was for travelling to trade shows outside of Australia. We wanted a structure where we could bring in new businesses. This was to be an ongoing dynamic structure rather than one that completed its course and then perhaps sat on a shelf in a folder somewhere; this was an ongoing sustainable structure. We were also seeking credibility in the international market.

We found the benefits to stakeholders of this particular project were that smaller adventure businesses are inherently small in size. A lot of what we can do is limited by Parks Victoria permits, for instance, so we are not very scalable and therefore our resources are quite limited. Clustering together gave us an economy of scale in that area. It also enabled small businesses — which are often cash poor — to give a lot of in-kind support and therefore we can do a lot of the legwork. Cash contributions enabled us to look at the larger picture.

Regarding the local shire, the benefit of bringing new visitors to the region is that it provides dollars to the local community. It encourages product packaging. A lot of businesses at the time probably did not do a lot of packaging. The international project enabled us to see what the international traveller required and it naturally developed into a lot of packaging. For example, I operate a two-day luxury ride in the horseriding business for which we use an accommodation partner. We have it catered by the local produce store, butcher and supermarket and part of the trip is a visit to a local winery for lunch, so there were a number of different businesses that benefited from that packaging, which all started with the international campaign.

From a regional tourism association point of view, that is funded by local shires and Tourism Victoria businesses represented the region at trade shows. We were able to do our in-kind work, where we put our labour costs in — there were some savings for the regional tourism association in not having to staff it — and we were also able to act as a great knowledge resource for the wider region. We often receive phone calls and emails from other like-minded businesses seeking support and guidance as to how they might participate, particularly in the international market.

A critical success factor for this project was the support of local government agencies; without the help of the Mansfield Shire, we would not have had the financial capacity or the knowledge base to put together an application. The resources of Tourism Victoria were also critical from a financial capacity as well as the way it could open doors and share information about international markets. Tourism North East offers ongoing support so we can be part of a bigger picture for marketing the whole region.

It empowered local businesses. This particular model is successful because it requires businesses that want to be a little more dynamic, those that want to stretch themselves to be involved, to provide a higher standard of product than might otherwise be required for the domestic market. The project is driven by businesses. We do our own regulation and we provide the sort of information that new businesses need to enter; rather than going through a committee and having a more geographically based participation, it becomes more of a competency-based acceptance into our group.

I think the other critical success was partnering with the resort management board at Mount Buller, particularly with its reach into international marketing and attendance at international trade shows, and its focus on its summer product. That has certainly been of great benefit to us. Likewise we have been able to support its mountain biking activities.

I see the great challenge for the international market, particularly for this region, as being transport infrastructure. An inbound tour operator is the Australian-based business that looks after clients who come from overseas and are booked through travel agents. It takes care of all their ground arrangements. Once clients arrive in Australia, they are the ones who physically book the hotels, tours and transport. That level of detail is critical in attracting the respect of these travel agents, because they want to know that when their guests arrive in Australia they are really getting their hand held and that we are making sure there is no avenue for them to get lost, for instance. Transport infrastructure is a key part of it. At the moment we require them to be picked up from hotels, and we have to do that privately. Transport infrastructure that would routinely be able to bring people to our area would be of great benefit for the wider area and an incentive for other businesses to become more actively involved.

Regarding investment in infrastructure, as I mentioned we are inherently small and cash poor in terms of large investments, but certainly a project like wilderness accommodation — which is becoming increasingly popular around the world — is something that our businesses would really benefit from. But we are not in a position where we would be able to give that undertaking on our own or provide those funds. Partnering with government agencies and having some sort of funding arrangement where we could contribute what we can versus having to source the whole of the funding would be of great benefit and is a future challenge.

The other area that has come out of this, one in which I see great potential for our region, is the education market. At the moment we have two private school campuses. We have a large 250-bed camp for visiting schools and there are numerous smaller school camps as well as accommodation properties capable of accommodating a large number of students. As an extension of the work that I did in the eastern hemisphere market I discovered there was quite an opportunity for international schools to visit Australia. In Singapore in particular I understand the government subsidises students to the tune of \$1500 to undertake an overseas excursion during their schooling, so that has been an area we thought we should target.

As a result of visiting that region in March last year we have had requests for a number of quotes. We probably need to get a little slicker at doing that, because when you are doing a quote for the international market a level of detail is required. It is more than just booking accommodation; it involves picking up clients from the airport and organising everything through to dropping them back at the airport to fly out of Australia.

I am going to be in the front line, because I have had a booking from a school in Hong Kong involving 50 students for four days; they will be coming up here. Part of that booking is for them to have a cultural experience. Fortunately the secondary college has come on board and we have the 50 students doing a couple of classes on arrival; they will be split into two groups. We are also very interested in the environment, so we will have them doing some revegetation work as well and will fit them in on the horses somewhere in between. They are coming for four days. That is a great example of what I am aiming for. It will involve me organising for them to be picked up from the airport and dropped back again.

I see a great deal of potential there. That is further supported by the fact that after this trip was booked — much to the horror of the trip organiser from Hong Kong — the director of the school has decided that she is going to tag along, so he is a bit worried about making sure that everything flows smoothly. But it is a great opportunity and I think it shows there is great interest and future potential.

So to give you my small business perspective — this is the theory behind the work being done — as to how it has changed my business, we have grown considerably over the last 10 years, and particularly in the last 5 years, since doing this international work. Our business mix used to be 95 per cent of FITs — free independent travellers — 85 per cent of which would be people out of metropolitan Melbourne.

The mix has now changed to a 40 per cent school-based market, 40 per cent FIT market and 20 per cent international market. I attribute much of that change to the opportunities that have been provided through the tourism grants that we have received and also the many other support services of the Shire, Tourism Victoria and the regional tourism association. I see this as critical to the growth and sustainability of tourism in our region.

As an example of how I think that benefits the wider area, I will just rattle off a few of the businesses that I directly package with the international market. They include Camp Howqua, the 250-bed school camp, and Howqua Valley Views bush experience. They are all written down there. There are a number of properties that directly benefit, so I think our international project is of great value. That concludes the information from my presentation. I welcome any questions.

The DEPUTY CHAIR — Thank you very much, Michael. We appreciate the trouble you have gone to as a small business person in coming in in your available time. How critical has the role of the Shire been in facilitating all the different opportunities, whether it is as part of a regional tourism network or brokering with state and federal agencies et cetera? How important is the role of the Shire?

Mr WATSON — It is the first point of contact. It is critical. I mean it is their understanding of the opportunities that exist out there for assistance with funding. It is critical in terms of the right people to speak to within the wider government departments, and they are very good at raising support from some of the partners that they have within the region — or within Victoria really, so from Tourism Victoria down.

The DEPUTY CHAIR — Okay. How have you seen those state-level agencies operating in a way that assists not just you but the tourism, adventure tourism and ecotourism market?

Mr WATSON — Certainly they have done a lot of work and they are always very engaged. They ask us to attend a lot of their workshops as operator participants. They provide the opportunity. Really what it comes down to is an individual business needs to make use of those resources. It is about how well you try to engage the government agencies, as well as how well they try to engage you. So I have not always gone into these projects thinking ‘What are they going to put on the table that I can walk away with and that is going to benefit me?’. It is what I can work with to improve our business. I think that is the critical part. Once you look at them in that light, they are an excellent resource and they really go out of their way to assist where they can.

The DEPUTY CHAIR — I might ask you one final question before hand over to my colleagues. In your ‘Challenges’ slide you talk about dispersal of international tourists and then investment in infrastructure, and you focus particularly on accommodation.

Mr WATSON — Yes.

The DEPUTY CHAIR — Can you tell us a bit more about that?

Mr WATSON — The wilderness accommodation you are referring to?

The DEPUTY CHAIR — Yes. Has that made its way beyond just a thought bubble to you? Has it bubbled up in discussions with tourism associations et cetera? Can you just explore that a bit more?

Mr WATSON — Certainly. When you look at the international visitor and when you speak to travel agents, Australia is just one of many destinations around the world which people contemplate travelling to. So it is the unique aspects of their visit to Australia that is the selling point — for instance, they can ride a horse in many countries around the world, so why would they want to ride a horse in Australia? Our distinctive landscape and

our wildlife are the key factors that people look for in coming to Australia. It is the sort of experience they cannot have anywhere else. They can have the journey on the horse, but what they see of the wildlife and how they interact with locals is something that they do not experience elsewhere.

The wilderness accommodation is very much part of the landscape of our alpine region. I think in keeping with some of the competing destinations, say, the African models, being able to get clients out into the rawness of that particular area would be a great advantage to us. Currently, as we all understand, having accommodation particularly in a park area is not allowed, but I think if somehow something could be worked through there, that would be a great attraction to potential visitors and would really expand and improve our personal product offering, as well as those of many of the other businesses within our shire that have similar product offerings. It might be walking, it might be four-wheel-driving or other horseriding businesses. I see the critical part of it as being our landscape and our wildlife that would give it that unique experience.

Mrs PEULICH — Thank you. You certainly have a great vision; it is definitely an iconic selling point for Australia. You may not have the crocodiles, but I think the images and the experience would capture the imagination of pretty much most people around the world. It is great to hear that you are breaking into the international market. Let us just hope that you come out with 50 at the end — the same 50 that you started with. Good luck. Should you wish to add an urban adventure layer to that, bring them in to question time at Parliament House and we will host that.

I just want to say congratulations. I was going to ask the same question — that is, about the wilderness accommodation. I agree with you; around the world there is evidence that it can be done, and it can be done simpatico with the environment. All of the academic research shows that nature that is not attractive, that is not useable, that does not welcome people, misses out on offering the benefits, in terms of both health and wellbeing and obviously the adventure and pleasure. Well done. You could also think about breaking into the politicians' market and maybe having a boot camp for Victorian MPs — the more rugged version for the Labor Party; I would certainly second that. I think what you have to offer is fantastic, and thank you for being here.

Mr WATSON — Thank you. If I may, I might add one thing about that wilderness accommodation. Initially when I embarked on this project we offered a more traditional sleep-out accommodation under the stars. While that sounded marvellous, it terrified potential international visitors. That wilderness — —

Mrs PEULICH — There are no hairdryers.

Mr WATSON — Not quite to that extent, but they do look for a level of comfort, or reassurance if you like. They would see sleeping under the stars in Australia as being perhaps what the locals might do but they do not feel as comfortable. So wilderness accommodation at a level is certainly desirable to satisfy that part of the market as well.

Mr CARROLL — Thanks, Michael, for your presentation. I think you will get there with the sleeping under the stars. I myself have done a sleep under the stars in Alice Springs, and I was the only Australian on the trip. With the promotion and the marketing, and with your vision and determination, I have no doubt you will accomplish that. This is how we think of Mansfield, and I raised this earlier in the day. If you watch *The Man from Snowy River*, you see at the end credits that it was filmed on location in Mansfield. You have touched on how in Mansfield we have this unique high country experience. The Baillieu government has made some changes to legislation to get the right mix of accommodation, to try to become more competitive in our national parks with Tasmania and Cradle Mountain, and we have seen the advertising that goes into Cradle Mountain to try to compete with New Zealand.

How can we and Tourism Victoria and perhaps the local shire take, and what is, the next step to make that high country experience — you have the students coming in — attractive to, say, honeymooners and families: 'Come and do the high country experience; you will stay in accommodation, eat the local produce, get on horseback and stay overnight.' What is the key ingredient? Is it getting the right accommodation? Is it more advertising through Tourism Victoria? What do you think?

Mr WATSON — For starters, we are getting that market that you mentioned. Probably to put it in another context, the visitor to Australia, when they are on their first trip, looks for the iconic experiences. I jokingly call it the three Rs: the roof, the rock and the reef. Once they then come into Melbourne they look at more iconic experiences, which at this stage are the Great Ocean Road — all the experiences that you see. We need to

accept that that is the way it is, because when we travel overseas, if we travel to, say, France, we all go to see the Eiffel Tower. There might be plenty of French people saying, 'There are beautiful destinations to see outside of Paris', but we still look for the icons. What we are looking at is a repeat visitor to Australia, largely, or in the case of our adventure experiences we also attract the niche market. Those are the two factors we look into.

The clientele we are currently getting are couples, and many of them have an interest in horse riding, but not necessarily. I mean, I am having international visitors, not in the large groups of schools but in the smaller numbers, visiting each month. Later this month I have a couple coming from Canada — the North American market — one is the keen horse rider, one is the drag-along friend, so they are doing a shorter trip. Then the next month is Germany. It is certainly there. What is attracting them at the moment is that we do it as a two-day luxury ride. I am advertising the adventure experience — so they are getting outdoors, they are seeing *The Man from Snowy River* and we take them to where they did the downhill scene — but we are putting them in accommodation where they have their own bathroom and they have their own privacy. That is the key to attracting them.

Mr CARROLL — Are they finding you via the internet and googling?

Mr WATSON — The work I have done through Adventure Victoria, those bookings are coming through travel agents.

Mr CARROLL — So you have been recommended.

Mr WATSON — We are being distributed through wholesalers, through the Best of Travel Group out of Germany, and then also through wholesalers in North America, Goway Travel. Even coming in here I had a booking for a group in November. They are coming through those channels. That work that we have done in going to the trade shows is starting to pay off.

Mr CARROLL — Fantastic.

Mr WATSON — It is skewed towards horse riding, and that may be in part due to the fact that I wear my hat and go to the trade shows, but I am representing other products. But it is also probably because I am recognising the tweaks I have to make to the product to keep it as appealing as it can be. The great challenge for a small business like mine is to have an established domestic product that has similar but perhaps not as comprehensive needs and to then try to marry that with the international market which might have some more in-depth needs. One of them would be transport, and the level of accommodation. You would probably find as they become more experienced travellers within Australia that they would start to venture out a little more. But that is the challenge you have.

It is really important for the work we have done so far with Adventure Victoria that we continue that marketing, particularly because it is the credibility of actually turning up to each trade show that is just as important as the product you are offering. These travel agents will look at a product today, and if they like it, they will put it in their brochure, which might start at April 2014. They do not want to do all that work and then in 2014 I send them an email saying that it has not worked and I have given up and I am not doing that any more. It is about the continuity, and that gives you the credibility.

Many of the referrals come from the staff from Tourism Victoria in their international offices. We have had the opportunity to host them here, to, importantly, get to those shows and to talk about the latest happenings — to have that rapport — and I get direct referrals. In fact the Goway bookings are a direct referral from a gentleman out of the Los Angeles office. As a result of that, I have had two or three other bookings, and it is really starting to flow. So it is much about the relationships you build, the products, and then the detail that you put into your products.

Mrs PEULICH — Just out of interest, what is the cost of your two-day luxury adventure?

Mr WATSON — It is \$750 Australian.

Mrs PEULICH — Per person?

Mr WATSON — Per person, that is right.

Mrs PEULICH — Secondly, if I may, when did you receive your \$250 000 grant?

Mr WATSON — That was through the Australian Tourism Development Program; that was a federal government grant.

Mrs PEULICH — When?

Mr WATSON — It was in 2006 or 2007. It certainly started in 2006. But a lot of that went into the development of the brand and the research. Really the hard yards is the continuance of what we do now.

The DEPUTY CHAIR — I thank you very much for your evidence and answers to our questions, Michael. Within a fortnight you will receive a draft copy of the transcript. Whilst it is open to you to correct any typographical errors or changes along those lines, it is not open to you to change the substance of the matters of your evidence. In due course that will then become a public record. On behalf of the Committee, I thank you very much for taking the time in your busy schedule to come and make the presentation here today. We have certainly appreciated it. It will make an important contribution to our final report.

Mr WATSON — Thank you; pleasure.

Witness withdrew.