



COMMONWEALTH OF AUSTRALIA

SENATE

**ENVIRONMENT, RECREATION, COMMUNICATIONS AND THE ARTS
REFERENCES COMMITTEE**

Reference: Access to heritage

MELBOURNE

Monday, 15 September 1997

OFFICIAL HANSARD REPORT

CANBERRA

SENATE
ENVIRONMENT, RECREATION, COMMUNICATIONS AND THE ARTS
REFERENCES COMMITTEE

Members:

Senator Lees (Chair)

Senator Coonan	Senator Payne
Senator Hogg	Senator Reynolds
Senator Gibbs	Senator Schacht
Senator O'Chee	Senator Tierney

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Senator Brown	Senator Faulkner
Senator Calvert	Senator Ferguson
Senator Carr	Senator Margetts
Senator Chapman	Senator McKiernan
Senator Bob Collins	Senator Neal
Senator Colston	Senator Patterson

Matter referred for inquiry into and report on:

The question of balancing public access with the principle of "user pays" in order to defray the public costs of maintaining natural and cultural heritage assets such as national parks and museums with particular consideration to issues of fairness and equity.

WITNESSES

BARON, Ms Maggie, Manager Operations, Heritage Victoria, Level 22, Nauru House, 80 Collins Street, Melbourne, Victoria	443
CORPONI, Mr Joseph, Director, Corporate Services, Museum of Victoria, 16th Floor, 222 Exhibition Street, Melbourne, Victoria 3000	407
GREY, Mr Francis Eugene, Principal Economist, Economist At Large and Associates, PO Box 256, Noble Park, Melbourne, Victoria 3174	421
HORSTMAN, Mr Mark Andrew, Research Coordinator, Australian Conservation Foundation, 340 Gore Street, Fitzroy, Victoria 3065	460
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MORRIS, Mr Graham Charles, Chief Executive Officer, Museum of Victoria, 18th Floor, 222 Exhibition Street, Melbourne, Victoria 3000	407
MOSLEY, Dr John Geoffrey, C/o Peak Environmental Enterprises and Conservation Centre of Australia, Hurstbridge, Victoria 3099	453
PAYNE, Mr John Wilson, Senior Conservator of Painting, National Gallery of Victoria, and Member, Australian Institute for the Conservation of Cultural Material Inc., GPO Box 1638, Canberra, Australian Capital Territory 2601	398
RODGER, Mr Peter, Director, Business Services and Planning, Zoological Parks and Gardens Board of Victoria, Elliott Avenue, Parkville, Victoria 3052	443
SLOGGETT, Ms Robyn Joyce, Chief Conservator, University of Melbourne, and National President, Australian Institute for the Conservation of Cultural Material Inc., GPO Box 1638, Canberra, Australian Capital Territory 2601	398
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THORN, Mr Andrew James, Victorian President, Australian Institute for the Conservation of Cultural Material Inc., GPO Box 1638, Canberra, Australian Capital Territory 2601	398
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Present

Senator Lees (Chair)

Senator Hogg

Senator Payne

Senator Gibbs

Senator Reynolds

The committee met at 9.18 a.m.

Senator Lees took the chair.

PAYNE, Mr John Wilson, Senior Conservator of Painting, National Gallery of Victoria, and Member, Australian Institute for the Conservation of Cultural Material Inc., GPO Box 1638, Canberra, Australian Capital Territory 2601

SLOGGETT, Ms Robyn Joyce, Chief Conservator, University of Melbourne, and National President, Australian Institute for the Conservation of Cultural Material Inc., GPO Box 1638, Canberra, Australian Capital Territory 2601

THORN, Mr Andrew James, Victorian President, Australian Institute for the Conservation of Cultural Material Inc., GPO Box 1638, Canberra, Australian Capital Territory 2601

CHAIR—I declare open this public meeting of the Senate Environment, Recreation, Communications and the Arts References Committee. I welcome Mr John Payne, Ms Robyn Sloggett and Mr Andrew Thorn, who are appearing for the Australian Institute for the Conservation of Cultural Material. The committee prefers all evidence to be given in public, but you may at any time ask that your evidence or perhaps an answer to a question be given in private and the committee will consider that request. We have before us your submission—No. 16—dated 5 February 1997 and we have authorised its publication. Would you like to make any alterations or additions to that submission?

Ms Sloggett—No.

CHAIR—I invite you to make an opening statement, and after that the committee will ask you some questions.

Ms Sloggett—I will begin with an introduction about the AICCM. The AICCM is a peak body in Australia representing professional conservators, other professionals and members of the public who are interested in the conservation of Australian heritage material. That includes diverse groups like managers of small museums and members from the framing industry as well as heads of laboratories, so it is a whole range of people.

Our institute is dedicated to the preservation of cultural material. Its aims are: to promote the sites, and out of the conservation of cultural material promote cooperation and an exchange of information and ideas between those concerned with the conservation of cultural material; hold regular meetings, conferences and seminars; and inform and make recommendations to government and organisations on matters relating to conservation of cultural material. You have got the submission, but I thought I would make a few points and then we can open up for discussion, because there is more value in discussion.

The first point is that we are talking cultural heritage material. That can be sites. It can be moveable cultural heritage material. It can be immovable heritage material such as industrial machinery. This represents a nation's patrimony. As a result of the diverse

nature of the material, the client base is diverse. When we talk about user pays we are talking about a very broad spectrum of community groups and individuals, which can include private clients, small communities, institutions, and private individuals who may hold material of national importance but may not have the funds to look after that material. Also, it needs to be borne in mind that the user of the cultural material may not be born for another 100 years. So we are talking about material that was left to us, existed in the past and we need to pass on and to continue into the future. This is a nation's identity.

Due to the 'diverse client' for the heritage material there is also a diverse range of management styles that are in place to look after this material, ranging from excellent management, such as the institution that we are in today, to completely unmanaged use of the resources. A range of infrastructures are in place to support heritage management. They move from the museum sector to the Australian Heritage Commission, so they are at government level, local government level and private level.

When we talk about access, issues of access are predicated on availability, so if the cultural material is not available in good condition then access is limited. If the material is not stabilised and is deteriorating due to improper storage, handling and display, then it will not be available to a wide number of people over a long period of time. In some areas user pays cannot be linked to access. For example, with indigenous cultural material that is required for ceremonial purposes, the user pays principle is not relevant in those cases because it is a special access case.

Preventative conservation is important. It is the cheaper option in the long run, but it is often overlooked. It requires a more sustained and constructed management approach, particularly for material in private hands or in regional areas. Another point is that there are problems with defining the user. Is it the persons who have used the object? Is it the society which defines itself through the object? Is it the museum, the tourist or the government?

Finally, programs needs to be flexible and creative. There are a couple of programs which I do not know whether you have looked at them: the national conservation and preservation policy for moveable cultural heritage—there is a strategy being devised from that—and grants programs like the Australian Heritage Commission grants. I notice there are three copies, but I only had one copy, so I have brought a copy in case you have not had a chance to look at that and want to.

CHAIR—Thank you. I have one question before I pass over to Senator Hogg and then Senator Payne. In Australia, in terms particularly of some rural areas which are not able to look after what is important, how much of a problem do we have with availability?

Ms Sloggett—Again, it is a diverse issue because it depends on what type of material we are talking about. Mr Thorn has been dealing a lot with sites. Mr Payne works

with a major institution. There are different issues of availability there. There are also issues with material that is very important that is in private hands, as to how that becomes available, because it is part of the nation's patrimony.

The issues of access have to indicate the problems of diversity when they are addressing it. In regional areas there are problems with availability and access. But, of course, there are ways of overcoming that. We have new technologies. In particular the AMOL working party from the heritage collections committee is identifying ways of making not the material available, but the idea or meaning of the material. There are those management structures in place that will enable some forms of access. The issue is whether people need access to the original object.

CHAIR—Perhaps if we could look at sites to begin with. Are there any particular problems that we have with access to some of the significant sites?

Mr Thorn—From my point of view and the relationship between the government and sites and visitors and sites is that it is not always appropriate that people should visit. For example, I have been doing some work in Kakadu National Park where there are 5,000 recorded sites and possibly 50,000 sites in total in a very small area, and that can be extended to excluded areas like Arnhem Land where tourists are not encouraged to go. I think the role of visitors to that area is quite critical. It does have a user pays system to a certain extent but it is certainly insignificant compared with the government's contribution and the government's responsibility.

I have recently been working at a site where the indigenous people do not want access. That is a difficult issue in terms of preserving something that is there for mankind but not for every man to walk past. I think that is an area where a user pays system is not going to have any relevance whatsoever. It is probably those aspects of culture that are most important to recognise, that culture is not just there as entertainment but it is there for future generations to understand what we were in our day. I made the point the other day that heritage is what we have inherited and we should be looking at heritage now as what we want to give future generations.

CHAIR—Sort of like a parcel to pass on.

Mr Thorn—Handing it on and how we can do that responsibly is not always best achieved by user pays. User pays systems exclude those people who would most benefit from access—and I am thinking more of sites closer to a major city. People who are going to benefit a lot from having access to those sites are not people who would choose to pay to go to them. I think it is quite important to make sure that our culture, as much as our economy, is maintained by government as much as by private.

CHAIR—So some of those sites that you have been looking at will only be accessed by Aboriginal people. They will be preserved and protected for their cultural

relevance and then future generations of Aboriginal people will have access.

Mr Thorn—They are identified as the most significant group in that context. Kakadu is an interesting case study. Of the 5,000 recorded sites there is access to about six of those sites. They have struck a balance about how you inform the world at large of the culture of those people, which is the primary objective—it is not a matter of how do we entertain these tourists; it is a matter of the people of Kakadu wanting the world to know what their culture is. They certainly do not see the sites that have access as being the most important part of their culture.

CHAIR—Looking at the fees and charges in Kakadu, do you believe that they are reasonable in terms of giving access to a sizeable portion of people?

Mr Thorn—I am not sure if the fees themselves make that possible. They certainly are not going to make sure that culture is kept in place at all. They do not contribute to that at all. They do not contribute more than Ranger uranium mine does to those people. It is very difficult.

Senator HOGG—On what basis should user pays apply? Could you give us your ideas?

Ms Sloggett—It is very complex.

Senator HOGG—I know it is complex by looking at your submission.

Ms Sloggett—Thinking of the private conservation market, there is a strong case for having a viable industry that relies on the direct funding of work—a very simple equation. That is sustained through people wanting work done to objects and paying for that to be done. It is when you talk about the wider access that I think you need a much more managed system of rewards for people who are looking after things properly. You need to have funding for people who would not otherwise be able to look after them.

The Australian Heritage Commission granting structure is a good model because items are given significance, they are identified as being part of the significant patrimony of the nation, and then the funding is made available for people who are prepared to follow certain guidelines and look after things in certain ways. That does not exist for movable cultural heritage in Australia at the moment. That would be a user pays model that would move a lot of the material that cannot be looked after properly into an arena where it could be looked after properly. So you would still have the equation of the conservator being paid for the work done but the funding system would enable that to be done in a properly managed way. Then you could deal with issues of making sure the object is housed properly when the conservation work is finished so that you have a management approach through the funding guidelines system to actually enable the user pays system to be maintained.

Senator HOGG—Should user pays be a substitute for government funding or additional to government funding?

Ms Sloggett—My feeling is that it is part of the management of cultural material. In some instances, seed money from the government will actually engender a better use of private funds, corporate funds. I do not think everything should be user pays or everything should be government funded. The balance is in identifying strategic programs and funding them properly.

Senator HOGG—Later on in your submission you refer to what I call this conflict of interest between what we preserve and what we do not preserve because there may well be insufficient funds.

Ms Sloggett—There always will be insufficient funds.

Senator HOGG—That is right. So what I am trying to find is: where is the balance, where do we say that this is of such importance that we must levy a user pays charge? Then we find that, having levied a user pays charge, we detract people rather than attract people.

Ms Sloggett—Perhaps John can talk about it because the National Gallery, as you are probably aware, has gone from entrance fees to non-entrance fees.

Mr Payne—It is an interesting case to think about. The National Gallery of Victoria in its present form had an admission charge from the time that it opened at that site in 1968. Just over 12 months ago the present government took away the admission charge to the gallery. There was an expectation that we would probably see the attendance figures for the gallery rise to, we were hoping, somewhat over a million visitors a year over the next few years.

The director reported quite publicly the other day that we have seen, in the first 12 months of dropping that admission charge, 1.2 million people go through the National Gallery of Victoria. A survey of where those people are going in the gallery suggests that 60 per cent of them have in fact come to see the permanent collection, not just travelling exhibitions or special exhibitions that are there.

There is a very potent kind of message in there somewhere for us about who wants access and in what form they want to have that access. The attendant staff who man the floors of the gallery commented within a week or two weeks of the charge going, 'We have people in this building who do not know what to do in an art gallery. They are sitting on the furniture. They are touching the paintings.' These are very interesting things to see happen so quickly. It means that we are going to a different audience with what seems like a simple gesture.

Backing back from that we have the issue of how you then fund what you want to do with the collection and preservation of the collection. We back back into it being part of the mission of the organisation. The management strategy defines the preservation of the collection as one of the three core issues of the gallery as an organisation. That is a fundamental responsibility for it. Perhaps one of the issues is, in a sense, the establishment of significance, the establishment of ownership and the establishment of strategies and building management strategies into preserving material so that we do not move forward without that strategy in place, whatever form its funding might have to take.

Ms Sloggett—One of the issues of that too is, if you have a public which is interested in the material, then you are enabled in other ways to secure funds which may be taxes or corporation funds, but there is an identified interest in the matter. Therefore, you can move, I think, much more broadly than you can if you have fees in place and fewer people are seeing the collections.

CHAIR—Do you have some figures that we could look at from 1968 through, and then from when the charge was taken off?

Mr Payne—I do not have them with me.

CHAIR—Could you take that on notice?

Mr Payne—Yes. I am sure the gallery could make them available in some form.

CHAIR—That would be very helpful, thank you.

Senator PAYNE—I want to ask a question around the access fee issue relating to point 9 in your submission on education programs, where you indicate that the user, although needing education, may not be aware enough to be prepared to pay for that. How do you reconcile that in the whole issue of user pays? Is it something we actually have to do? Do you think we need to do that? As an institute, is that an issue that you have addressed?

Ms Sloggett—There are programs in place. The national strategy and the preservation policy identify education as a key area, so I think that will be an area that will be addressed to a certain point. It is the chicken and the egg thing: if you have someone who does not know how valuable it is or how to look after it, they are also likely not to know how to access that information. People do not know what they do not know, as it were. So it is a broad education program, I think—how you fund that and what the implications are. The VCE has a conservation component in it. So for the secondary school system, it is not an expensive thing to get this kind of information into the curriculum and it is quite an important aspect of teaching the next generation about looking after the nation's heritage.

Senator PAYNE—How, for example, does the gallery—which has removed its fee and operates with that as a core issue in its mission—deal with the education issue?

Mr Payne—We have an education section within the gallery and as the conservation department we play a role within their programs. We do not do it directly with VCE. We tend to operate much more at a tertiary level, but we play that role constantly. The issue that we push as well is that the business is about preservation, not just about restoration. We have to bear that in mind all the time. It is very easy to fund programs to restore something, but the issue is about preservation, which requires strategies which are much more lateral, where it is much less easy to see an end result.

It is a belief in the future that is required. It is certainly the aspect—which we put forward as much as we can—‘Yes, we’ve worked on this particular object and we have this kind of result for this individual item.’ The education program is about the sorts of strategies that are there within the gallery as a physical infrastructure that provide an environment to preserve the collection. These are fundamental issues that have to be brought out into the very wide context.

Senator GIBBS—Following on from Senator Payne, you said that people were coming into the gallery who obviously had not had access before and they were sitting on furniture and touching things. Surely you would have signs up or people would say, ‘Don’t do that.’ Is not the whole purpose of having a free gallery to encourage people who cannot afford to go but who still want to enjoy these artefacts and these treasures?

Mr Payne—Absolutely. I did not say that as a condemnation of what was going on; it was a reflection of the fact that we had an audience who obviously did not have a familiarity with this environment, what they were going to do and how to interact with what they were seeing. That leaves us with a job. We have to build that knowledge in our audience as they come in.

CHAIR—So the gallery becomes more expensive. Once you take off the user charge and encourage more people in, you actually face additional costs. Are there any ways of recouping those costs?

Mr Payne—I am not sure that you necessarily face increased costs. The issues can be as simple as signs throughout the building or encouraging certain interaction between our staff on the floor and the public that are there. I do not think it is a big issue to overcome at all and it is not a major problem for us in a sense.

Senator GIBBS—It would probably create a little bit of employment.

CHAIR—In point 7, you say that you would be happy to look further at how the user would pay. Would you like to elaborate on that for us? If we do make a decision that there has to be some user charge, how do we go about making that as fair as possible?

Ms Sloggett—Who are we talking about? We need to identify the user.

Senator HOGG—That is right. It gets back to the question that you have raised in here. You said there are real philosophical problems in defining the user, and I think that is your real problem.

CHAIR—Perhaps some of the answer is going to be through tax collection.

Ms Sloggett—If they have been educated, if they identify with the collection, then it is easier to say that we are increasing taxes. The Australian Foundation for Culture in the Arts is an interesting model too because that is looking at finding ways of funding things which, at the moment, are not in any kind of funding structure, and identifying relationships. A lot of what we have identified as the various user bases is actually a network that you can build strength into and then create programs that raise revenue in various ways.

Senator GIBBS—Maybe a tax would be the way to go. There are a lot of people who, at the moment, are in pretty dire straits and watching every penny, who would like to take their children to see these things but cannot afford it. So if exhibitions are too expensive, those children then miss out on those pleasures. Rather than making people who go constantly pay, it could probably be broadened to everybody in the community. If we have a user-pays system across-the-board, the thing that bothers me is that the government of the day—state or whatever—which is responsible for that area could then take your funding back to the equivalent of what you are receiving from the user. Then nobody wins.

Mr Thorn—There is an example of that in Port Arthur, which is set up as a statutory organisation. When it first got going, it was fully government funded with the objective that, by a certain time—which lapsed last year or so—they would be totally self-sufficient. One of the key things about funding and user pays and so on—really we are almost talking about GSTs here—is that the critical word is ‘exclusion’. Whatever you do, however you make an institution or a collection sustainable, it is important that it does not exclude anybody. At Port Arthur, for example, that is achieved. There is a huge reaction there from local Tasmanian people. They are paying \$25 entrance fee and they are not prepared to go any more. The obvious way around that is to say that lifetime membership is \$25, that if you pay the entrance fee, you are entitled to revisit the site for the following 12 months. Whatever way things are sustainable, it is important that nobody is excluded.

The church in the 1840s in England got to the point where only people who could afford to buy a box or a pew went to church. In the 1860s there was a reaction against that and suddenly you had free churches donated by benefactors who felt that everybody should be going to church and that it was probably safe to assume that the people who could afford it were the ones who most needed to go to church.

Senator GIBBS—I would agree there.

Mr Thorn—But they realised that there were a lot of people missing out. So they started to build churches that were open to everybody and that had a major impact on the Anglican Church at least.

Ms Sloggett—We will not assume that is the same with the National Gallery.

Mr Payne—Perhaps there is no single strategy that is going to answer all the questions in the end.

Ms Sloggett—We are becoming more and more sophisticated. Just working in the industry for the past 20 years and watching the shifts, models like the NGV are now models that we can look at and learn from. There is a range of them available. I think they are really the things that tell us about the best way to operate, and they are diverse.

CHAIR—Unfortunately, we are out of time. Thank you for your time.

Ms Sloggett—Thank you very much for the opportunity.

CHAIR—If there are any other issues or specific questions that we need to contact you about, we will get back in touch with you.

[9.47 a.m.]

CORPONI, Mr Joseph, Director, Corporate Services, Museum of Victoria, 16th Floor, 222 Exhibition Street, Melbourne, Victoria 3000

MORRIS, Mr Graham Charles, Chief Executive Officer, Museum of Victoria, 18th Floor, 222 Exhibition Street, Melbourne, Victoria 3000

CHAIR—I welcome Mr Graham Morris and Mr Joseph Corponi. Thank you for allowing us to use these facilities today. The committee prefers that all evidence be given in public, but you may at any time ask that part of your evidence or perhaps an answer to a specific question be given in private and we will consider that request. You will not be asked to express a personal opinion on government policies. I now invite you to make an opening presentation to us, and after that we will ask you some questions.

Mr Morris—Thank you. We thought that we would go like a rocket through the Museum of Victoria—just to give you a context—because in Victoria we are in an unusual state of infrastructure development, as you are probably aware. There is a major new museum being built just down the road from us. We are also building a museum of immigration and a museum of Hellenic archaeology; we are currently upgrading Scienceworks, which is part of our museum—that is, the science museum; and we are also doing the preparation work for a national air and space museum, so we are in a state of very active infrastructure development. I suspect therefore that it will be quite relevant to your inquiries if we start to think about what is government's responsibility right across the board. We are going electronic this morning.

Mr Corponi—It may take a couple of minutes for the equipment to warm up.

Mr Morris—Yes. I will get through this fairly quickly so we can then really discuss the issue that you are particularly interested in, which is user pay, entry fees and the like. I should say, just while the equipment is warming up, that we have been charging entry to our museum since late 1990—that was introduced during the time of the former state Labor government and that policy has been continued—and we now charge for all of our campuses.

CHAIR—Do you have any figures on use—before and after the charges? We are just trying to get a little bit of an overview of the impact of various levels of charges.

Mr Morris—I will state for the record that, when anyone gives you figures on attendances where they do not charge, treat those figures with great suspicion. They will not be accurate. There is no way they can be accurate—everyone will report that attendances drop; they will naturally do that because for the first time they have an accurate record when they do charge.

It was stated here when I arrived in 1990 that the attendances at the old museum in Swanston Street were 1.2 million per annum. Anyone with any experience would have said that was not accurate at all—1.2 million means a huge crowd coming in. We introduced admission fees and the actual attendances were something like 240,000. It could be argued, of course, that a million people were turned off by the admission fees, but I would have thought that would be a phenomenal outcome. That would mean that, for every person paying, there were four storming down the stairs in a fit of rage. You would have expected to hear about that, and also our income from the shops and restaurant did not change one jot.

So I suspect that our attendances dropped maybe very marginally, and that would be the lunchtime casual drop-in. The cold reality was that it did not drop. After 12 months the attendances, measured now by admission fees, have started to rise. I suspect that is because we are able to put some money back into the exhibition program and the like. I just caution anyone who says that they drop really dramatically: do not rely on those. Look for secondary indicators, such as shop revenue and restaurant revenue. That will get to the nub of whether something really dramatic happened. In our case, clearly it did not.

Another interesting one was the new shopping centre which opened over here, Melbourne Central. I think that opened in 1991 or 1992. There were huge crowds that turned up to have a look at it. Our attendances did not change one jot. We are just directly across the road. That also is an indicator that the sorts of people you are attracting in are people who are making the museum a destination, who are really coming here for a purpose other than shopping. We suspect that shopping is not family triggered. It is not the kids that trigger off a visit to a classier shopping centre like Melbourne Central. Coming to a museum tends to be a fairly family oriented activity.

Senator HOGG—At the time that you introduced a user-pays charge, did you also go on a campaign to advertise your services to the public? In other words, where you might not have had a publicity campaign previously, did you then have a publicity campaign to advertise the museum and all of its wares and services?

Mr Morris—Yes, we did. We did not have marketing people, public relations officers or fund raisers. There were none of those sorts of people employed in the museum. In fact, there was a very strong culture against employing people like that, the argument being that, if there is any money available for those sorts of people, we should put it into the professional or the technical side. When we introduced admission fees, we employed marketing people who could really promote the museum and its services.

Senator HOGG—So it could be that there is some relationship between you, for the first time as an organisation, marketing yourself and maintaining the level of attendance that you believe you maintained?

Mr Morris—I do not believe that. I would still have thought there would be a

dramatic drop very quickly because we did not promote it heavily to start with. What we did was take a slightly defensive stance at the time. I was very active on the media. Obviously the government was very nervous about it, and I think that was very understandable. The reaction was almost zero. The reaction that we got from the community was that we almost expected this should be. I should add that we did not charge an awful lot of money. It was not suddenly from nothing up to, say, \$10. I think it was something like \$3 or \$4. It was not a huge amount of money. We also introduced then the system that, after 4 o'clock in the afternoon, for one hour it was free entry. We did promote that as well.

Senator HOGG—Do you have anything that has tested your marketing campaign so that you know how effective or otherwise it has been?

Mr Morris—Not really. We have not been going long enough. That is another problem you have. People tend to always look at things on an annual basis: how did you go compared with last year? Then they assume there is a trend occurring in your attendances. If we had a 10 per cent drop this year, they would assume there is a trend. That is absolutely meaningless. You have to look at attendances probably over at least five years, if not 10 years.

The other thing that causes a complete muck-up in museums is the so-called blockbuster. One year you have a blockbuster, and the next year you do not. You measure the total attendances, whether or not they come in to see only the blockbuster and then leave. What we are now testing out is: how are they enjoying the whole institution?

As you know, the National Gallery of Victoria took its charge off and reported a lot of people going there. I do not doubt for a moment that that is true. Why they went there has not been tested. I have not seen any information yet to say why people suddenly went. What did they do there? Did they just go to enjoy the free entry for a while? Was it a novelty? Will it drop off? Did they go because they can now get to the restaurants and the coffee shops, or did they really go in and pour through the exhibitions? That is the information that I would like to know. We are asking the gallery: what information do you have about what is happening to people who arrive and who do not pay?

CHAIR—We heard this morning that apparently 60 per cent are going to see the core works of issue rather than come to some of those things. But you are saying that there has not been any detailed survey work that really will start to give us some of the answers that we are looking for.

Mr Morris—I suspect that most of the information you are getting is guesswork, hearsay and inference. It is all well-meaning, but I would treat it with a great deal of suspicion. It is not that people are lying—I believe that they are not—but it is just wrong data. You do get an awful emphasis on: how did you compare with last year, not how has it been for the last five years? No-one seems to ever ask you, 'How are things going over

a five-year period?'

Then you have to extract out all the other variables. We have not been going for a long time; we have been charging since the end of 1990. We had a blockbuster one year that failed and another blockbuster that was terrific. They came in at different times of the year, because you cannot always demand that they occur every Easter or whenever. There is a whole variety of factors that you should look at. Maybe in our cases, because of those, we should look over a 10-year period to see how things are going. Anything short term I would treat with great suspicion. Those who are not charging may have people as counters and may do things like that, but the figures are notoriously unreliable.

I just arrived back on Friday night from a three-week trip overseas where I visited the Smithsonian institutions in Washington. I went to the National Air and Space Museum, where I was told they have eight million visitors a year. None of the Smithsonian institutions in Washington charge—although the ones in New York do—but they are talking about it because the government is getting more and more concerned about the outlays and, I guess, other demands on the taxpayer dollar. We just did a calculation before we came in here and eight million people a year works out at about 21,000 people per day on average. That is just not humanly possible. The building could not cope with 21,000 per day. They have only a small restaurant and the museum itself is fairly small. Remember that that is an average so it must be peaking at about 60,000 a day on a busy day. So I do not believe their figures. It is probably in their interests to keep this figure going; I am sure that a proper count would find that the figure is huge, but it just cannot be eight million.

Senator HOGG—I just want to know whether you have any ongoing research program which, whilst it may not be available to us now, may be available in the future.

Mr Morris—Yes. We keep very good statistics. We do an enormous amount of highly sophisticated market research of the sort that you find in major retail outlets. We do segmentation studies—to use the jargon—so that we know who is out there, who is likely to come and not to come. We test and re-test that all the time. We do front-end evaluations for any new major exhibition. If it is going to cost \$1 million-plus we will immediately go and test whether it is acceptable, whether we should modify it and what sorts of things people will be interested in. Then we do post-evaluation: how has this worked? Did it achieve our objectives in terms of educational outcomes, and was it popular? You can have great educational outcomes but no-one goes to it, and that is a failure, or you can have everyone going to it but with no educational outcomes, and that is equally a failure.

So in this game you tread a very interesting line now. Museums have changed dramatically. People like me have to think about the entertainment value and the educational value and you are always treading a fine line—maybe erring a bit on one side in one case and erring a bit on the other side in another case as you head down the

pathway.

If you go to places like London with the British Museum, or Athens, where I have just been, no-one seems even vaguely concerned about these issues. They are only concerned about displaying their collections. After all, in the national museum in Athens, how many vases can you look at? They have got thousands and thousands of Greek urns, but there is no attempt to try to put any context to them. So they do not seem to have too many of these issues. I said I was rather envious that they do not do all this market research. They just do not concern themselves with those issues. There is no competition, so why bother?

We will go fairly quickly through the context of the Museum of Victoria.

Senator HOGG—What areas do you see as your direct competitors?

Mr Morris—The entertainment industry, without any doubt.

Senator HOGG—Fast food?

Mr Morris—No, not fast food. Certainly the entertainment industry. We keep a close check on it now. It is going into high electronics and places like Intensity in Sydney spend a fortune. Those sorts of things we monitor very carefully. Interestingly, the theme parks are another major competitor, although there are no major theme parks in Victoria. But there are in Queensland; people travel and see those, experience something of high quality and back they come.

Other competitors, if they are a competitor, are the really great museums overseas. People do travel these days—and very easily—and may come back disappointed in what we have to offer.

In the States the theme parks are moving more towards education. Disney is opening up a zoo and it is shaking the whole zoo world to its knees in the States. I went to Seaworld in Orlando last year. It has a couple of the finest exhibitions I have seen anywhere. They were using live animals. They had polar bears and dugongs in the exhibitions. They were outstanding. They were educationally sound. The entertainment value was enormous. They invested in the polar bear exhibition, which was an arctic experience, \$US38 million. That is a huge investment in one exhibition.

It is quite clear that if you are just down the road with a museum and you have a few stuffed polar bears it will not have the same appeal. I think museums have to go through a significant rethink of everything they do. Every single aspect of their work they need to rethink if they are going to remain relevant. We are spending in Victoria about \$300 million of taxpayers' money. I think that has to really go into things that are utterly relevant and of some benefit. If we are stuck over here with a bunch of rocks and stuffed

animals on display, assuming that we are doing something to seriously help benefit this community, we need to think again.

You have to measure your success in two ways. What are your educational outcomes? What impact are you having on the community? The other jargon is: what reach do you have? How many people are you getting to? I think we should be maximising our reach and maximising the benefit.

They are our real competitors. Anyone who has been to Seaworld in Orlando is going to come back here to a zoo and say, 'Hey guys, I have seen polar bears looking a bit better than what you have here.' I do not look at things like gambling as competitors. There are other things that will help to take away disposable dollars, but they are not really—

Senator HOGG—What about retail shops?

Mr Morris—They are changing. Nike Town is coming to Australia. I have seen Nike Town. You already have it with Hard Rock Cafe. These people are using museum techniques. I recommend you go into a Hard Rock Cafe because they use things like the rock and rollers actual materials, they have real objects, they show things we love to do, they have fantastic service and good quality food at a good price. It is not bad. You are finding that now with Nike Town and you are certainly finding that with things like Warner Bros shops and Disney shops and the like. They are mind openers when you see these places.

I went into the Warner Bros shop in New York to have a look at how they sold their stuff. They have Science Interactives on the floors. People gather around like bees around a honey pot playing with these Science Interactives. Then of course like sticky paper they move across to a counter and buy things. It is truly remarkable how these people operate. They mix it up with education. Their aim is to sell goods but our aim is sell education, but the techniques, I would have thought, have to be very much the same. If you do not understand the psychology of who is out there and understand their needs and so on then we are in real strife.

Overhead transparencies were then shown—

Mr Morris—Looking down through the list of issues we have the governance of how we are structured and how we are organised and what the challenge is. I think we have been discussing the challenge. The next is existing and potential strengths. We do have them. I would like to sit on that for one second.

People call museums musty, dusty and so on. I think that is true to a certain degree depending on the museum. The one that we do really work on is the trusty one. It is interesting to find that if a museum says something the community says that it must be

true. That is something that we have to guard against very carefully.

I noticed some of your documentation deals with sponsorship. You have to be careful with some sponsorships if it could be perceived there is a conflict between someone giving you money and you being totally trusted. For example, if you have something on lung cancer and you are being funded by the tobacco companies, your whole credibility would then be called into question. Trusty is certainly one of our great strengths. Our mission we will discuss in a second. Our programs and our audiences we have been talking about.

How do we communicate? We are using jargon all the time now. We try not to terrify our staff by using this jargon, but I can tell you that among ourselves we do use words like segmentation, venues, marketing and such like. You then break them back into acceptable words: venues becomes museums, and so on. But in our own language, we do not. The people I tend to talk to now are people from the big shopping centres and so on, to hear how they operate. You hope you do not lose any of your credibility because you are still interested in educational outcomes and then measuring success we have been talking about.

Our structure, which I will not dwell on, you see here. On the left-hand side, mainly underpinning our museum, are the programs—the educational programs, the exhibitions, the books, the CD-ROMs, the plays, the videos, the films—whatever we create. These are underpinned by the collections. Then you can see marketing and our corporate services, which are our support groups. On the right-hand side are the venues at which we distribute our programs. The idea here is that you develop an exhibition and it is then distributed across into one of the venues, which will know a lot more about its audiences, and how those people behave and react and so on. I will give you a bit more about that shortly.

The thing that has driven us has been, I guess, this graph. The bottom line you see, with the little triangles on it, is the gradual increase of knowledge of a museum, if all it ever does is tell the public what it does—in other words, it collects things, it studies them and it gives out that information. If all it is going to do is that, you will have this arithmetic growth of knowledge, while at the same time you have this explosive increase of knowledge in the world. So the museum—very rapidly today—becomes irrelevant because there is that huge amount of knowledge that people out there want to access and the museum is chugging along on this fairly low rate of increase of knowledge. Museums always say, ‘Yes, but we collect only for the future; let someone else use that information.’ You might as well go and stick it in a tin shed somewhere, instead of in a huge civic building that is right in the centre of the city.

Where are we heading? Sorry, Mr Corponi, can we go back one. We are looking for something more realistic. You can see the graph in the centre. We are looking to increase our ability to match what is happening in the world in general, to say to the

public, 'We can provide more information for you.' We can become an important information broker, if you like. I have mentioned some of these strengths. We have got copies of these as well.

The next one is up. The main purpose now—and we defined this earlier this year, working closely with the board and with government—is to improve our understanding of ourselves and the world in which we live. Some mission statements tend to be trite; this one has been amazingly empowering. It says that any activity we undertake—no matter what—if it does not help to improve our understanding, we will not do it. If someone says: 'We are going to collect matchbox covers,' it is a nice idea, but if it is not going to help improve an understanding of who we are and the world in which we live, we just will not do it. Obviously, we must break that down a little bit into making that work.

Next one, please. We have six programs that we are working on for the next five years at least. The first is improving understanding of the origins, development and diversity of Australian society. You can summarise that by saying, 'What it means to be an Australian.' It will be of great importance, particularly today, when we are in a very dynamic state with the development of Australian society. Then there is improving understanding of indigenous rights, recognition and perspectives. Notice it is no longer anthropology. It is actually getting right to the hub of the matter. Improving understanding of the human mind and body is a new one for us.

Improving the understanding of science and its contribution to society—we are very concerned that kids are turning away from science in droves and we are very concerned that the society seems to be turning its back on science, which we believe would be a disaster. Improving understanding of technology and its impact is self-explanatory. Improving understanding of the environment and the need for its conservation—it is fair to say, in the past, all the museum concerned itself with was naming things. We now turn that into an active statement saying we will only do that if it actually contributes to conservation.

I mentioned we have done segmentation studies. We have seven groups, if you can call them that. One of them is a no-group—they do not come. We have educated enthusiasts, child-focused, the young social, the young cultural, older contemplative, and finally, no-museum and loners. Both those segments tend not to be great museum goers. We have accepted the challenge, however; we want to get to them. We may not get them to come to the campus, but there are other ways of doing it.

It is now recognised that just holding heritage is not an end in itself and that it must be directed towards future audiences. That has got some risk in it—it makes people ask the question, 'Why do you collect what you collect?', but if museums are not prepared to ask that question I do not think they should be supported. That is a tough question to ask, but you have to ask it. The answer is often: 'We collect because one day someone might use it.' I do not think that is acceptable—not in this day and age.

The communication methods: the ones we use in the museum are reality-based and they are experiential. Experiential means mind-engaging. It does not have to be hands-on, but it can be mind-engaging. I have to say that, when you go into the air and space museum in Washington and you are standing next to John Glenn's little capsule in which he flew around the world and you see how tiny it is, you do not need a lot of explanation. You engage intellectually with it and you do not have to do much more. At other times, you have to go much further. Exhibitions are our standard museum system. I have been querying lately: why just exhibitions? Exhibitions are okay, but I do not think they are the only means of communicating so we have gone into multimedia publications, et cetera.

Our venues: I mentioned to you earlier that we have got a bunch of them. I would like to pick on the third-last. We have created the Virtual Museum. That is the one where we have taken on the challenge of reaching a wider audience as well as assisting those who have already come. Those who come can contact us down through the Internet or any other means—schools will be helped in that way. Unfortunately, we will need to charge in the end because this will grow and grow. I will give you an example: we receive currently 10,000 telephone calls per year for inquiries, usually of a scientific nature. Our target is one million.

If you are really of benefit, you are really being known as an information provider. If we start to match the curve in this graphic, which is rising exponentially, we should be up towards one million. The only way you can do that is really through some sort of user pay scheme. There is no way on earth that government can just keep pouring that sort of money in with those sorts of targets, and we need to do a reasonable amount of research to find out how much you can charge and what would be acceptable. It is not exactly virgin territory—there are a lot of other services that charge.

We are nearing the end of this presentation. I have already mentioned reach and impact. As for admission fees, currently at Scienceworks they are \$8 for an adult and \$4 for a child. I have a view on admission fees. I believe that you should try to find out what is the commercial rate of entry—what you would pay if there were no other constraints. Then you look at some of the realities. Let us say, as an example, that \$16 might be an acceptable commercial charge for Scienceworks. Would that be acceptable to government? I think the answer would be clearly not. Clearly, the government put a lot of money into the capital side and there could be complaints from the public.

So you begin to set your admission fees around a whole variety of things, not purely on the government side. You look at the social factors—who would be excluded from coming and what are your social accountabilities. But you must do it step by step. Move the entrance fee back to what is acceptable while knowing exactly what you are doing and why you are doing it. What tends to happen in these places is that they lick the finger, put it up in the air and say, 'What do you think might be acceptable?' 'I don't know. Eight or 10 bucks.' 'Let's whack that on and see what happens and the government can pick up the rest.' I think there needs to be a different way of doing it.

Attendances: you can see here the projections from the old museum in the city—from 235,000 per annum, we are projecting 560,000. Scienceworks will be about 280,000 and the Virtual Museum, 750,000, giving us around 1.6 million visitors actively engaging with the museum. You can see from this graphic the level of government support. I do not like figures that talk about government support per capita—per visitor. It is utterly and completely irrelevant, even though we have got it there. The reason is that you could have a museum with almost no collections, and therefore almost no cost, to look after heritage getting a government grant or you could have one with an enormous collection—we have got 16 million items in our collection. How you can give a government grant and then divide by the number of visitors and work out an efficiency is beyond me. I will argue that you can see shortly there is another way to have a look at government granting.

Senator HOGG—Are those projections for 2001 based on the current population or a growth in population?

Mr Morris—Including growth. This next overhead shows the sort of rule of thumb you can look at in who might pay. Public programs, meaning the exhibition programs largely speaking, we believe could be on a user pays basis. Education programs which have a greater depth, usually with a lot of material associated with them, we believe needs to be a combination of user pays and government support. Custodial programs we believe should have government support. There is no way that a person walking through the front door is going to pay out extra just to look after 16 million items which may not be useful for 100 years or which are just part of that heritage which is almost indefinable but you need to have. You need government support for that.

I think taxpayers are very comfortable about the notion that heritage is well looked after. If the question then is one of access, we provide access free to people who want to see the collections, examine the collections or look at the raw data involved with the collections. It is when you come into the exhibitions that we find that you now need to look at user pays, because they tend to be expensive.

Senator PAYNE—In terms of the obvious reliance you are putting on increasing your figures to three-quarters of a million visitors to the virtual museum, what approach do you take to getting an early commitment, if you like, from your customers, networking it through the schools and getting them to start very early in that process and then become lifetime users of your facilities?

Mr Morris—We run a very active education program. We are lucky that there is a history of education service to schools in this institution that is about 30 years old. Victoria itself has been blessed with top quality education services. The zoo, museum, gallery, places like Sovereign Hill and so on have for a long time had teachers, seconded from the education department, working in here and they have worked with the schools.

Whether all of those programs have been what I would call relevant and really

enjoyable from the kids' point of view is another question. I have met adults who have said, 'I can't stand your museum because I came there as a kid and I hated it.' That is fairly depressing. However, I would like to think that today those programs that we are running, which are very much individual child based—they are no longer just group based; they are looking at the interests, needs and abilities of individual kids—build within them a sense that this museum is relevant to them.

That starts at a very young age. That starts at the preschool age. We are developing in the new museum an absolutely world beating children's museum. The idea of that children's museum is to deal with kids aged three to eight. It will be dealing heavily with preschool kids.

CHAIR—That will be hands on—things they can actually get involved with?

Mr Morris—The whole thing is centred around discovery. There will be discovery boxes. We are trying to introduce those six programs in fairly simple ways for kids to discover and do their own thing. We are hoping to build a lifelong sense that this museum is important. One group that we will not be able to work closely with is teenagers. We recognise the reality that when you are about 13 or 14 and you reach puberty there are other things in your life for the next four or five years—boys, girls, sport, getting out, rejecting parents and all of that. You just have to be realistic. You just don't go chasing them. In the past the museum would have done great exhibitions for teenagers and not one would have turned up.

CHAIR—You may not be chasing them but their parents probably are.

Mr Morris—They are happy to come as school groups and you can run good programs for them, but I am an ex-education officer and I know what it is like with a bunch of pubescent teenagers who turn up at a zoo or somewhere. It can be very difficult because there are other forces working on their lives. We recognise that.

Mr Corponi—One of the areas in which the museum is testing itself in terms of the virtual museum is in subscription services to schools. I guess the most recent product put out was a CD-ROM, which uses a games style interface to engage children who are comfortable with computers through playing a variety of games. It is very much aimed at the lower teenage market. We are hoping to be able to engage them and put our education objectives across.

At the same time we are developing a relationship with the education department with a subscription service which will provide a number of programs directly to schools. They will be the schools that do not turn up at our door, so children will be able to dial directly into the museum and get curriculum based information from the museum on-line.

Senator HOGG—I have a whole host of questions but, given the constraints of

time, I will try to restrict them to about three. Firstly, on what basis do you adjust the charges that you levy? Is it a CPI increase and, if so, with what frequency do you adjust them?

Mr Morris—It is on CPI; that is government policy, and the government still exercises the right to look at any increase, and I accept that that is an appropriate thing for government to do. We do not adjust them every year because sometimes the CPI increase would result in a ridiculous fee increase that it would cost more to collect than the fee increase. For example, \$8 is a neat amount; if it became \$8.35 it would cost us more to fiddle around with the change. So you tend to adjust them, certainly based on CPI but on what seems a reasonable round figure to play with.

Senator HOGG—My next question relates to the Internet. You have not mentioned that this morning. How do you see that interfacing with your operation? Do you see purely and simply a user-pays operation for your museum?

Mr Morris—I touched on it very lightly; that is all. It is really all wrapped up in this virtual museum as we call it. I suspect the term ‘virtual museum’ will vanish out of our language, but at the moment it is a useful word to pick up anything that is electronic, any other means of getting to people. It is important to us in that it will provide a variety of roles. For example, the Internet will be our link to the world—to get information to overseas from Australia and to bring information to Australia from overseas. It will be the link into the schools, into remote parts of Victoria and to other parts of Australia. So it will be very important.

Some of the information on the Internet will be available free of charge. If schools want to access our collections and some of the data, even including images of our collections, they can dial those up and get free access. It then depends on the depth of information. If somebody wants to really start diving into more and more information, we will need to start working out some user-pays process, which we have not worked out as yet.

I believe the Internet is one of the key communicators that we will be using. We are using it already within the museum. We have an exhibition called T. Rex Surfs the Net, which is all about dinosaurs, but this time we are using some dinosaurs but also the Internet. We have cheated a little bit; we scanned the Internet ourselves and then downloaded the information so that people coming here can in a sense search the Internet but it is a little bit faster. So it is an active thing inside as well as outside the museum.

Senator HOGG—My last question relates to the general strategy for the sorts of programs you present. You list a mix of user pays and government grants. How do you quarantine the various areas affected there?

Mr Morris—At this very moment, I would have to say, not well, because it is not

fully understood by government at this stage. My concern in the past has been that, when you get the inevitable reduction in grant that occurs—and that can occur for a variety of reasons—it is usually a sign for you to operate across the board. What happens is that you begin to move into cross-subsidising your heritage side; you start saying, ‘Well, the only money coming in is from our customers at the front door, so we will start using that money to cross-subsidise,’ and that is when the place starts to go skew-whiff, because the public programs start to suffer, the attendances start to drop and you move into a downward spiral.

It would be my view that, by clearly showing how you partitioned off where government money goes, if the government says, ‘We’re going to reduce funding by, say, 10 per cent,’ you say, ‘The impact of that 10 per cent cut is the following. It is still your decision. I just work for the government.’ You can turn around and say, ‘If you reduce funding by 10 per cent, then we will have to reduce services and looking after the collection by 10 per cent. The outcome of that may be a deterioration in the quality of the collections.’ That clearly becomes a government decision. I am not trying to blackmail the government. I am just saying that these are what the realities are.

Are you telling us to reduce what we are doing on the education side? If you are, then we will start heading on a downward spiral. At least, for the first time, the government will know. There is no way they could have known before. They do not run the business—we do. We have had cuts across the board before, and we have not been able to go back and demonstrate where those cuts have occurred. The other thing that can occur, which is perhaps even more alarming if you get the cut, is that, rather than touch your education programs, you tend to start to cut into your collection management work and so on. Again, no-one is really even aware of the problem, except the professionals who work here.

Senator HOGG—So this really raises the issue: should user pays be a substitute for government funding or should it be additional to government funding?

Mr Morris—I think it should be additional to.

Senator HOGG—So how does the government—and I am talking about governments of all persuasions, whether they be state or federal—identify what is the core that they should be funding in an organisation such as yours?

Mr Morris—If I were setting up from scratch—and you have the opportunity, say, at the Commonwealth level to be doing that at the moment—I would be saying: what are the heritage collections and how much work should be done on those collections in caring for them and getting some basic information about them? What is that going to cost? That is going to be a government cost. The government should set the program to say how much expansion they would want to see and how much collecting they would want to see. I believe they should set that up.

With respect to the access, if you want people to come in and access that raw information, then you could find out how much that is going to cost using the Internet or any other means. I would have thought that would be a bit of a shandy now between them paying some money, perhaps just to get that access, and the government.

It is when you want to start moving into an educational context of a broader role, when you want to start playing a more significant role in the community by improving understanding of those six programs, that you start having to look at user pays. I do not think it is reasonable for the government to pay. If that were your only source of income, you will have the begging bowl out every year asking for more money because you have decided on a new, you-beaut way of getting information across which, remember, you now will not even have to test because you do not have entry fees.

So if you were the funders and I said, 'Give me another \$5 million. I will design you the world's greatest exhibition you ever saw,' how do you really know that it is achieving what you want? There is no real way of measuring it. The public are not deciding that it is really worthwhile from their point of view. They are not paying, so they drift in and drift out.

So I think it is a terribly difficult area that you are in. I would have thought there are clearly identified core businesses, and I think there are clearly identified user pays areas, and I think there is a fairly interesting grey area in between that needs to be looked at fairly closely. That would probably occupy more time. That one speaks for itself as the area in between.

Senator HOGG—Are there international models that we can look at?

Mr Morris—No.

CHAIR—I thank you very much for your thorough presentation. It has been most helpful.

[10.31 a.m.]

GREY, Mr Francis Eugene, Principal Economist, Economist At Large and Associates, PO Box 256, Noble Park, Melbourne, Victoria 3174

CHAIR—The committee prefers that evidence be given in public, but you may at any time request that your evidence or perhaps an answer to a question be given in private and the committee will consider that request. I thank you for the additional information that you have provided to us. I now invite you to make some opening remarks.

Mr Grey—My firm is an economic consulting business that I have been running since 1989. Principally, my work has been in the environmental area representing environmental groups on the whole in terms of economic public policy. I also cover a wide range of areas outside of environmental issues, which is how I got to be here today.

My work involves trying to establish the economic benefits of environmental assets in a large measure because that is the constituency that I have. Over seven years or so I have done work for organisations such as the World Conservation Union—also known as the IUCN, based in Switzerland—on the economic benefits of protected areas. It is partly through that that Charles Street, who is behind me, got me to come along today, because in that analysis one comes to an understanding of the benefits of protected areas as economists see them.

On the other side of the coin there is this document—and I am not sure whether you have been provided with a copy of this. It is a pricing policy project for Warringah Council in Sydney. That was prepared by me and a consultant from the Public Sector Research Centre at the University of New South Wales. In New South Wales all the councils have been asked to develop a user-pays pricing scheme. None of them knew how to do it. The Warringah Council came to the university and asked them if it could help. I got dragged into that particular project.

As an economist who has worked in Treasury in Canberra in the 1980s and is now working in other areas, my observation is that nobody actually understands user-pays pricing. That became quite clear in the previous discussion you had with the Director of the Museum of Victoria. The key question from my point of view is: what should have a user-pays fee and what should not have a user-pays fee on it? Economists ought to be able to answer that question. I am yet to see a manual that actually explains that distinction.

Most people and the public have a view that governments are just going to use user-pays to raise revenue off every government activity. Certain other economists might think it is a useful way to raise revenue for Treasury. My view is that user-pays has a very particular role to play in the way we deliver public goods in our society.

I will just step back a bit. In economics we divide the world into private goods and

public goods. Because we have individual agents in these private markets, they deliver goods according to their own interest, according to incentives, according to the market price and so on. In the perfect economist world, everything could be delivered in those private markets and there would be no need for governments to step in and deliver anything. But the reality of the world is that there is a whole range of goods that the community needs which we call public goods. Those are goods which, if left to the private market, simply would not be delivered—defence, roads, law and order, protected areas or heritage areas.

The reason for that is simple—because there is an incentive for the private individual to knock down a beautiful house in St Kilda Road and to put up a very large building in its place. Because a private agent has no concern with the public benefits of that old building, which spreads to the community as a whole, therefore, it has no incentive to conserve it unless the community as a whole says, ‘Hang on to the building,’ or, ‘Hang on to that protected area.’ That is, in essence, the role of government.

Some of the overheads that I have got are in the back of this document. Some are not, because I only ran them up this morning in preparation for this discussion. For the opening one for Warringah Council—which I borrowed from the council—I have got a person called the ‘public citizen’ rather than the ‘private citizen’. The public citizen is a person who has private and public needs: they have private needs in terms of food and clothing, and they have public needs in terms of law and order, defence, recreational areas, history, heritage, culture, and so on. That citizen needs to find, in economic language, an optimal balance between having public goods and private goods in their lives. The public goods are going to be supplied by government because of the need of that agency to provide those goods because nobody else will.

The aim of economics is to maximise welfare, to maximise the happiness of the community; hence government has a prime role in delivering those public goods to the community. If it does not deliver them, then we undermine the ideas of economic efficiency, of maximising the welfare and happiness of the community. In that first overhead—which is: ‘What does a council do? The economic view’- I have tried to run through that framework for a local council. Obviously, you could insert a heritage area at the top of that and then go through that process and divide up the private and public goods in there.

Senator HOGG—Can you actually give a numerical weighting to the things that you find there? For example—

Mr Grey—If we, say, take environmental planning or something like that—the balance between that?

Senator HOGG—Yes.

Mr Grey—A lot of economists would love to do that. We have got all these

techniques—contingent valuations, surveys, travel cost methodologies—designed to try to put a number on the value that people place on things that they might love. But you cannot buy them in a market, so you cannot otherwise price them. A lot of other economists do not have much time for those, but I think that the weight of the economic profession is swinging in that direction as a result of work in the last four or five years from the United States. The leading economist, I guess, in the world today is Kenneth Arrow, who is 83. He basically founded the economics that we use today at the end of World War II. He came out in support of these techniques as a result of the Exxon Valdez spill, where they were used to try to value what the impact of that spill was.

A court case in the United States in the American system is very different. You can sue or take people to court on the basis of a contingent valuation survey. So, if you have done a survey and found out that the people of Melbourne love the Treasury gardens and are willing to pay a billion dollars to buy it, if someone wants to put something in there so that they can mine it, then the public, the people of Melbourne, need to be compensated \$1 billion as far as the economic analysis is concerned. Obviously, if you cannot afford the compensation then the project is dead in the water. They used this in the Exxon Valdez case; they were going to sue Exxon on the basis of that cost.

This was incredibly controversial in the United States because we are talking about \$2 billion. After the case was settled out of court—the story is that Exxon settled out of court because of that contingent valuation study—the US EPA hired Kenneth Arrow and Robert Solow, both Nobel prize-winning economists, strictly out of the neo-classical school. If they walked into the Treasury Building they would all bend down, kneel at their feet, kiss their shoe leather and so on. They said, ‘Look, this technique is the way of the future. It has its problems, it needs to be used carefully, but it is the way to value these sorts of goods.’ Having said that, of course, outside the economic profession it is hardly known. It is not understood.

It is difficult to explain it to the public. People think it is ridiculous because if you say, ‘Kakadu is worth a billion dollars,’ people say, ‘But I love Kakadu. That should be self-evident, and that is all that we should need to say.’ Alternatively, another field is medicine or health: we put a value on the life of a person and say we will spend a million dollars per head to save lives, but if it costs us more than a million dollars per head then we stop doing it.

The public has a problem with that approach, and politicians have a problem with that approach. It is not easy to sell in a two-minute grab on TV, particularly if someone else is saying, ‘But this is worth a thousand jobs.’ That is essentially the critical dynamic that I see as an economic consultant, having worked in this area over the last seven years or so. So, yes, I think we can, but probably nobody is going to accept it at this stage. What we have to do is work on ways of illustrating the choices that the public are confronted with and try to contribute an economic framework in that field.

My next overhead is headed ‘Diagram one—What makes up a value?’ If I take a protected area, for instance, the point is that it might have a tourism impact on the local region. In economics that is a value, but that value has subcomponents. These are critical to understanding the public good aspect of a heritage area.

The first of those is a direct value. The tourism activity in that area is benefiting industry in that area and providing jobs in that area and so on. That is a direct benefit. Alternatively, Kakadu is a beautiful place to visit. People love going there. When they actually go there that is a direct use of that site and that is a direct use value.

The second value listed here is what I call the option subvalue, but it is basically known as the option value around the economic corridors. The option value is what people will be willing to pay to have the option of having that area available. So you have an option on it, if you like. If someone wants to bulldoze it you say, ‘Stop. I will give you \$10 to buy an option to keep that area available.’ So that bulldozer driver gets \$10 and goes away. According to the terms of the contract, in 10 years time he can decide to bulldoze it when the option runs out. That is the broad principle. This is what economists think the public goes about valuing heritage areas at. In our classic reductionist economist attitude we like to break everything down into little bits and pieces.

The next value is the quasi-option value. We like to pay the bulldozer driver \$10 for the option of keeping that area available, but have to pay him another \$2 for the option of gaining information from that area over time which may then allow us to make a better decision in the future about whether we should bulldoze it or keep it.

Existence value basically says that all of us in Melbourne appreciate a park on the Galapagos Islands. Even though none of us will go there or intend to go there we are happy because that park exists and we are willing to pay, in an economic framework, to keep that park in existence. It is not just an option but we pay to keep it in existence.

The significance from the point of view of heritage areas in Australia is that the proper approach for valuing these areas is not just what 17 million Australians think of Kakadu but it is what five billion people around the planet think of Kakadu. That is the appropriate economic framework. We never do that in my work because then you get into a big argument about nationalism and that sort of stuff—‘It is our park and we can do what we want with it.’ As far as economists are concerned, it is for everybody. That includes future generations as well as the present generation.

The intrinsic value tries to capture the idea that some people have, which is controversial, that even if human beings did not exist, the earth and all the creatures on it have a right to exist. It is controversial because people say, ‘How can you value that in an economic framework?’ To my mind as an economist it can be valued in an economic framework. If enough people on planet earth believe it then it has value in a marketplace that people are prepared to stand behind. That, in essence, is a test of that particular value.

Combination value is one that I have actually added in myself. You will not see it in any text books and so on. Combination value is based on the view that, say, Kakadu national park consists of a range of beautiful areas. If I had a set of antique chairs in this room and I tried to sell that set of antique chairs one by one I would get less value for them than if I sold them as a set. The point being that these protected areas have greater value together than they have apart. Therefore, the incremental approach whereby people say, 'We can just take a bit of the park in the corner for a mine and a little bit here for the road,' is actually diminishing not just the value of that particular area but the value of the park as a whole.

Bequest value is the willingness of people to pay to see to it that their environmental asset or their heritage site is available for the future. We will pay the bulldozer driver to go away forever. We do not want him ever coming back. This will be here for future generations as well. In the economic framework, we add all these together and that becomes the total value of a heritage area. I will skip the page headed 'Total economic value'. The essential point is that in economics we add all these values together and come to one figure, if we can, and we come up with our outcome.

The next overhead is headed '7A—What are public goods?' I borrowed this from the Warringah Council to illustrate the complexity of public and private goods in normal life. For example, walking down the road to the beach is a private good for the individual—it is exercise—and it is a public good because the more that people are healthier and the more their lifestyles improve, crime rates go down and fewer dogs get kicked, et cetera—there are all those public benefits. That applies to all the goods in here except, of course, that for every one there is likely to be a different balance between the public components of the benefits and the private ones.

I have illustrated that point again in 7B, which is the next overhead, in terms of what are public goods for a library. I like the library example because my feeling is that most people have a bit of an intuitive feel for what are the public goods and what are the private goods—they sort of know although they do not know the theory. The director of the museum did that just now when he said that the issues that should be user pay were certain types of things—exhibitions or what have you—but that core services—collections and so on—should be paid for by government. The point is that collections are something that private individuals would value at a very small amount.

Collections would never pay their way but the community as a whole feels that they have an existence value—just knowing that all of our history and our culture has been collected and at least stored, if not studied, makes most of us think that is a good thing and that that is something that government should provide. But if going to a particular exhibit on advanced technology in computers might be something that gets a lot more private benefits and a lot less public benefits, maybe there should be a private fee.

In the library, from a council point of view, most people would think that you should pay for your own photocopying but that the book should be free, and the question for the community is really to think about why we make that distinction. My argument is that books are providing massive public goods in terms of education and information and allowing everyone to participate in our society on an equal basis. Photocopier use is specifically for the individual to an extent although, of course, there is room for argument here about the balance and you could argue that maybe photocopying should be subsidised. In fact, I put 'rent video equipment' in here—sometimes we have video equipment—and it is an interesting argument about where the public and private benefits start.

My view, as an economic consultant, is that the division between private and public goods needs to be debated and argued, that the answer comes out in a process and that it changes over time as well. It is better to have a transparent process—at least we know what we are arguing about—and then we can make a collective decision on that basis rather than not really knowing what we are doing and having a bit of an incoherent argument.

In 7C I have got around to heritage sites. In terms of the heritage site, I tried to modify the library example and talk about the tourism and heritage value of an area—I will come to that in a second—and camping site fees. As for tourism, obviously if I go to visit Wilsons Promontory, I pay for the hotel and whatever. I do not expect a subsidy from the government. The individual benefits are mine although there are some community benefits—for example, for employment and industries down in Gippsland, but those can only be delivered if I actually pay for the service in the first instance, so we are not going to worry about those.

The heritage side of it provides me with some individual benefits but, once again, like the collections side of the museum, the heritage side of Wilsons Promontory and the history down there is a community thing that is a matter of preserving our history. I think that if the community values that, that needs to be provided for by the community as a whole out of taxation revenue.

Camping site fees: this is a nice example in the middle of the categories because when you are using the heritage area you are taking advantage of it, but you are also getting very strong individual benefits. So my view would be that you should pay the camping site fees to cover the cost of administering that area and maintaining it, but you should not be subsidising the whole national park program out of camping site fees.

There is a very dangerous tendency here in Victoria—because, as far as I am concerned, they have misunderstood the concept of user pay—to try to move the national park service into self-funding over time or by stealth. They misunderstand that the national parks are primarily there to provide benefits to the community as a whole—their scientific values, their existence values and so on are quintessentially public goods. Their individual

benefits are small and, as for limited camping site visits, tourism and so on, they can cover themselves.

The idea, as we see at Wilsons Promontory, is that they may be trying to use revenue from lodges; they are developing lodges in the park in order to use that revenue to fund the national park. There are those that say otherwise, but that is a question for debate. I think they are missing the point altogether, and I also think that the public is happy to pay for those public goods. In the surveys in economics that we see—and we see some interesting ones—people are willing to pay for their public areas because they see them as their areas and they are willing to make a contribution. Even if other people free-ride or cheat, the majority of people are willing to pay because that is just the way it is in the real world.

I will drop through to 7D and 7E. I am racing because I realise your time is short. In 7D and 7E I have tried to get to the point of the values of a heritage area—mainly a protected area in this case; I had that in mind, but it might vary somewhat for an old building or something else.

In 7E, down in the left-hand column, I have a list of values, starting with financial values at the top and running through traditional use values and information values. In the heritage area, in a park, there are financial values created, as I mentioned before: tourism in the local region; fishing—the heritage area might provide a refuge for fish. Those fish go out of that heritage area and are caught by the local fishing industry so there is some financial value generated by the heritage area.

Underneath that is traditional use value, that is, areas that have been used traditionally by Aboriginal people. The community, or Australia as a whole, may be willing to see that use continue because we value that, in the same way, for instance, as we might value old craftsmen who can make carts or old wooden boats. We might wish to subsidise those sorts of activities in other circumstances.

Information value covers the issues of scientific value and study of these protected areas—the use that the protected area provides in that area. Recreational value relates to simply the benefits that people who live in the area get from using it as a recreational resource. Visual amenity relates to the visual benefits of that area—the ambience value, the feel. Cultural value refers to things like the Snowy River, which occupies a cultural position in Australian society, or Wilsons Promontory, which occupies such a position in Victorian minds. Heritage value is basically what I call the European and Aboriginal histories of an area.

Some protected areas provide some social value to people; some do not. By that, I mean that a community is a much nicer place if it is on the fringe of a national park. As for damage prevention value, some national parks serve as swamps. For instance, when there is a flood, the swamp acts as a buffer and allows the water flow to slow down,

preventing flooding downstream.

Defence training value just happens to be in there because I did this for Shoalwater Bay, which is a defence training area and it just happened to be an unusual value that popped in.

Each of those values as you move from left to right across 7E has its own component of direct use value, quasi-option existence value, and so on. All those are stacked together. In 7D I have taken a representative example across the top of each of those values—tourism, fishing, subsistence use, heritage, scientific and ecological services—and down the left-hand side I have put a list of the direct use options and other values. I have tried to identify for each of these things—specifically for you, because I was asked to by Liz Williams—how much I think is individual and how much is partly a community or public good. As you can see from just working through each of these one by one, the top left-hand corner—tourism, direct use value—is mainly individual, as are the first three across the right. Subsistence use is when Aboriginal people use the area to fish, perhaps as a substitute to going to the supermarket; effectively it is an economic activity. They have mainly individual values but partly community values. Virtually all of the rest of them on this table are community values or public goods; they are delivering benefits to all of us, for which we should all pay, or at least in my opinion we should.

The one thing I did not mention, which is down the bottom, is ecological sustainability. Back in 7E I drew a box around all the values listed there and bounded it with what I call ecological sustainability. One of the values that I previously listed in my other list was ecological services. In economics, our problem is that, if we applied all the values within the box in 7E—if we went out and measured how much people love these things and what they wanted to pay—that would measure the values of the present generation and what we think of these things.

Our problem is that we also have to take into account, as each generation has the option of destroying it for the future, what the future will think. Trying to work out what the future thinks is very difficult—ideas of inter-generational equity and all that sort of stuff. The point of ecological sustainability is that if you sustain the existence of a resource you always keep the options of the future open.

It is my view as an economist that ecological sustainability acts as a ‘meta’ rule that overrides all these other values and wishes of the present generation. No generation is entitled to destroy something so that future generations cannot have it. Those are broadly speaking the public goods that I see in protected areas.

My answer in terms of user fees, user pays and so on comes in the next two overheads. On overhead No. 8 I simply make the point that these services have both private and public components and each one will have its own peculiar mix and will vary from park to park, from site to site and within the site itself on some occasions.

Overhead No. 9 asks: where do the goods and services fit in on the private-public continuum? I have tried to be relatively simplistic. This was meant for a council to use. Try and think of the various uses and activities of a national park or heritage area and ask which ones are private goods, which ones are mainly delivering private benefits or individual benefits and which ones are delivering public benefits to the whole community that we all enjoy even though we never go there. This was done for a council, as you can see from the selection, but the principle would apply in a protected area.

On overhead No. 11 I try to get to the point of user pays and setting the user charges at the right level. The greater the individual benefit the higher the user charge. The lower the individual benefit, the greater the public goods, the lower the user charge should be. It should go to zero for many goods of various kinds.

For example, Wilsons Promontory is a very popular park but there is another park called Taras Bulga which hardly anybody knows about. Apparently it is very beautiful but no-one ever goes there. It has enormous scientific value. Given the values of our society as they stand, we would like to see it conserved. It would have very low or no user fee whatsoever. Wilsons Promontory, because of its camping grounds and so on, would have some user fee and maybe a small entrance fee because of the numbers of vehicles, people moving through and so on. This diagram is simply trying to drive that point home.

Overhead No. 12—this is mainly for the council's benefit but it applies in national parks—goes to the idea of what is full cost pricing. In order to set a user fee you also have to do your accounting correctly. Most public agencies have no idea what they are doing in the area of pricing their services. There is a whole range of costs they do not include. They need to get all those costs right and then set the user fee in relation to that process.

Overhead No. 13 simply tries to summarise the point I have just made, which is how much does a user pay and the balance between the public good and the private good. The services being provided should determine how much the user should pay.

Overhead No. 14 is relatively straightforward. It is basically driving the same point home. It is essentially the point I wanted to make today about protected areas. They have lots of public goods. In fact, there is virtually all public good in their service provision. At the same time, I think the role of user pays has a place but it is only for very specific items which have strong individual or private benefit.

Senator HOGG—I don't know whether my questions are directly related, but as an economist could you define what is a tourist? Of course, it is one of the vexed questions that I think we have been confronted with in this whole inquiry.

Mr Grey—The definition that is used around Australia is, broadly speaking, a person who has taken an overnight trip. If you have taken a day trip and you have gone

back home at the end of the day, you are regarded as being a day visitor or a recreational user but not a tourist; a tourist stays overnight. That is essentially the definition that is used.

I am not an expert in tourism. I have come to that understanding because of doing this work on protected areas. We had to work out what was the economic framework within which to value a protected area. Therefore, how do we value tourism. Therefore, who is a tourist and so on. It flows from that. That definition seems to be used around the world. Most people are quite happy with that idea.

Senator HOGG—Should user pay fees be directed at tourists as opposed to local residents or should they both bear some weight?

Mr Grey—I do not think so. I think if the local area wishes to raise revenue from tourism, they should do it through a bed tax, for instance, or some other means like that. I think there should be equality at the gate of the protected area. It does not matter where you came from to get there. The question is: how much individual benefit are you getting from what you are about to do and how much public benefit is there? So, if you only come to use the camp ground, you can pay a bit. If you are just going to go for a walk through the park, and if it is a park like Yellowstone National Park, which is overrun by people—it is basically a city—we are not going to charge you a fee for that. So I think there should be equality at the gate, the point being that the tourist will say, ‘Why am I paying this when the locals aren’t paying it? We are doing the same thing. In fact, I even paid more to get here.’ I also think there will be a sense of inequality amongst the users of the site as well.

Senator HOGG—When you talk about equality at the gate, it presupposes that there is a number of clearly identifiable entrances to a particular site. That is fairly easy in terms of a land based national park. You can say that there is an entrance A, an entrance B and an entrance C. But how does one cope with something like the Great Barrier Reef Marine Park, where there are no clearly defined entrances, where there are people who are visiting the reef as tourists, and those people are charged, as part of their tour fee, a charge for visiting the reef, whereas a local gets out in their tinny and enters that marine park and pays no charge at all? How does one cope with charges in that sense?

Mr Grey—My reaction would be, first of all, that I think the idea of using the resource and getting individual and private public benefits as the key driver—the locals are getting a benefit, a considerable private benefit, from using their boats in this resource, and it is not necessarily a low impact activity. It can be quite high impact activity. The people, the tourists travelling on the charter boats, are obviously going to benefit because they are paying for their part of the services that are provided to them. My view would be that the approach to licensing—I am speaking straight off the top of my head here; certain economists do it, unfortunately—is that they have targeted the fee at the wrong end; they should be targeting the boats that use the area and boats who want to operate in the area

should have a licence to do so, which they pay a fee to do. So whether you are a charter boat or whether you are a little rowboat or whatever, outboard, then you should have a licence to run your boat in the Great Barrier Reef Marine Park area.

That obviously means for a large swag of the Queensland coast everybody who has a boat is going to have to do that. But, by the same token, the park only exists for your private benefit because governments and other taxpayers have made a considerable contribution to paying for rangers and studying and putting up rules and trying to police that area. So that would be how I would view it.

Senator HOGG—As an economist, then, how would you structure a fee for, say, the many commercial boats that travel through with iron ore or whatever it might be? Are they subject to a charge similarly? And what about the international tourists who come in their yachts and travel through that same area?

Mr Grey—In terms of international shipping, the trouble is that you have a question of prior rights here. It is like a little Mabo at sea. The shipping industry is saying, ‘We were doing this a long time ago, long before the park turned up, making use of this passage.’ But the trouble is that, because they are passing through that passage and because some of them are irresponsible, efforts do have to be put into policing that transit route and ensuring there are no oil spills and so on. My view would be that there ought to be a fee paid for that, for transiting that area, because the alternative is that they can go further out to sea.

It is going to cost them more to go further out to sea but, by the same token, if one of their number is irresponsible—and we do not know who that will be—someone is going to have to clean up the mess, and it is going to be the Great Barrier Reef Marine Park Authority. Why should the small private owners have to pay if the big commercial shippers cannot? The commercial shippers could actually do it quite easily in head office by making a payment over the phone by a credit card. It is easily done, and whilst it offends my instincts as an ex-naval person that the sea is a free place where you can go and do what you want, sail your yacht or what have you, we are living on a very crowded planet and these spaces unfortunately need this sort of protection these days. You have to pay somewhere.

The other point about a user fee is that it is meant to act as an incentive to the user to appreciate the benefit that they are getting and to think of their use of it appropriately. Should we be using it this way? Should we as the international shipping industry have a set of rules to ensure that we look after each other? If one other ship is doing the wrong thing, then should we make sure that shipping company gets it in the neck?

Once again, in a crowded world, individuals have to cooperate to some degree. You just cannot have anarchy. Unfortunately, that is the sort of situation we wind up in—that is, where people have to pay. The same would apply to yachts using that area because

once again they have to be policed. They are going to cause damage. They are going to sink. When they sink their diesel fuel is going to get out on the reef. All sorts of things are going to happen.

Senator HOGG—How does one actually go about the process of collection? On a discrete site of land you can work out that you need an honour system or you need someone standing there eight hours a day collecting the fee when people are most likely to come through. In a marine park you have no such discrete entry areas. How does one police it? It may well be that the cost of collection far outweighs what you collect out of the fee itself.

Mr Grey—That is obviously a danger in the use of user fees. International yachties would seem to be the most difficult ones because they can randomly enter, you cannot pin them down, you cannot photograph their ship registration number and ring up the head office in Tokyo and ask for the payment. In their case they should have a licence in the same way we licence anglers to fish in inland rivers. If a park ranger comes along and you have not got a licence then you are in trouble. The same would apply to an international yachtie. It would be unlikely if they were in the Great Barrier Reef Marine Park and they did not make a landfall somewhere in that area. You could have a machine on site in the same way as we have ticket machines on our trams in Melbourne. You could put your money in and a licence could be issued.

Senator HOGG—I am not trying to be difficult. Do you licence them for a marine park such as the Great Barrier Reef or do they have some sort of licence that gives them Australia wide access?

Mr Grey—I think that very much depends on how the Great Barrier Reef Marine Park Authority and the other national park authorities want to run it. My view would be that you would probably want to keep it local. In theory you could offer a discount if you want to go through all the areas—if you are going to sail around Australia. Given that most of these parks are actually under Commonwealth control—and many of them are—that might work. I think it is a question of the manager making a decision.

Senator GIBBS—To follow up Senator Hogg's question, it is not really the international yachties who are a problem. Being an ex-yachty myself in another life, if you are going to another country or whatever you have to moor somewhere and you have to pay mooring fees. I know that we have actually sailed up and down the coast. Occasionally you go into shore to resupply. You can drop your anchor anywhere. Particularly in Queensland, there are so many people who own yachts for recreational purposes. A lot of people actually live on them. It is quite easy to go somewhere and drop the anchor.

Mr Grey—I agree. When I said international yachties are a problem I meant they are a problem in trying to get hold of them to get them to pay the fee. What I was

suggesting is that everybody who accesses the area should basically go ashore somewhere and buy their licence which says, 'For \$10'—or whatever the fee is—'you can use this area for a predetermined time,'—however long the authority wants to set it for. Since most yachties are going to go ashore somewhere at some point, I do not think it would be much of an imposition to make on them.

CHAIR—Can I move back a bit and look at some of the work that you have done in estimating the economic value of national parks. As far as tourism uses and the other uses such as fishing are concerned, we could work something out. How do you put an intrinsic value on a park? How do you put a heritage or cultural value on having something like Kakadu?

Mr Grey—Kakadu is an excellent example to choose because of the Resource Assessment Commission's work back in 1989 on the Coronation Hill mining project where they basically used a contingent valuation survey and went out and said to a number of people—I think it was over 1,000—'How much would you be willing to pay to stop the mine happening on Coronation Hill?' Then basically they took that number from all those people and added that up so that it came to \$647 million. Then they said, 'That's what we would be willing to pay in order to prevent mining from taking place.' So obviously, in the economists' way of thinking about things, BHP owns this mine site and the people of Australia say to BHP, 'Here's \$647 million. We want you to go away.' BHP says, 'The mine is only worth \$100 million to us, so that's a good deal. We'll take the money and run,' or 'The mine is worth \$1 billion to us. No, we won't take that.'

From the economists' point of view, that then says that it went to the most efficient, most valued solution, which was mining in this particular case. That is the rough approach, but there are all sorts of tricks in there because people have a bad habit of not behaving the way economic theory wants them to. A simple one is willingness to pay. Even though the public of Australia own this protected area, the economic analysis is done on the reverse assumption, which is that they do not own it and they wish to buy it because economic analysis shows that the willingness to accept payment is always different from the willingness to pay.

If the people of Australia are willing to pay \$647 million to buy BHP out, then, if the people of Australia owned the site, they would probably be wanting \$1 billion or \$2 billion in order to be bribed to give it up because what people have they tend to hang onto at a higher value than for what they would actually turn around and buy the same thing back. In economists' thinking, that is irrational—you ought to have one price—and there are all sorts of arguments why that is the case. That is why we use willingness to pay—it always gives a lower bound estimate. It is a very conservative figure.

Senator HOGG—On the issue of user pays, should it be a substitute for government funding or additional to government funding in your view?

Mr Grey—Definitely additional to government funding. It is not a substitute way of raising revenue. Even though my colleagues in the Treasury might be itching to get their mitts on it, that is just not the way that they were taught at university that it should be done, because user pays is about the balance between the private and the public benefit.

Senator HOGG—What if government then views user pays as being a substitute rather than being an additional form of funding and people redirect their spending priorities because of financial hardship or uncertainty, whatever it might be, or just withdraw their patronage? Would you then believe that the government would be likely to come back and fund whatever that project would be?

Mr Grey—Eventually yes, that is right, because there is power in public goods—the museum is an excellent example, and the Treasury Gardens over the back here. The public love those things in a way that politicians do not understand until they try to shut them down. Also, for most of this century the idea of public goods was easily accepted by all sides of politics in that they are important. Even the Premier of this state, with his particular approach to things, has a great appreciation of monuments which he thinks are an essential part of nation building. He does not necessarily appreciate national parks in the same way. It is only in the last 15 years with this push towards economic efficiency that the whole issue of user pays has come up.

In the past, there was obviously a whole range of things that needed a user fee on them in order to ration their use sensibly. For instance, ABS documents needed some form of user fee on them to stop people ordering them willy-nilly. But then again, they have a large public good to provide which is highly valued in the Australian community and so it should only be a partial user fee, not a full scale one. I think we will go back, basically.

CHAIR—Thank you very much. If there is something the committee needs to ask you later, we will get back in touch, if that is okay.

Mr Grey—Feel free, any time.

[11.25 a.m.]

STREET, Mr Charles Arthur, 57 Reichelt Avenue, Montmorency, Victoria 3094

CHAIR—In what capacity are you appearing before the committee?

Mr Street—As a private citizen.

CHAIR—I thank you for your submission, but I note you have given us an updated submission. We will work from that today. The committee prefers all evidence to be given in public but if at any time you want some of your evidence to be given in private the committee will consider that request. We received your original submission in January and it is labelled No. 4. Is this updated submission a substitute submission or an addition?

Mr Street—It is probably better if it is a substitute because it is an update.

CHAIR—We will substitute this for submission No. 4. I now invite you to make an opening presentation and after that we will ask you some questions.

Mr Street—I have a summary of recommendations and I would like to come back to those at the end. I would like to start with the purposes of heritage assets. To understand the cost of establishing and maintaining heritage assets and who should pay for them, it is necessary to consider their purposes. I have summarised these as follows: recreation and entertainment; education, sports and training; preservation of culture, habitat and species; research; generation of income and employment through tourism and publications—when I say publications I mean videos, films, books and so forth—production of valuable goods such as fresh water, timber, pharmaceuticals and food; and protection of the heritage assets from degradation, whether that degradation be natural, inadvertent or wilful.

It is my view that the objectives of each heritage asset should be clearly stated and made freely available to any interested person or organisation. I think we saw that with the presentation from the Museum of Victoria earlier. They showed us the purpose of their museum. Whenever possible, the statement of objectives should be on public display at the entrance to each heritage asset, that is if the asset has an entrance, Senator Hogg. You were talking about the marine national park before. The public should be invited to comment and these comments should be considered in routine reviews of the heritage asset's activities and performance.

Where the heritage asset has environmental importance, for example, all national parks and zoological gardens, it is recommended that one of the stated objectives be compliance of each discrete asset to ISO 14001—*Environmental management systems—specification with guidance for use*. I do not know whether anyone has spoken about this

standard before. What I would like to do is actually offer the committee a copy of that as an exhibit or item of evidence.

CHAIR—Thank you, we will include that in your evidence.

Mr Street—To summarise what is in it very briefly: in order to comply with this standard, there needs to be a statement of environmental policy with respect to the heritage asset—this is a very important thing in relation to assets such as national parks—planning for identification of environmental aspects and impacts, setting of objectives and targets, definition of structures and responsibility, training, communication, documentation, operational control, emergency preparedness and response—very important with marine parks—corrective action in the event of things going wrong, records, environmental training and management review.

Organisations, including heritage assets which comply with the standard, may apply for an independent external audit and certification. The benefits of certification include confidence on the part of the government and the public that the asset is meeting its stated environmental objectives. I have discovered through working with this standard that, in order to meet those environmental objectives, that asset, that activity or that business needs to be very well managed indeed.

There is also a requirement in the standard that there be a process of continuous improvement. One needs to prove to the auditors that that is actually happening. There has to be objective evidence of that happening. Because it is an international standard, it has international environmental credibility, it strengthens any promotional campaigns for those assets and it is a source of pride for all those associated with that heritage asset.

Except where it is obviously inapplicable, I believe the federal government should provide encouragement and resources for the achievement of that certification. I am saying that it would be good if one is visiting a national park, for example, to see a copy of the certificate and the flag saying, ‘This is a well managed park from an environmental point of view. It has credentials. This is a source of pride for us all.’

It is tempting to conclude that the value of a heritage asset is the entry ticket price times the number of visitors. It would be tempting to take that point of view. If one were to take this approach, the only question before the committee would be: how much for a ticket? I notice in the presentation from the Museum of Victoria that they have put a lot of thought into the question: how much for a ticket?

Rather, we should consider the overall economic value of each heritage asset before making decisions about how its upkeep will be paid for. The calculation of the true value of a heritage asset is not simple. A proper, professional, thorough economic analysis—such as one might obtain from the previous speaker—has shown how the matter may be approached. In Mr Grey’s books, he outlines a system for valuing national parks

and other protected areas. I submit that the same economic principles may be applied when valuing museums and other heritage assets.

Overhead transparencies were then shown—

Mr Street—Mr Grey and his colleagues have estimated that only eight of our national parks contribute over \$2 billion annually to the Australian economy at a cost to governments of only \$60 million. Given that there are few, if any, opportunities to spend any money inside many heritage assets, how can claims of such earning power be arrived at? Who should pay for heritage assets? My view is that charging the user for visiting a heritage asset is a disincentive to visitation. Sometimes we may wish to discourage visitation to reduce degradation of an asset. For example, a high visitation fee may be placed on certain Aboriginal sites to discourage casual visitors and the damage which they can cause. I would argue that the traditional owners would have free access in such circumstances.

On the other hand, a heritage asset such as a public library or a city park should remain free of user pays charges. It is in the nation's best interests for people to use these assets without inhibition. I notice that the Melbourne City Council has had a research project in recent times where they have actually measured the number of people using the parks. That data is available from the Melbourne City Council. I do not think they had any intention of charging people for that, but they were interested to find out what the visitation was. Likewise, those engaged in legitimate research, as supported by letters from educational institutions, should be allowed to use heritage assets at no charge or at a significant discount whenever possible, provided always that they exercise due care. Of course, they may well be under supervision.

Once the true economic values of other heritage assets are known, it may be found that the more visitors we have the more money the nation earns. Therefore, the elimination of entry and usage fees for many heritage assets may be the most economically prudent strategy. Having said this, a modest charge for the use of some heritage assets may be justified on the grounds of keeping visitor numbers within manageable proportions and engendering a greater sense of respect for the assets. The user pays principle may be found counterproductive when all the economic aspects of public heritage assets are taken into consideration.

Now I am going to get a little controversial and speak about a poisoned chalice. I am going to speak about a couple of cases where we have not only user pays but also self-funding of what have been government activities. It has become common practice in recent times to make some government authorities self-funding. Notable examples include the Alpine Resorts Commission, with the charter of responsibility for Victoria's Alpine assets, and the Civil Aviation Authority. You may have noticed from my transparencies that the Alpine resorts are of great interest to me. I will speak more about that.

Both these authorities have been required to raise their own funds, enforce regulations and cooperate with commercial operators. Both have been plagued with the same problems. Misidentification of the customer: the customers are seen as being the airline operators and the ski operators instead of the consuming public. Conflict of interest: resulting from trying to satisfy two mutually incompatible goals, that is, treating the misidentified customers as partners and regulating them at the same time. As I said to you, it does not work. Also, they have been criticised very soundly for lack of integrity, impartiality and courtesy. There are several references here.

I wish to emphasise some of those points by way of a case study. I am going to speak about Mount Stirling in Victoria and also what is happening in relation to the Alpine resorts in Victoria by way of an example of things not going as they should. Regarding Victoria's Alpine assets, I will illustrate the problem of funding from user pays with the example familiar to me—Mount Stirling.

In winter, Mount Stirling generates a small amount of income for its managing authority, the Alpine Resorts Commission, in the form of site rental, gate entry fees and trail fees. The ARC normally loses about \$90,000 a year on its Stirling winter operations. Given the ARC's burden of a \$9 million debt, these losses are not tolerated lightly. The Alpine Resorts Commission is in a 100 per cent self-funding user-pays system. However, for nine months of the year, the Alpine Resorts Commission earns nothing from the thousands of visitors to Mount Stirling, who are four-wheel drivers, campers, horse riders and so on.

My argument is that the true economic value of Mount Stirling is in the money spent outside its boundaries, in the towns between Melbourne and Mirrimbah. This all year round expenditure includes purchases of things like fuel, accommodation, equipment, sales and hire, transport, provisions, lessons and tours, film, meals and so on. This expenditure creates employment and prosperity, particularly in the Delatite shire, and contributes to the national good through income tax and sales tax. My argument is that the true economic value of Mount Stirling and many other protected areas is far more than the payments of users on the mountain. It just is not possible to spend a lot of money on that mountain or many other national parks and other protected areas. There is nowhere you can spend it, but you can spend the money outside.

Senator HOGG—Can I just ask you a question? Are you saying that there is no charge to enter Mount Stirling in the summer months?

Mr Street—Correct.

Senator HOGG—It is only those people who are avid skiers and so on who pay a charge in any way whatsoever.

Mr Street—That is correct, yes. There is no-one working at the resort in the

summer. There is no-one who would collect any fees or anything.

The Alpine Resorts Commission's solution to this problem was to build a downhill ski resort in the vain hope that downhill skiers would pay more for the upkeep of the Alpine Resorts Commission than the cross-country skiers. The Leader of the Opposition, Mr Brumby, said of this project that the minister and her predecessor were determined to construct a Disneyland in the sky on top of Mount Stirling.

The ARC hoped to achieve this development by a \$30 million subsidy from the Victorian government, which would not come out of the ARC's budget. With consideration for the net present value calculation, based on a 10 per cent discount rate, this amounts to a \$3 million per annum subsidy for this project. The ARC's Stirling project was likely to fail immediately due to lack of demand and inevitably due to the enhanced greenhouse effect; that is, no more snow. In the end, the Minister for Planning, Mr MacLellan, put a stop to this nonsense by banning all such constructions for 15 years.

I am going to make some fairly trenchant comments about what is happening next. The ink was hardly dry on the planning minister's decision when a new Alpine Resorts Bill emerged from Minister Tehan. In this bill, a seven-member Alpine Coordinating Council would replace the much blighted Alpine Resorts Commission. Having apparently learnt nothing from recent events, Minister Tehan's new Alpine Resorts Bill again places the alpine authority in a user-pays self-funding predicament. That is what went wrong with the Alpine Resorts Commission in the first place.

As it currently stands, the new ACC will have control over six mountains as follows: the majors (Mount Buller, Mount Hotham and Falls Creek) with guaranteed voting rights and almost all the earning power; and the minors (Lake Mountain and Mount Baw Baw and Mount Stirling) with no guaranteed voting rights and insignificant earning power. The minors will need to beg the majors for operating funds or cover their resorts with buildings, lifts, shops and the diverse paraphernalia of Mammon.

I have dubbed Mount Buffalo, Mount Bogong, Mount St Gwinear and Mount Erica as the nobodies because they were conveniently forgotten in the legislation. Also conveniently forgotten was any mention of the fragile alpine environment. In summary, the new Alpine Resorts Bill gives us a minority in power, another group with virtually no power and others left with no representation at all.

It occurs to me that F.W. de Klerk and Nelson Mandela were recently awarded a Nobel prize for dismantling a system such as this. What prize will we give the Victorian government for reintroducing it? In a triumph of commonsense, the planning minister has imposed a stop on this bill, until at least 1 November this year, to allow public comment.

CHAIR—I am getting a bit worried about the time.

Mr Street—I will be quick.

CHAIR—Thank you very much.

Mr Street—My point is that government authorities which are required to provide regulation, and raise a substantial proportion of their own funds, are placed in an impossible situation of conflict of interest. History has shown that income generation comes first, regulation comes second, and the interests of the consuming public come last. That was confirmed by the review in 1994 of the Alpine Resorts Commission. I will skip to the recommendations to be quick.

I am suggesting that the objectives of the heritage assets should be clearly stated. The government's support for heritage assets should be related to their economic value. I am also recommending certification to international standard ISO 14,001, wherever applicable. Private businesses should be permitted to operate in the heritage asset areas only if they are in compliance with the stated objectives. I am also recommending whatever fees are charged, such as gate entry fees and so forth, should go into consolidated revenue. They should not go to the authority that manages it—not directly. The cost of running it should come out of consolidated revenue. This is to avoid that conflict of interest.

Substantial user fees should apply to deter visitation to heritage assets which might be degraded by that visitation. Where we have fees being charged, I am suggesting the amount earned in fees and the collection cost should be published together so we can see what they look like, and perhaps abolish those fees if the collection cost exceeds the amount collected. Nil or low fees should be applied for those who engage in genuine research.

I am suggesting also that the managing authority should provide some support for volunteers—that is, training and supervision, for volunteers who may wish to care for that heritage asset. I am suggesting that, in many cases, the user pays principle may be counter-productive, and definitely counter-productive when it is applied to this 100 per cent self-funding arrangement. I think that being coupled to a situation where the same people have to enforce regulations makes a combination that is dynamite.

Senator GIBBS—Are Mt Buller, Mt Hotham and Falls Creek heritage areas or national parks?

Mr Street—No, none of those areas are national parks. They all fall under the control of the Alpine Resorts Commission at the moment, and the Alpine Coordinating Council, individually.

Senator GIBBS—You were talking here about private businesses. I used to be a skier in my past life too and I have been to Mt Hotham. In fact, I went there quite

regularly every year, and Falls Creek. There are a lot of businesses there. You stay in lodges, you go to restaurants, there are night clubs—there are all sorts of things. Are you saying that they should move out?

Mr Street—In order to preserve the environment there or to have a mountain for our children and our grandchildren to go to, that may well be something we need to consider. It might take a very long time. There certainly have been some inappropriate developments in those areas and we saw that in Thredbo.

Senator GIBBS—That is true but people go there to ski. When you come from Queensland and you love to ski, the lure of Victoria and New South Wales is remarkable.

Mr Street—What I am suggesting is that if there are going to be some more developments it might be more appropriate for those to happen just outside the protected area or outside the environmentally sensitive area.

Senator GIBBS—But that would be like New Zealand, and then you have to go up these mountain roads and you have more fear of dropping off the mountain in the cars they have there than actually breaking a leg skiing. It is pretty dangerous to get there and back. The lure of particularly Mount Hotham is that it is wonderful when you can ski from your backdoor to the bottom of the chairlift.

Mr Street—I agree. I have been there too. It is nice. It is one of the attractive features about it—as they say in the tourism brochures—to wake up in the snow. That is something we need to consider carefully.

CHAIR—So what we are talking about is a balanced approach, one that does not end up spoiling the very thing that people go there to enjoy.

Mr Street—Exactly right, yes. Where I am really sounding a warning is about a combination of user pays, 100 per cent self-funding and the same people having to enforce regulations. What I am saying is that it just does not work.

Senator PAYNE—Under your heading ‘Who should pay for heritage assets?’ you specifically refer to discouraging visitation by placing a very high visitation fee on sites. That is different from user pays as such. Could you expand on that?

Mr Street—What I had in mind were areas that are particularly sensitive. We have had a case in recent times where some persons unknown have stolen stegosaurus footprints from an old wilderness area. There has been damage caused and so forth. What I was thinking was that perhaps in areas of religious importance to our indigenous people or areas which are easily damaged—rock paintings where people might be tempted to touch them—there might be a high user pays fee to discourage people from going there or you may not even be able to get in there at all.

Senator PAYNE—Why wouldn't you just restrict access?

Mr Street—Yes. It may be that the only way you can get in is with a guide, and that carries a cost with it.

Senator PAYNE—If you go down the high visitation fee road do you then envisage that the funds recouped from that which otherwise you say should be directed to consolidated revenue, should be directed to the preservation of that particular asset or would they go to consolidated revenue as well?

Mr Street—My preference is that they go into consolidated revenue and then the costs of running it comes out of consolidated revenue. That is as far as the authorities are concerned, the people who regulate what happens there. In terms of private businesses, maybe private tour guides or people of this kind, that is another matter altogether. It would be a case of tourists hiring them to do a job.

Senator PAYNE—So if you suggest that the funds raised from user fees should go to consolidated revenue, do you then not see user fees as being on top of government funding? Do you see them as a replacement for government funding?

Mr Street—No, I prefer it the other way around. Let it be on top of.

Senator PAYNE—It is dangerous putting it into consolidated revenue.

Mr Street—Yes. That is right. So that means we have to think clearly about the value of these assets. I think Francis Grey has given us a guide to that. For example, in one of his books he mentions about eight national parks earning \$2 billion for the Australian economy and costing \$60 million to the government. My suggestion is to follow his method of calculation—not just him but his colleagues—through for maybe all or the majority of our heritage assets and see what their value is in that sense. That is why I chose the example of Mount Stirling. You just cannot spend a lot of money there, but people spend money outside that area. What I am saying is that that is the real value of it. The real value is the value to Delatite shire, not how much you can spend on the mountain.

CHAIR—Thank you very much. Thank you for the time and effort you put into your overheads and your presentation.

[11.57 a.m.]

BARON, Ms Maggie, Manager Operations, Heritage Victoria, Level 22, Nauru House, 80 Collins Street, Melbourne, Victoria

HUBBARD, Mr Timothy Fletcher, Heritage Architect, Royal Melbourne Zoo, Zoological Parks and Gardens Board of Victoria, PO Box 74, Parkville, Victoria 3052

RODGER, Mr Peter, Director, Business Services and Planning, Zoological Parks and Gardens Board of Victoria, Elliott Avenue, Parkville, Victoria 3052

CHAIR—I welcome Ms Maggie Baron and Mr Peter Rodger and I understand we will have Mr Hubbard joining us shortly. Do you have any comments to make on the capacities in which you appear?

Ms Baron—I am the Manager Operations with Heritage Victoria, which is an organisation that sits within the Victorian government Department of Infrastructure.

Mr Rodger—I am here on behalf of the Zoological Parks and Gardens Board of Victoria in response to the invitation to make a submission to the Senate committee. As a result of that invitation, I contacted Mr King and sought an extension so that we may involve Heritage Victoria in that presentation because I thought there was something to be said about our collaborative approach to the preservation of our heritage.

CHAIR—Thank you. The committee prefers all evidence to be given in public but you may at any time ask that your evidence, part of your evidence or perhaps an answer to a question be given in private and the committee will consider that request. We will not ask you to express personal opinions on government policy. I now invite you to give us an opening presentation and then we will move on to questions.

Ms Baron—Thank you, Senator. It takes a couple of moments for the presentation to load up. We thought we might use the time to speak to a kit of hard copy material that we will supplement our presentation with. I faxed through a precis of the presentation outline to Canberra late last week but I was not able to hang around at the fax and make sure it went—I just want to check that you received it or whether it would be any use to have another copy made available now.

CHAIR—It does not seem as though we did receive a copy of that precis.

Mr Rodger—I will just go through the documents that we have prepared for the hard copy folder. These documents will be referred to generally within the context of the presentation. First is a copy of the Zoological Parks and Gardens Act 1995, which is the act of parliament under which the Zoological Parks and Gardens Board responds as a statutory authority. Then there is an executive summary and a plan of the Melbourne zoo

master plan as a reference point.

Then there are some publications—one published by the Friends of the Zoo and another by the caterers—in respect of the zoo. They certainly reflect part of the work on which we—that is, Heritage Victoria and the Zoological Parks and Gardens Board—have worked together to preserve some of the proclaimed areas. There is also a copy of the Heritage Act, other elements to do with reports generated by Heritage Victoria, the statements of significance again in respect of Melbourne zoo and then some other brochures and material developed by Heritage Victoria. We place that documentation before you as some ongoing hard copy assistance.

CHAIR—Thank you.

Mr Rodger—Whilst the machinery is warming up, I will elaborate on the situation that I mentioned before about my belief that it certainly made a lot of sense to present to the committee evidence of a collaborative approach to the preservation of our heritage. Over quite a period of time there have been varying degrees of interest in placing, particularly Melbourne zoo, as a heritage site, and the statements of significance in the hard copy will illustrate that.

When the committee's invitation came, it caused me to reflect on quite a bit of the history in relation to heritage. Some two or three years ago, in response to the approach from Heritage Victoria to include Melbourne zoo on the heritage listing, we were faced with a situation where we believed that this would present a real impediment to the development of the zoos within the terms of their respective master plans. The debate as to whether or not the zoo should be heritage listed spilled into the public arena.

There was quite a bit of feeling expressed in the newspapers to the point where there was a challenge mounted by the public suggesting that we, the zoo board, take on Heritage Victoria in the courts to see whether in fact a heritage listing was appropriate or not. But it was seen very clearly that that was outside the interests of either of the parties—far be it from the points of view of both parties—and we set about an attempt to reach resolution.

After discussion with the Heritage Council, the zoo board was subjected to seven preservation orders. Following the preservation orders being placed on structures within the Melbourne zoo, we entered into discussions between the two statutory authorities with the assistance of a heritage architect—and that heritage architect is Mr Tim Hubbard, who is the third person that we hope will be appearing today. We hope he has managed to get back safely from a sojourn in the Far North Queensland area. With Tim's assistance and with a positive approach between the two statutory authorities, we have managed since then not only to make a genuine attempt and approach to preserve the heritage items but also to make alterations to some and find alternative uses for others. Through consultation and using other methods of preservation by record, we have managed to be able to

demolish and rebuild in a couple of instances.

So the developed relationship between Heritage Victoria and the Zoological Parks and Gardens Board has gone from being at the left-hand side of a spectrum where we were at absolute loggerheads and with no apparent ability to join together to now being at the extreme right-hand end—there has been a 180-degree turn—where we are now working collaboratively and delivering the requirements of each of the statutory authorities. This approach also allows Melbourne zoo and the other zoos to develop in accord with their master plans. It has been quite a remarkable situation that has developed over time. The gentleman who has just arrived is Mr Tim Hubbard.

CHAIR—I welcome Mr Tim Hubbard. Mr Rodger, please continue.

Overhead transparencies were then shown—

Mr Rodger—‘Heritage access user pays’ is the title on our first slide. The points we are trying to cover in that slide address this issue. There is a collaborative management approach within the Zoological Parks and Gardens Board which is working to ensure that the heritage elements are considered at all of the planning sessions. We have generous and open discussion where the benefits and the presumption of difficulty is talked about in terms of the planning aspects. We also look then at the ability that we would have to integrate those heritage structures into any development that we would be contemplating.

At that point we certainly take into account any of the costs that are essential in terms of the preservation, the restoration or the integration of the heritage elements as a larger part of the planning issue. We then look at building the direct costs of any refurbishment into the project costs and any issues that might arise there. Within the structure of the way in which the zoos obtain their finances, the greatest area is the admission price, which, of course, is the impost that the visitor bears in coming into our properties. We very consciously have an element which relates to the heritage preservation in structuring that admission price.

Ms Baron—Also, as Peter may have mentioned earlier in the presentation, part of the public—‘brawling’ might be too strong a term—disharmony between the two organisations and their responsibilities was very apparent in regard to the Friends of the Zoos. There was no perception that the need to preserve the heritage fabric of the zoo was part of the responsibility of the zoo or of interest to people who had that commitment and interest in the animals and flow-on into the flora at zoos.

Mr Rodger—The Zoological Parks and Gardens Board is a statutory authority, as I alluded to earlier, and its legislation is the Zoological Parks and Gardens Act 1995. The board is inherently responsible for the operation of three zoos within the structure of our state operation. We also have—within the way in which we have a tendency to operate—a global responsibility to the spirit and intent and the words of the world zoo conservation

strategy. It is a strategy which has been developed with the input of all zoos through the International Union of Zoo Directors of which the Chief Executive Officer of the Zoological Parks and Gardens Board is an executive member.

As a statutory authority, the Zoological Parks and Gardens Board reports to the Minister for Conservation and Land Management. The current minister is the Hon. Marie Tehan. She has been our minister since the March 1996 state election. Prior to that our minister was the Hon. Mark Birrell. The nine-member board is appointed by the minister and, currently, that board is under the chairmanship of the Hon. Don Hayward, who was the immediate former Minister for Education in the first Kennett government in Victoria.

We work under a number of memoranda of understanding which all have a linkage or a separate arrangement. Environment Australia is a very positive memorandum of understanding. Its link with the Chicago Zoological Society and the South Australian Department of the Environment and Natural Resources led us to a linkage with an area called the bookmark biosphere reserve, which is in the Renmark riverland area of South Australia. The thrust of that memorandum of understanding is to attempt to draw together ecologically sustainable development in that area where there is a very serious loss of land due to the heightening of the watertable due to irrigation and the subsequent loss of a lot of the floral and faunal species of the area.

What we are trying to do in that collaborative arrangement with those other bodies is to assist in whatever way we can to restore habitat and to reintroduce species within the area, whilst the thrust of other agencies is to improve the water quality and to have the place become ecologically sustainable. The area under management is 600,000 hectares; in fact, it is bigger than Belgium. It is a very major contributor to biosphere reserves and a world example of biosphere reserves.

We also have responsibility, in collaboration with the Victorian Department of Natural Resources and the Environment, for a number of recovery programs and habitat restoration. Examples of those programs are: the black-eared mynah, which is a very endangered small bird and, again, is found in the biosphere reserve; the orange-bellied parrot, which also involves the Tasmanian environment department; the helmeted honeyeater, which is the bird emblem of the state of Victoria; and the eastern-barred bandicoot, which is a major success story because we have actually recovered that species after getting down to some 40 individuals.

Senator REYNOLDS—Can I just express some concern about time for exchange. Time is always a problem. While this is very interesting background, it is not directly the subject of the inquiry. We would like to have a bit of dialogue about that.

Ms Baron—Sure.

Mr Rodger—In relation to the act, the first act was proclaimed in 1937. It was

revised in 1967 and 1995. I have already touched on its provision. The next slide shows the three zoos that are under management: the Melbourne zoo, Victoria's open range zoo at Werribee and the Healesville Sanctuary. The Melbourne zoo was established on its current site in 1862. It is acknowledged as one of the best zoos in the world. This is a picture of the front entrance prior to some major alterations being done. It had a heritage listing on the facade, and all alterations must preserve that facade. There has been major work undertaken in recent years.

The interesting point about this slide on Victoria's open range zoo is that it started life as an agistment property for Melbourne zoo but it has been open to the public since 1983. It was a bus-only zoo until December last year and since then it has been open as a zoo with pedestrian access and visitor facilities.

The Healesville Sanctuary started life in the mid-1970s as the Sir Colin McKenzie Zoological Park. It came under management by the zoological board of Victoria. Included with that sanctuary, and this is a very significant point, is the Correndeerck Reserve, which is 300 hectares of bushland—'virgin' is hardly the right word for it—which holds floral examples of local, state and national importance. It certainly does form part of the heritage of Victoria. Healesville Sanctuary is a major research centre for flora and fauna.

Ms Baron—The Heritage Council of Victoria is the statutory authority to which Heritage Victoria provides administrative support, as well as sitting within the broader Department of Infrastructure and providing a third arm of support directly to the Minister for Planning and Local Government. We operate under a piece of legislation which was proclaimed in 1995, which is a significant piece of legislation in that it covers a broader range of heritage sites than formerly were covered under one piece of legislation.

Senator REYNOLDS—Could we have some details about budgeting and how much you get from government and how much you get from the private sector? That is really what we are after.

Ms Baron—Okay. I will swing through those slides.

Senator HOGG—While you are swinging through the slides, can you tell us if there are charges to get into all three sites that you have?

Mr Rodger—Yes, there are.

Senator HOGG—Are they different charges or the same?

Mr Rodger—No, they are different. Werribee, or the open range zoo, is the most expensive because as a component of the entry there is a bus or a motorised tour. Until December of last year the Healesville Sanctuary-Melbourne zoo prices were regulated alone and Werribee was not. Now the three zoos' prices are regulated by government. At

the moment the Melbourne zoo adult entry price is \$13. That is shared by Healesville, and it is \$14 at Werribee.

Senator REYNOLDS—What is the children's price?

Mr Rodger—Half of that. It is 50 per cent.

Senator HOGG—How often are they regulated or changed, those charges?

Mr Rodger—Generally speaking, the answer is annually, although the fee for Werribee was not considered for alteration this particular year. The fee increases are usually in line with the state Treasurer's recommendation and has been, over the last couple of years, a five per cent increase.

Senator REYNOLDS—So the community support is actually the fees charged, the entry fees?

Mr Rodger—No. The community support fund is an arm of government which distributes some money to institutions. The zoo was one of them this year, which did allow us to do some work. We have put in applications for the community support fund to assist us in this financial year in the construction of what we call the Australian habitat zone at Melbourne zoo, and their contribution on the graph for next year will be half a million dollars.

Senator REYNOLDS—What percentage of the state government support would come from entry fees? That is not shown. That is not broken down.

Mr Rodger—Of the two graphs, probably this one really should be first. It illustrates the total split-up of our income sources. In excess of 50 per cent is achieved by visitors paying at the door. Twenty-four per cent, or \$5.7 million, comes to us from the Victorian state government in respect of our recurrent operations and assistance there.

Senator REYNOLDS—Twenty-two per cent?

Mr Rodger—Twenty-four per cent.

Senator REYNOLDS—Comes from government?

Mr Rodger—Yes.

Ms Baron—It is direct allocation. It says 'Additional government money from Heritage Victoria'.

Mr Rodger—Yes. That is a direct allocation. You will see there 'Capital', which

then falls to the other graph. In the year under question we were fortunate to achieve from the state government in our own right \$2.33 million, which assisted us in re-building, I suppose you would say, the front and the rail entrances at the zoo. Infrastructure development up to that point was very poor in terms of their ability to admit people. It also allows some work which will be taken on in the next few months to improve the offices that are there.

The element that is there from Heritage Victoria of \$244,000 is in the form of a grant of \$44,000 to assist us with the giraffe renovation and an interest free loan of \$200,000 to buy a heritage carousel, which has been on the site for more than 100 years but was never owned before by the zoo. It was owned by private carnival operators and, rather than see it leave, we put up an offer for it based on a—how do you value carousels, but we tried by going overseas and other places to see what they were worth. So \$200,000 was the figure settled on. Heritage Victoria, through their own funding arrangements, were kind enough to pass on that money to us on an interest-free basis over five years.

CHAIR—We have a couple of questions from Senator Hogg.

Ms Baron—They are probably the critical ones that look at income sources.

Senator HOGG—For how long have you actually had a user pays charge for entry to the zoo?

Mr Rodger—We have had an entry fee on the zoo for over 100 years. It started off as a free service. It was supported by the Acclimatisation and Zoological Society at one stage. It was then totally government funded, which meant it had no admission price, and then it got to a point where it had to become responsible for generating some of its own income.

Senator HOGG—Do you have any idea of fluctuations in patronage as a result of increases in the charges that are levied for people to attend the zoo? Yours would seem to me to be one of the few sites where we have a history of a charge and where we would be able to find some degree of measure of either the reluctance of the patrons to go to the zoo as a result of increased charges, or maybe there is none.

Mr Rodger—Anecdotally—and we do not have any hard research that I think could be properly presented—the Melbourne zoo has for the last 10 years carried a total attendance of around one million people per annum. It is the largest attended tourist facility in Victoria.

In 1987-88 the giant panda was brought in from China for a three-month stay and in that year the visitation level went up to 1.18 million. The following year it went down to 900,000-odd and then it has steadily increased since that time. At the time of the pandas a second charge was administered, so we had the standard \$6, as it was at that

stage, entrance into the zoo and there was another \$3.50 put on to see the pandas. People who paid that extra \$3.50 were almost 600,000 of the 1.18 million visitors. As I said, the following year it dropped down.

Healesville Sanctuary has also an illustration of that which supports the drop in the succeeding year. In 1993 an exhibit called Where Eagles Fly was opened and that was an exhibit which displayed free-flying eagles and a talk by the people superintending the animals. It was supported by Eagle Insurance on a sponsorship basis to the tune of a \$200,000 television promotion. That year Healesville Sanctuary had a visitation level of 360,000 and the following year it dropped to 280,000. It has continued to grow since then. What it shows us in that anecdotal form is that what we achieve by really heavy promotion or a restricted time issue is bringing visitation forward. The zoos in Victoria have one of the highest levels of repeat visitation by locals in the world. The high proprietorial ownership of the Melbourne zoo by the people of Victoria is a very clear example of that.

Senator HOGG—What sort of market research do you do, given that there are so many competing forces out there for the consumers' dollars in this day and age?

Mr Rodger—We do quantitative and qualitative research on select samples of the public external to the zoo. We also do exit studies and entry studies with visitors to the zoo. I know it is probably very simple for a statutory authority such as us to say, 'We do what we can afford,' but that is the truth. Market research does not come cheap. We obviously do not work as a profit making organisation, so we have got to be prudent in the way we invest our dollars.

Senator HOGG—There must be a point, though, beyond which your charges would see a decline in your patronage? Surely that would be of interest to you as an organisation? How do you make recommendations to the government as to where that point of elasticity is, beyond which you could go—

Mr Rodger—Where we stand at the moment is that we are \$3, in round terms, cheaper than our principal opposition, which is the Taronga Park Zoo in New South Wales. We are also around the same—in fact, probably a little more different, because I am not sure what the current fee is—as Sovereign Hill, which is another one of our benchmark organisations. I know too from discussions with the Museum of Victoria in terms of their new structure that their admission fees are going to be aligned with the zoo boards. I can make such a positive statement because the director of the museum was, until recently, a member of the zoological board of Victoria. They are the sorts of things we have discussed quite openly.

Ms Baron—There is also the issue of the Friends of the Zoos. Regular visitors to the zoo can participate in the annual membership which then provides them with free visitation to two of the three sites and discounted admission to the Werribee zoo site.

Senator REYNOLDS—I think you have almost answered this question: does that apply to school visits? If you have got a school coming in, is it cheaper than a family coming in?

Mr Rodger—Yes. Basically, we extend the childrens fee. It is an age driven thing: four to 15 is a child, whereas kids at school can be much older than that. We extend the same child admission fee. When a person gets to tertiary level or becomes what is generally acknowledged to be a student past the traditional school level, we charge that person a concession price—the same as if they were a pensioner. That is 75 per cent of the adult price.

Senator REYNOLDS—Further to the question that was asked by Senator Hogg, how do you go about trying to achieve that balance in advocating that the government accept its responsibilities when the public will pay for something special—you mentioned the giant panda? How do you make recommendations about achieving a realistic balance that meets your needs in terms of the responsibility you have to maintain high standards without jeopardising the access for the whole community?

Mr Rodger—What we have done over the last four years on an annual basis is prepared for the government a submission based on community service obligations. We have taken into account in those areas the education facility, and the Zoological Parks and Gardens Board's service is acknowledged as the best zoo education service in the world.

Senator REYNOLDS—Would it be possible to have a copy of that for this committee?

Mr Rodger—Sure. The submission that we put in respect of those community service obligations, in addition to the education, deals with our obligation to those who are physically, intellectually or socially disadvantaged. It also recognises that we superintend on behalf of the government an asset worth whatever the dollars are and we look for a 20-year replacement of that asset. So we claim five per cent of the asset valuation as a maintenance issue on a community service obligation. Then there are those other elements that I talked about. Normally, if we were to get that, our return from the government would almost double. That would give us far more elasticity with our pricing.

Senator HOGG—On the issue of the Internet, are you people marketing any of your services on the Internet and, if so, on a user-pays basis? How do you operate your services?

Mr Rodger—We have a home page with 300 attachment pages to it. At this stage we are not on a user-pays basis with that. It is purely an information access. We have CD-ROMs which are distributed through the education system. We also have an annual student interactive conference—it just happened last Wednesday—which goes out of our education resource centre to areas all over eastern Australia and, hopefully in the longer

term, through the Internet, will go national and international. It is our intent to introduce a user-pays basis to our Internet services. We just do not think we are good enough to demand payment for them as yet.

Senator HOGG—Would that be mainly for research issues or just issues of general interest to the public?

Mr Rodger—Generally speaking, they would be research issues. Platypus biology is one that we are working on right at this particular time, and the research that is going on in that is very much national and linked nationally. There is no-one who knows very much about the biology of platypus.

Ms Baron—Heritage Victoria also has a web site. We are moving into development of a range of products which we will market, which will be primarily information-rich products.

Mr Rodger—If I might just add, too, the Murray-Darling Basin Commission, through us, has developed a home page which covers a lot of the activity on the biosphere reserve.

CHAIR—Thank you very much for your time and for the presentation that you gave us today.

[12.39 p.m.]

MOSLEY, Dr John Geoffrey, C/o Peak Environmental Enterprises and Conservation Centre of Australia, Hurstbridge, Victoria 3099

CHAIR—Welcome. We have received your submission—No. 15 and dated 6 February—and we have authorised its publication in a separate volume. Would you like to make any alterations to that submission or any additions to it?

Dr Mosley—There was just a missing word five lines from the bottom. ‘Worded’ is missing. It should have read ‘tightly worded contract’.

CHAIR—Is this on the last page?

Dr Mosley—Yes, on the last page. On the fifth line from the bottom, it should read ‘tightly worded’ and, in the line above, ‘he’ should be ‘the’.

CHAIR—Thank you very much. Now that we have got the submission out of the way, I invite you to make some introductory remarks. It would be appreciated if you would keep them brief so the committee will be able to ask you some questions.

Dr Mosley—I should begin by explaining what my interest is in this matter and giving my background. I have been monitoring protected areas in Australia since the development of the protected areas system in 1964. They now, by the way, occupy about six per cent of Australia, covering 44.009 million hectares—exactly 5.74 per cent of Australia.

I have also been a part of that development because I have involved myself in the establishment of parks and reserves and in management matters. I was a member of the New South Wales scientific committee on parks and reserves advising the then government from 1968 to 1971. I was technical adviser to the House of Representatives Select Committee on Wildlife Conservation from 1970 to 1972. I was consultant to the committee of inquiry into the National Estate—I think that was about 1972 to 1974. I was executive director of the ACF from 1973 to 1986, and I have been a member of the national parks and protected areas commission of IUCN since 1979—by the way, that is now called the World Commission on Protected Areas.

My main argument, if I may just reiterate it and therefore prompt questions, is that, since the main aims of the protected area systems are to contribute to the health of the planet and therefore to the health and wellbeing of all human beings and to ensure intergenerational equity, the wellbeing of the protected area systems is and should be a collective responsibility—in other words, a government responsibility. I think we should be careful to make sure that that responsibility is not passed on in whole or in part to anyone else.

The other point that is highly relevant to this question of user pays is that the primary purpose of conservation reserves is conservation of the natural environment and the secondary aims are to enable people to enjoy and learn to understand the natural environment. I believe that applying the user pays approach to protected areas carries with it two risks.

Firstly, it can distort the public perception of the purpose of the parks, or protected areas, by making it appear that their main purpose is current use—their usefulness at the present time. Associated with that can be the view that their worth can be judged by how much money they make and whether or not they are self-supporting in terms of the people who go there.

Secondly, there is the risk of distortion of management in favour of those types of users—mainly recreationists, of course—who use or require the greatest amount of infrastructure, such as roads, accommodation facilities and so on, therefore attracting the highest fees. This can interfere with the conservation aim and make the areas less valuable as places in which to experience the natural environment. I gave, as an example of that, the situation at Wilsons Promontory, as an attachment to my submission. Such developments can also be associated with the commercialisation of the protected areas, with private enterprise having a role in the parks, thereby potentially reducing the role of government.

I believe that protected areas, as a public asset, should be treated as something like defence, that is, they should be funded from the public purse. Individuals can make an appropriate contribution by joining friends groups and helping with management, but it is better for there to be no entrance fees. Particularly, it is better that there not be any sort of nexus between the fees paid and management decisions. In other words, if fees are collected they should go into consolidated revenue. I do prefer the type of arrangement, if there is going to be any immediate contribution that is tagged from the contemporary community, which involves all ratepayers making a compulsory payment at regular intervals, such as Victoria's park charge, which I am sure you are familiar with, because, after all, the parks serve everyone, whether the individual ratepayer realises it or not.

Another problem which is coming up, which I have alluded to, and is somewhat linked up with the commercialisation problem, is the threat of distortion of aims that could arise as a result of indigenous groups having a greater say in the management of protected areas. I feel, from my experience, that Aboriginal groups would want to place more emphasis on management—if they were in a co-management situation—and more emphasis on human manipulation of the environment, as distinct from the common main aim which is to allow natural forces to operate within the parks and reserves. The Aboriginal view, generally, of the environment is that it is cultural landscape and involves considerable hands-on involvement with the manipulation of the environment. In other words, it is gardening if you like, as opposed to a guardian sort of approach. Also, I believe that in that co-management situation there is likely to be a greater emphasis on the

protection and presentation of the environment as cultural landscape, and particularly the cultural features associated with indigenous groups.

Such groups, by the way, do not understand wilderness. It is a quite alien concept to their culture and they are likely to prefer access by vehicle, including taking people on safari trips. They are likely to prefer it to access on foot, for instance. They are likely to prefer lodges and fixed camps as opposed to camping out in the bush. I think it is likely that they are going to be interested in making money out of the parks and from commercial ventures in the parks. I thought I would mention that as an added dimension that is coming into the parks as Aboriginal groups can claim national parks and other reserves under native title. I see that as a growing form of conflict in the future, somewhat complicating the user-pays and privatisation issues which you are looking into.

Senator PAYNE—On the point that you make about preferring private contributions not to be by entrance fees but through friends groups and things like that, what level of control do you think that gives over fundraising? It is very much an ad hoc premise on which to address it.

Dr Mosley—It means that the government, which has the responsibility, cannot rely on certain forms of revenue; it has to provide. In the beginning of the history of parks and reserves, because this was a new thing—and this happened in South Australia and in Tasmania, particularly, when the first parks were established—the idea was that they would have to sell off the timber and minerals in order to pay for the upkeep of the parks. That became seen to be a very contradictory approach but it was based on the fact that the funds were not guaranteed. It was perhaps a novel thing, but as public support for conservation and the parks has grown and people have realised that they have inherited something of great value that they want to pass on to future generations so that they can enjoy it in the same way, I think we have reached a stage where governments can make an adequate allocation in budgets without having to rely on these other sources of funding.

Senator PAYNE—In relation to point 3 of your submission, in terms of noting the risk of damage or major threats to facilities, do you suggest that in fact we should be restricting access in a substantial way, if not by way of user fees then by literally restricting access?

Dr Mosley—No. As I have said in the next paragraph, I believe we should rely upon planning mechanisms mainly, that is, classification of the parks and reserves. For instance, in South Australia, there is a two-part classification—a main classification, if you like—between conservation parks and national parks. In the national parks, the aim is to provide to a greater extent for public visitation, whereas the conservation parks function more as nature reserves. That is an example of classification.

The other main approach, apart from references in legislation and in policy statements, is that of zoning. Zoning is the best way of sorting out the potentially

conflicting uses of parks. For instance, by establishing wilderness areas or zones where, for instance, there would be no vehicular access, no tracks and so on, you sort out the conflict with motorists going into a park by saying that such areas are not available to visitors using cars but other areas are. They are just two examples of that. I would rely more on these planning mechanisms.

Also, of course, some note must be taken of the possibility of planning in the wider environment by planning tourism—for instance, tourist strategies for regions, states and so on. By positively providing for people in different places, you can take away some of the pressure that would in another situation be harmful. For instance, in Britain they have a sort of country park, which is the honey pot concept: provide people who want a more intensive form of recreation with Disney-like facilities, if you like, where they can have active recreational experiences or the like. This complements the role of the national parks in that country. A similar approach is used here. It does require an overall approach to the planning of recreation and tourism and so on.

Senator GIBBS—We had an economist here before and he worked out a chart of public benefit and private benefit. What he was saying was that as far as the user pays concept was concerned the authorities should look at it in an economic way. Rather than charging people a set fee for going into the park, if you simply wanted to go walking then you paid nothing because that was basically a public good—good health and that sort of thing. But if it was a camping site then those people should pay for the maintenance of that area. I guess you are talking about cars and they are a problem. Would you agree with that?

Dr Mosley—That is roughly how it operates at the moment. Generally speaking, motorists pay a higher sum for entry to a park—I am speaking generally across Australia where such fees are charged—than does a walker who often does not go within the actual boundary where a fee can be charged. I still come back to the same point that if you have people paying and then demanding an improvement in facilities then you are likely to get a distortion of management. You are likely to get people demanding better car parks and more roads. It becomes a progressive situation with more roads being provided. If it gets mixed up with private enterprise and there are political ramifications to that in terms of philosophy of parties and governments and so on, then the whole thing becomes extremely messy.

I think that is what has been the problem, or is the problem, at Wilsons Promontory. One of these developments leads to another. There is a wilderness area at the southern end of Freycinet National Park in Tasmania, for instance. It has now got a commercial operator in it and they have begun to put in huts which are put up for the summer and then taken down. They are portable huts, if you like. So one thing leads to another. That is no longer now a wilderness area in a strict sense and it provides a precedent or model for the development of the southern end of Wilsons Promontory where a walking track with private huts is now being built along a stretch of wilderness on the

southern coast of Wilsons Promontory National Park. If you read the literature, as I do, you will notice how one park authority or one minister is very quick to point to some other example in another state and say, 'They've done it.'

If what you are getting at is that it a very big problem, I do not think it is a very big problem at the moment. What I am concerned about is that we may be at the beginning of a very big problem. I think so far the policy of government has been pretty responsible as far as the intergenerational aspect and the major conservation aim is concerned.

Senator GIBBS—I see what you are saying. You are saying that it is going to snowball. We come from Queensland. We had a beautiful part of the coast which for a while was undisturbed called the Spit. It was quite wild and beautiful and you had to walk to get there. It is becoming a great tourist area and there is hardly any of the Spit left.

Dr Mosley—I am not quite sure where the Spit is.

Senator GIBBS—Southport.

Senator HOGG—Where they have developed Sea World.

Senator GIBBS—It was quite beautiful. You could only drive so far and then you had to walk. It was a part of the coast that was relatively untouched. It was untouched until recently. Now it is just getting out of hand.

Dr Mosley—You have to really be aware of the way things tend to go historically. A small resort where somebody has chosen to have their weekender gathers a few more people and then it becomes a small village with more facilities and it finishes up as a town. That sort of thing affects the whole of human activity I think. We really have to be aware of that. In the context of national parks I think there are some clear examples of the way there is incremental development.

By the way, there have been some very good developments from my point of view. For instance, there used to be a road to the Kosciuszko summit. Now, I believe, the people who still visit Kosciuszko go there quite happily and enjoy it. I have seen a man and woman pushing a baby in a pram from Charlotte's Pass, which is quite a walk—about 12 kilometres each way. There have been some very sensible decisions resulting from a zoning approach and asking what are the main things we are trying to protect and so on and doing it sensibly.

Senator REYNOLDS—I want to ask a question which could probably keep you here all afternoon. It relates to environmental law. I am wondering if you have any comments, even if you would like to put them in writing to the committee, about the extent to which environmental law is capable of being used to protect national parks. I come from just south of Port Hinchinbrook, which has been, yet again, the focus of

national attention this weekend. The people who are protesting that development are very frustrated that all legal measures seem to have failed them and that ultimately the dollar has prevailed.

I think if we are talking about momentum over the coming 10 or 20 years we really have to look at what extent our environmental law practice is adequate to protect areas. When you have world heritage but you can have development within that world heritage, despite all kinds of advice that I will not go into now, it does lessen conservationists' faith in government and government protocols and measures. There is a submission to this committee setting out just how the environment law elements have failed in relation to Hinchinbrook, not that there should not be a resort there but the scale and style which has been the continual argument.

Dr Mosley—In a nutshell, it really comes back to a sensible approach being taken at Port Hinchinbrook.

Senator REYNOLDS—We have tried sensible approaches. It is not easy in Queensland.

Dr Mosley—I believe the main mistake that was made was with regard to the boundaries. When the boundaries were set for the Wet Tropics world heritage area, that was the time to decide whether the boundary should go down to the coast. I realise this is only 500 metres from Cardwell, I understand. Whether the boundary would have sat there or not—

Senator REYNOLDS—But the boundary would have always included Hinchinbrook Island and the channel.

Dr Mosley—Hinchinbrook Island is part of the Great Barrier Reef world heritage area. Quite frankly, I would have thought that planning in relation to the priority of those two world heritage areas would have said that Cardwell should not develop on any large scale and should have a certain role as a town; it should remain relatively small. If you were checking against those internationally important values—I think it was in the execution perhaps that subsequently the thing went wrong with regard to the Commonwealth, the Queensland government and probably the local council too. Of course local council will always unfortunately try to get what they can out of a situation, I suppose.

Senator HOGG—Dr Mosley, given the time, you might want to take these questions on notice and get back to us. In relation to income from user pays charges, should the income be additional to or substitute federal or state government funding, whichever might apply? If there is to be a user pays charge, is that charge justified if it is, say, for research as opposed to maintenance and improvement of a site? In other words, does that make the user pays charge more acceptable to the public at large? Does the

levying of a user pays charge depend on whether or not that is cost efficient in its own right? Can you tell me what constitutes a user? That is something this committee has to address.

Dr Mosley—I have tried to address that already in a general way by saying that we all benefit by protection of a catchment, for instance.

Senator HOGG—My next question, which may well bring it out, is a question I have asked a number of people in this inquiry. What is a tourist and should we in some way differentiate between a tourist and a user? Also, you might like to briefly address the issue of land based national parks versus sea based. For example, the Great Barrier Marine Park is an example of a sea based national park. How does one apply a user pays charge there as opposed to Wilsons Promontory, which you and others have referred to here today, which is a land based site where one can have discrete entry and one can make fairly clearly marked entrances. You can get people coming through the front door.

Dr Mosley—I believe there is a fee for the Great Barrier Reef for certain people.

Senator HOGG—Yes, but it is levied on the tourist operators as opposed to necessarily the users of the park. That is why the definition of user becomes important as opposed to the tourist. Predominantly, it is the tourists who are paying for the use of the Great Barrier Reef Marine Park.

CHAIR—Thank you for coming all this way and being part of this today. We look forward to your answers to those additional questions.

Luncheon adjournment

[1.50 p.m.]

HORSTMAN, Mr Mark Andrew, Research Coordinator, Australian Conservation Foundation, 340 Gore Street, Fitzroy, Victoria 3065

WRIGHT, Mr Peter Charles, Biodiversity Campaigner, Australian Conservation Foundation, 33 George Street, Sydney, New South Wales

CHAIR—I welcome Mr Mark Horstman and Mr Peter Wright from the ACF. We are initially dealing, as you know, with the access to heritage inquiry and therefore we have before us submission No. 22 dated 7 February 1997, which we have authorised to be published separately. Do you want to make any alterations or additions to that at this point in time?

Mr Horstman—No, thank you.

CHAIR—If at any time you wish any part of your evidence or an answer to a question to be given in private the committee will consider that request. I now invite you to make some introductory remarks after which we will ask you some questions.

Mr Wright—I do not think we have a whole lot to add to our submission. In broad terms we have always supported the principle of hypothecation of funds that are raised in relation to managing nature conservation areas and access to them. I think the other principle that you would expect us to support is the principle that areas are managed primarily, particularly natural heritage areas, national parks, for nature conservation and that governments have a responsibility to provide sufficient funds to ensure that those areas are managed well. As far as we can see, that will always require funding from governments in addition to the funds that are raised through entry fees and that kind of thing.

Mr Horstman—I will describe a bit further the position we are coming from. Basically, we are talking particularly about protected areas such as national parks and so forth. We are aware that this committee is looking at other areas of heritage such as museums and so forth. Just to address national parks and protected areas, we are coming from the point of view that these provide services for the greater society and these services are greater than just providing recreation, a place to camp or a place to go and have a swim.

There is a wide range of ecological services that protected areas provide—everything from protecting fish habitats to protecting the catchments that provide clean drinking water, protecting soils biological diversity and so forth. From that point of view, we believe it is important that government makes an adequate contribution to maintain these areas and therefore to maintain those ecological services for the benefit of the community at large.

Senator PAYNE—I am not sure to whom I should address this. In terms of item 3 in your letter to the secretary, about ensuring that inequities are not created that enable only the wealthy to access national parks, I understand the basis of the point that you make, but can you explain to the committee how you envisage those controls being put in place?

Mr Wright—We do not have a strict formula that explains how that should happen. I guess it is a general principle that does have to be assessed on a case by case basis. If you look at national parks close to major cities, the pressures on those parks and the access desires of the community in terms of those parks are very different from those in remote places where people have invested a lot of their own money to get to the place in the first place. I am not aware of a suitable formula that specifies quite clearly how that should come about. I think you really do need to take account of the needs at each site.

There is a broad principle that we would like to see as many people as possible experience natural areas. From my point of view, that is the best way of building community support for those areas and support for and understanding of nature conservation generally. We are keen that just about everyone has a chance to get that experience.

Senator PAYNE—Do you think there is an issue of education involved in that process—that is, educating the broadest possible spectrum of the population about what is in the natural environment, available to them, protected and preserved for them to access in this way? When you talk about hypothecation of funds to nature conservation management of the national parks would you contemplate a direction of some of those funds into an education process like that?

Mr Wright—I think education is a very important part of park management. I do not think you can simply confine park management to the management of particular ecosystems through technical means. Managing people is usually more important in managing national parks than managing the environments themselves because it is usually the people who are causing management problems.

Senator GIBBS—I was going to ask about the Great Barrier Reef. We were talking to people earlier about land based parks where people pay. How do you charge people who use something like the Great Barrier Reef? We know that there is a tax on the tourist operators when the tourists go through but there are a lot of yachties who simply sail up and down the coast and even the locals who go out in their little boats and they are not paying. If we go with the user-pays process should these people pay? How are the authorities going to charge them?

Mr Horstman—I think it would be a courageous marine park authority that tried to put a charge on each tinny or each person who is going to chuck a line in or go for a swim in the Great Barrier Reef. It would be very difficult to administer and collect, as you

point out.

Maybe there is another way of looking at it. For an area as large as the Barrier Reef with such a multiplicity of users maybe we should be looking at profit-pays basis. One of the issues that we have found with the introduction of the reef charge was that it was targeting simply the tourist sector as if they were the only users of the Great Barrier Reef marine park. Certainly in terms of someone who is making private profit from public goods there are other sectors apart from the tourism sector involved with that—for example, shipping companies and the fishing industry, particularly the commercial fishing industry. Perhaps if there was to be a comprehensive reef management charge based on the principles of those who are profiting from the use of public resources then it should be broadened out to include other sectors such as the shipping industry and the fishing industry. I am not sure that trying to tax the individual users themselves is a practical way to go if those users are not privately profiting, if they are going out and enjoying it recreationally or having a swim or whatever.

Senator HOGG—The original charge that was levied on the Great Barrier Reef was for the cooperative research centre for research per se, whereas now the charge is partially for that and partially to fund the ongoing operational costs of the Great Barrier Reef Marine Park Authority. Therefore, the purpose of the charge is different. Therefore, the way in which the charge is viewed and presented I think could be different. Is that not a fair basis on which to operate?

Mr Horstman—I think so. I think that there needed to be a certain amount of research done to be able to identify which sectors were creating the greatest management need in the marine park and, therefore, who might need to pay more than others. I imagine that that research has been done and there is better information now.

Senator HOGG—It is going to be on an ongoing basis. But would it be fair to levy user-pays charges on the basis that they are going to some additional task, such as research, as opposed to funding the management and the operation of the park itself? Is that a fair basis on which to levy user-pays charges or should we be looking at user pays in a different light? It may well be in some instances to prevent overuse of a particular site and in some instances it may well be cost recovery because of some intrinsic nature of the park itself. Is there a set of criteria?

Mr Horstman—Are you suggesting a different charge for research and a different charge for management?

Senator HOGG—Yes. I am just wondering.

Mr Wright—There are different reasons why you would impose a charge, as you have identified. You would impose them for different purposes and with different management objectives too.

Senator HOGG—That is right. Therefore, I am just wondering if you would target different people. Whilst we are trying to cover a whole gamut of different sites, I am wondering what your view might be.

Mr Wright—I think there is a quite legitimate role for using charges to assist a management objective. For example, if a particular area is under great pressure because everyone wants to go there, one way of limiting that pressure by discouraging people from going there is to impose a charge. I guess that is a principle we would support. That could happen at a particular site for a particular purpose. I am not sure how you would knit the various components together or if it is going to be more administratively efficient to simply put a blanket charge and divvy up the funds that apply.

Senator GIBBS—We are interested in this because, when this new tax or charge came about, we spoke to quite a few of the tourist operators up there. They said that they had no problem paying \$1 for research and development—nobody had a problem with that—but, of course, there is this added charge. Is it fair to charge people to go into a land based national park and not charge people to go on the barrier reef? Basically, the \$1 charge was for research and development whereas, if you get in your boat, the ocean is a free place, supposedly, isn't it?

Senator HOGG—They felt that they were being made the scapegoats.

Senator GIBBS—Yes, they felt they were being victimised. Quite frankly, we thought so too.

Mr Horstman—I think there are practical differences between a land based and a marine park which make it more difficult to collect things like charges. Maybe the way to address people's concerns that they are being victimised or made scapegoats is to address all the users of the parks.

I can understand why the tourism sector of the marine park was feeling victimised by that. I think there are other users of the park who are generating the same, if not more, environmental impact that therefore requires research, monitoring and management—

Senator GIBBS—Yes, there are heaps of them.

Mr Horstman—I do not think we are going to be able to get over the problem with the difference between marine and terrestrial parks. The marine park is a long lineal thing with a lot of coastline and you can get in it in many different ways whereas a terrestrial park usually has one road you have to drive on and you can collect the fees at that entry point.

Maybe it is a matter of looking at the full range of users within the marine park and the kinds of things that you want to do with charging fees. As Peter mentioned, you

could use fees to modify people's behaviour. For example, if an area was being overused and you wanted to reduce that, then maybe a fee is a way to do that. The fee could either be an entry fee for using it or a penalty for not going through the proper process of permits and so forth. You could be collecting money to fund your research or to fund the management of particular resources on the reef. For example, if some marine fish species that are targeted by the commercial fishing sector are a resource that need better management, then maybe that could be a very specific, targeted use of a user-pays charge.

So I am afraid we do not have any clear-cut answers for you. We are basically stressing that this is a horses for courses kind of approach. As with natural diversity in the environment, there are many different situations that have to be dealt with, and economic instruments like this are one way of managing them.

Senator REYNOLDS—The Department of Defence is a user of the reef. At the time that the tax was introduced, it was suggested that perhaps Defence should be making a contribution for using the reef for a particular military exercise that was going on at the time. Do you have a view on that? Have you had any reporting back about the impact of that particular exercise, Tandem Thrust, on the area?

Mr Horstman—We would also include the defence sector as one of the main users of the marine park. That was a good point that you raised, Senator; namely, that the same kinds of principles should apply to them as a government agency as apply to any other commercial body, particularly taking into account the level and the extent of the use of that part of the marine park, which is a fairly exclusive use. It is very difficult to continue fishing in your tinny when the F18s are doing bombing practice on the islands. So there is a certain period of time that other users are excluded from that area. As we and others were pointing out during that time, there is a high level of concern about the ongoing impact on endangered species in the area, such as dugongs and so forth. So, based on the kinds of environmental impacts that defence forces can create in that area, I think there is a clear case that they should be contributing to the management of the area as well. As for the actual environmental impacts of operation Tandem Thrust, we have not received any report from the Department of Defence as yet, though we remain very interested to see it.

Mr Wright—In terms of Defence being charged or paying some fee, I would imagine that, if Defence have materials printed by the Australian Government Publishing Service, they are required to pay for that service. Likewise, if they are gaining some benefit from the use of land or waters that have been managed, then a similar sort of charge should be imposed. It is a way of encouraging them to modify their behaviour too and perhaps minimise their impact on the area. It could be used that way.

CHAIR—Are there any further questions?

Senator HOGG—In your opening statements, one or both of you made remarks

about governments providing sufficient funds or making an adequate contribution. I am just wondering what constitutes an adequate contribution or sufficient funds, when governments these days look to user-pays charges as a way of supplementing the budget. How does one go about establishing the actual benchmark, because that will determine in some way whether a user-pays charge should or should not be applied?

Mr Wright—As I said before, I do not think there is a magic formula. There may be a remote national park that is visited by very few people but which may have significant management needs. For example, there are national parks in western New South Wales with bad feral goat problems. The parks are being degraded by those goats and they need some serious management resources to deal with that problem. But, if you tried to cover the cost by levying a user charge, you would be charging everyone \$10,000 to get through the gate. It is not feasible. Heavily used parks are going to provide much more of an opportunity for that kind of funding to be raised to contribute.

Our benchmark is really the condition of the area and whether it is being managed well. So we will be looking at the indicators of a well-managed national park to see whether the plants and animals that live there are surviving and thriving in good conditions, whether the soil is staying where it is supposed to—all those things. We will also be looking at how governments partition the resources to achieve those ends. I do not think there is an easy answer. I do not think we can say, ‘Well, it should be 40 per cent from government and 60 per cent from user pays.’

Mr Horstman—But I think our main purpose in raising that was to simply reinforce the point that user pays should be used to supplement the public contribution, the government’s contribution, not replace it on the basis that these protected areas provide ecological services for the broader community, therefore there is a role there for the broader community to support it through their resources.

Senator HOGG—I understand what you are saying, but the real problem is to find out—

Mr Horstman—At what point.

Senator HOGG—At what point supplementation starts and government funding ends, because government will constantly pare back what they are going to pay by way of their funds and put more and more pressure—whether it be user charges or some other form of efficiency—on to ensure that the budget is met. So, if there is no mathematical model, how do we operate? Do we search for someone to make a mathematical model? Mr Grey provided us with a mathematical model this morning. You are not familiar with his models?

Mr Wright—No.

Mr Horstman—No. I am familiar with Francis Grey, but not with that particular model. I am afraid I did not come prepared today to give you the magic number.

Senator HOGG—No, I did not expect you to. I thought you may have had something up your sleeve.

Mr Horstman—No, I am afraid not. It is a good question because it is a tough one to figure out at what point supplements become the current replacement of core funding. Perhaps we could suggest that there are other ways of managing national parks apart from just doing it through state government agencies. One example I would like to put forward is the indigenous protected area program being run through Environment Australia. The idea there is that it recognises that there are large areas of environmentally significant land that are either already under Aboriginal ownership or likely to be.

The Aboriginal people there are already living on the land as traditional owners. They have a stewardship role there. They would like to make some income from the land and are quite happy to manage it for conservation if that could pay in some way. But they are also interested in using it for other things which might be less environmentally benign or beneficial. At the same time, the Aboriginal people are often very wary about government agencies coming in and taking over their obligations to manage that country, so this kind of program is aimed at contracting traditional owners directly to manage that country for conservation purposes. They enter into a contractual arrangement with the government agency.

We have seen some examples like this work quite well in Cape York. The indigenous protected area program is, in fact, still at a pilot stage, but they have been looking at examples all around the country about how they could do this. I would guess in the long run we would find that this actually provides a cheaper alternative and a more cost-efficient alternative to the Commonwealth, for example, funding state agencies to provide rangers in national parks and so forth. So, rather than being able to give you a magic cut-off point, could we suggest that there are other ways of achieving more cost-effectiveness out of government conservation dollars? We need to look outside the square of funding environment departments to do that traditional kind of job.

Senator GIBBS—I want to ask a quick question—it is curiosity, really. The area of Shoalwater Bay: I know the Darambul people have access to it because I have been there with them. The coastline is quite pristine. Is your conservation agency able to go there and monitor whether they have done damage to the ground, the environment, the wildlife or—

Mr Horstman—During defence exercises?

Senator GIBBS—Yes, or is it totally banned to anybody except people the army lets in?

Mr Horstman—Basically, yes. We have never been invited to accompany them on one of their environmental monitoring trips. We would love to do that.

Senator GIBBS—Have you ever been there?

Mr Horstman—I have only been off the coast of it and flown over it.

Senator GIBBS—It is quite beautiful—I have been there.

Mr Horstman—It is a forgotten part; it is an unknown part of Australia. It is really astounding to see a coastline like that.

Senator GIBBS—It is great.

Mr Horstman—Yes. Ironically, one of its greatest protections is the fact that it is quite dangerous to step off the beach because there is so much unexploded ordnance around. In fact, army regulations do not permit you to go any further inland than the beach. So, no, I have not been there myself.

Senator GIBBS—There are designated areas because they have the loos there and everything. The army puts the water tanks in and whatever.

Mr Horstman—It is okay for passing yachties and so forth.

Senator GIBBS—No, this is with the Darambul people—the traditional owners of the land. The army says that they leave it in a better state than what they do. They clean up after themselves. It is fascinating.

Mr Horstman—The army, I think, has got a really high standard to maintain there because of the nature of Shoalwater Bay. It is just out of the range of most outboard powered vessels, which means that it is a haven for yachties. So you get a much lower level of visitation than you do in many other parts of the coast, plus there is this knowledge that people have that, ‘The Army goes there. We’re not sure about it.’ It is in a very pristine condition, so the Army has very high standards to maintain to live up to their claim that they keep it better than the way they found it.

CHAIR—Thank you. We are out of time for this hearing. We are now going to take a short break before we start the next inquiry.

Committee adjourned at 2.16 p.m.