

## Former rivals Geoff Dixon and Brett Godfrey partner in walking tourism venture

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Nov 24, 2016 – 11.00pm

Call it business the old-school way. Earlier this year, former Qantas boss Geoff Dixon and his long-time rival at Virgin Australia, Brett Godfrey, cast their eyes towards Central Australia and began discussions with the Anangu people, traditional owners of the Uluru-Kata Tjuta National Park. Their dream: to secure a commercial licence to create the first luxury walk in the vast 1326-square-kilometre park, home to the 600-million-year-old rock formations Uluru and Kata Tjuta, formerly called Ayers Rock and the Olgas.

The one-time aviation kings want to establish a 50-kilometre walk through the park complete with lodgings where walkers can bed down as they tramp the three or four-day route. If the idea gets up (they should know by early next year), it will allow hikers to stay overnight for the first time since the closure a few decades ago of the old campsite at the base of Uluru, which left all accommodation options outside the national park.

When the traditional owners got wind of the past lives of these would-be investors, they suggested hiring a helicopter to scope out the planned 50-kilometre route. A few senior members of their group were too long in the tooth to walk it, the elders explained. Besides, it was hot and they didn't own great walking shoes. Godfrey and Dixon had met their match.



“Next thing you know, the TOs [traditional owners] are up in this chopper zipping over country for an hour or two, pointing out their favourite landmarks,” remarks a local who prefers anonymity. “To be fair, a few of them are pretty old.”

*Brett Godfrey (left) and Geoff Dixon, photographed near Uluru. Nic Walker*

### Tourism sweet spot

They might have spent their corporate careers at altitude, but post-aviation Dixon and Godfrey believe the emerging sweet spot in domestic high-end tourism lies firmly on the ground. Once fierce competitors, in September 2015 they joined forces to create the Australian Walking Company, through which they plan to build luxury walks and accommodation in national parks across mainland Australia.

The idea is to mimic the innovative Tasmanian model, where private players have long operated

high-end walks in pristine places such as Cradle Mountain and the Bay of Fires. Existing alongside more basic offerings, these luxury walks allow people to pay a pretty fee to walk by day with experienced guides and minimal stuff on their backs, then bed down by night in architecturally designed, sustainable tents, lodges and huts. That means hot showers, comfortable beds, quality Tasmanian pinot, delicious chef-created dinners and freshly baked bread to take on the next day's walk.



*Brett Godfrey and Geoff Dixon were rivals for nearly a decade, one leading Virgin Australia, the other Qantas. Now they're in business together – and determined to unlock Australia's potential as a luxury hiking mecca. Nic Walker*

While Tasmania started down this route in 1987, mainland Australia has little similar product. “The luxury walking market in this country is fragmented and poorly co-ordinated, with not a lot of strategic marketing or vision,” says Godfrey. “Put it this way: the value hasn't been tapped.”

The traditional Australian mindset has been that wilderness areas, once locked up, must remain untouched. But look through your bird-spotting binoculars and you'll see that not only does mainland Australia lag Tasmania, it also trails the United States, Canada and Africa, all of which have state-of-the-art commercial lodges in government-gazetted wilderness areas and parks, including luxe bear-viewing lodges in Alaska.

New Zealand, meanwhile, is the walking heavyweight of the southern hemisphere. It allowed a private operator to put overnight huts on its famed Milford Track back in 1966.

### **Australia lagging behind**

“Australia is way behind the current trends in this space,” says a former general manager of Tasmania's Parks and Wildlife Service, Peter Mooney, who retired earlier this year. “The US strongly encourages private investment in its national parks. Their concessions are viewed as hotly contested opportunities, not a threat to the authority of the park service or something bad to be avoided.”

Enter Dixon and Godfrey, aka the guys determined to shake things up. Keen bushwalkers aged 76 and 53 respectively, they intend to fill this gap in a country which has 500 national parks covering more than 28 million hectares.

Over the past year, the Australian Walking Company has lodged an expression of interest to develop multi-night walks not only in the Uluru-Kata Tjuta National Park but also in the Flinders Chase National Park on South Australia's Kangaroo Island. AWC's project development team is also scouring for a suitable site in the Blue Mountains. “Every year 800,000 people head to the Blue Mountains to walk, more than



*The Bay of Fires walk in Tasmania is owned by the Tasmanian Walking Company. Ruth Duncan*

anywhere else in Australia, and not one of them can sleep in the park unless they take a tent," Godfrey says.

The company's first purchase, made in September last year, was the Twelve Apostles Lodge Walk on Victoria's Great Ocean Road, or "12A" as Dixon and Godfrey call it. Located on one of the world's most beautiful stretches of coastline, the eco lodge was built on private land in 2008, and came with a commercial licence to operate 65 kilometres of existing guided walks in the adjacent Great Otway National Park.

With occupancy running at a healthy 80 per cent in peak season, the only addition Dixon and Godfrey are looking to make is to create an overnight camp in the national park, so that walkers don't have to return to sleep and eat at the lodge for each of the three nights of the walk.

### **Heavy investment**

While the mentality of Parks Australia is slowly changing, getting privately operated product into national parks is a fairly long-haul game. It's also investment heavy, particularly when done as a suite of projects, as AWC intends.

"Look, they're not BHP, but these walks are capital intensive," says Dixon. "If we get approval to go ahead in Uluru, we won't get much change out of \$12 million to \$15 million and that's just for the infrastructure – the two lodges, mapping out the walk and that kind of thing. Costs are exacerbated by the remoteness of the location and the important associated environmental issues."

The pair would like to have four to five walks operating on the mainland over the coming decade, meaning a total outlay that Dixon estimates will be close to \$60 million.

Underpinning their business model is strong growth in the adventure tourism market, which includes caving, cycling, kayaking, skiing, snowboarding, rafting and horse-riding, along with walking and hiking. Adventure tourism has grown at an average rate of 25 per cent a year since 2009, according to the Adventure Travel Trade Association (ATTA), and is worth \$3 billion globally.

Drill into those figures and you'll find that 70,000 Australians a year travel abroad to walk, each spending an average \$3500 per trip. That's nearly \$250 million in walking money flowing offshore per annum. On the flip side, only 10 per cent of Australia's 7.9 million annual inbound tourists come here to walk.

### **'We're giving the market away'**

The ATTA this year ranked Australia 15th as an adventure destination. New Zealand sits in an enviable third place, behind Iceland and Germany. For such a big country, there are only 10 accredited Great Walks of Australia, those officially labelled "best of" by Tourism Australia. None of them are in the most populous state, NSW.

"We're giving the market away," Godfrey says. "People don't associate Australia with walking, neither the domestic nor the international market, and that's really sad."



*The Blue Mountains National Park in NSW has no lodgings.  
MTmedia / Lonely Planet Images*

Dixon half-smiles. "I can see your letters to the editor now," he says, making an elegant arc with his arm. "A couple of rich bastards want to come into our parks and ruin everything."

Dixon and Godfrey enter the space with serious runs on the tourism board, having prospered in the notoriously tough, 24/7 aviation sector. During his seven-year reign at Qantas, which began in 2001, Dixon was touted at one point as the highest-paid airline executive in the world. Godfrey famously started Virgin Blue in 1999 after convincing Richard Branson to take on the cosy duopoly that was Australian aviation in the days of Qantas and Ansett. (Virgin Blue later morphed into Virgin Australia.)

After stepping down from their chief executive roles in 2008 and 2010 respectively, the pair ended up on the board of Tourism Australia, which Dixon chaired from 2009 to 2015 and Godfrey joined in 2010. They got to know each other grabbing coffees around Sydney or Melbourne before board meetings. Over mineral water and flat whites, they'd share stories of their latest family or mates' break holidays. In the process, they discovered a mutual passion for walking.

Not that you'd know it by glancing at Dixon's business portfolio. Since leaving Qantas, he's mainly invested in historic Sydney pubs, including Blues Point Hotel on the harbour in McMahons Point, the Plough and Harrow in Camden and the Nag's Head in Glebe. Serious lunching mates and sometime investment buddies include Mark Carnegie and John Singleton. Dixon also sits on the board of Crown Resorts.

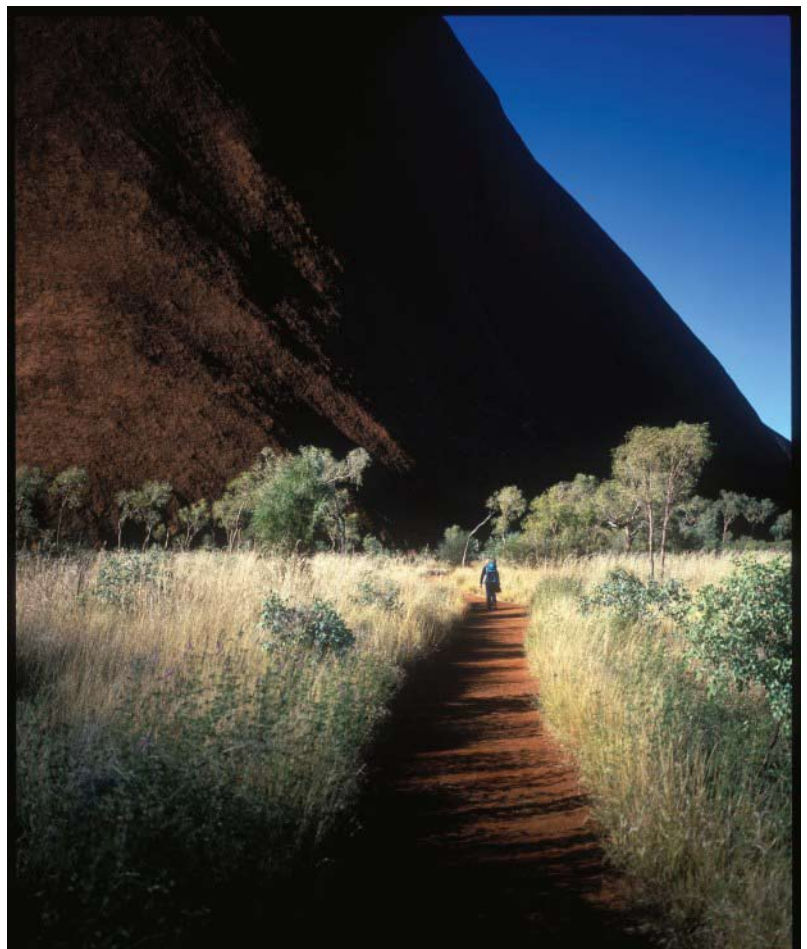
### **Starting in Tasmania**

While Dixon was investing in Sydney pubs, Godfrey was financing start-ups in the software sector and buying into the tourism space. In 2013 he bought the 25-year-old Tasmanian Walking Company from private equity firm Gresham.

The biggest single private player in the Australian walking market, TWC owns the Cradle Mountain Hut Walk, which has five lodges and takes in the 60-kilometre Overland Track, as well as the Bay of Fires Lodge Walk. They're not for the budget conscious: prices start at \$2300 for the four-day Bay of Fires walk, and \$3100 for the six-day Cradle equivalent.

Godfrey bought TWC with his old Virgin pal and long-serving deputy there, Rob Sherrard. He declines to say what they paid for it but Gresham put down \$25 million for the company in 2007, buying the lodges and a rolling commercial licence from Tasmania's Parks & Wildlife Service to operate walks and accommodation on its land.

Godfrey also has skin in a suite of historic Tasmanian hotels, some of which are used as starting or finishing points by walkers. They include the award-winning Pumphouse Point on Lake St Clair, Quamby Estate, Entally Estate and Low Head Pilot Station.



*One of many walking tracks at the base of Uluru, the sacred home of the Alangu people. Palani Mohan*

He developed and still co-owns Makepeace Island on Noosa River in partnership with Branson. But it's Tasmania, not his home state of Queensland, that's been Godfrey's passion in recent years. The first walk he did in Australia was the Overland Track in 2013, five months before he bought TWC. "I was completely blown away," he says. "I'd always walked overseas and I couldn't believe we had such a walk on our doorstep. Since 2013, I've pretty much only walked in Australia."

## Refreshed lodges

In a snail-paced industry Godfrey and Sherrard moved quickly to improve TWC's offering. They refreshed all the lodges and added a luxury 70-foot ketch to create a new product involving six days' sailing and walking in three national parks, including Maria Island. They've since engaged Sydney architect Andrew Burns to design two lodges they have approval to build on the Three Capes Walk near Port Arthur, expected to be finished by late 2017. And by 2018, they hope to open a new overnight lodge eight kilometres from Cradle Mountain's Dove Lake car park, to cater for walkers who want to visit just for a long weekend.

The walking business is not exactly a get rich quick scheme – let's face it, Dixon and Godfrey have already achieved that – but Dixon argues it can be "a good little earner" if done right. That includes achieving efficiencies of scale and keeping the all-inclusive price point at about \$450 to \$500 a day.

It was hearing about Godfrey's foray into TWC that got Dixon thinking about the sector from more than just a user's perspective. Back in 2013, a few weeks after Godfrey bought TWC, Dixon and Tourism Australia's then CEO Andrew McEvoy were shooting the breeze ahead of a Tourism Australia board meeting. (McEvoy is now managing director of Life Media & Events at Fairfax Media.)

"I commented to Andrew that I'd heard the private equity firm that owned the Tasmanian Walking Company wanted to sell it," explains Dixon. "I said I hadn't seen the numbers but I bet they looked good. Andrew replied: 'You're too late. Brett's already bought it.' Well, that was a surprise."

## Running the numbers

A couple of years later, Dixon and a group of friends did the Great Ocean Walk, staying at Twelve Apostles Lodge. With locally brewed artisan beer, rainwater catchment tanks, reflexology treatments and low-GI organic breakfast, the lodge is a dream come true for cashed-up Baby Boomers determined to fend off hip replacements and arthritic toes.

On the last day of his stay, Dixon sat with his feet soaking in a small hot tub. He'd heard that founding owners Gavin and Donna Ronan wanted to sell and was running a few numbers through his head. Knowing that Godfrey was already in the space, he called and asked him to take a look at it. Godfrey had run an eye over the business six months' prior and felt the numbers didn't stack up. At that stage, TWC was soaking up all his energy and resources. But he could see the potential of expanding onto the mainland.

"I told Geoff obviously I must have missed something if he thought it was a good deal," Godfrey says. "So I asked my guys to go have another look at it."

They eventually agreed to buy Twelve Apostles Lodge and its associated walk, and in September 2015, following a Tourism Australia board meeting in Melbourne, they shook hands on the creation of the Australian Walking Company.



*The traditional Australian mindset has been that wilderness areas, once locked up, must remain "untouched".*

Scott Malcolm, the investment banker Godfrey hired to complete the TWC deal, had asked if he could buy into TWC. Godfrey and Sherrard wanted it on their own but Godfrey cut Malcolm into 25 per cent of AWC, with Dixon owning another 25 per cent and TWC holding the remaining half.

### **Branson wasn't asked**

Asked if he considered running the deal past Branson or bringing him in on it, Godfrey guffaws: "No, he's a great business partner and friend, but at some point you have to back yourself and your own ideas." Godfrey quips he also knows how a partnership with Branson goes. "With Makepeace Island, I do all the bloody work," he laughs. "Richard just turns up now and then when he can."

Under this deal, AWC will stay out of Tasmania, focusing on acquiring walks on the mainland. TWC will provide all the managerial and operational expertise for its new sister company, plus guidance on acquiring future walks and maintaining them to the highest environmental standards.

Dixon was clear that unless they could leverage off TWC's existing expertise, he wouldn't have done it. "I wouldn't have had the time or the background to do it without Brett. TWC made all the difference."

Godfrey reckons he's more than earned his green stripes at TWC, including paying for all waste "including every last poo" to be helicoptered out at the end of each season.

### **Profit is a driver**

Inevitably some will view Dixon and Godfrey as a pair of suits trying to cash in on the best of Australia's wilderness. And both are upfront that these ventures have to be profitable. But they at least practice what they intend to market. Their version of due diligence on the planned Uluru walk was a 110-kilometre trek over five days in August this year, from the South Australian border to the Mutitjulu Waterfall at the base of Uluru.

They took a party of 25, including some of their adult kids, plus a couple of young Indigenous guides from TWC, neither of whom had been to Uluru before. The party spent four nights in the desert, sleeping in two-man tents. A doctor and two nurses came out in the late afternoons to tend the wounded. With support vehicles, food truck and medical assistance, they braved the desert's extreme temperatures, drying atmosphere and searing afternoon sun.

"The walk was well organised, we weren't roughing it but it was still tough," says Dixon. "Anyone who walks will tell you it's serious walking when there are no hills to break your stride, change the way you're walking and vary the pressure points. We walked straight across desert. The second



*"Costs are exacerbated by the remoteness of the location and the important associated environmental issues," says Geoff Dixon (right). Nic Walker*

day was 30 kilometres, and I can tell you there were some bloody casualties at the end of that day.” Dixon lost two toenails, Godfrey one.

Not only did the August walk provide the opportunity for an impromptu board meeting on the go, their first since forming AWC, but it permitted a warts-and-all look at each other. Fifteen minutes into the walk, a ferocious storm hit.

“It was challenging weather conditions, no doubt, and Brett went off,” says Dixon. “He was threatening to call Uluru Uber.” Godfrey adds sheepishly that he was told to “man up” by his 19-year-old son. “Well, that sorted me.”

## **A history of walking**

In some ways, going walkabout brought Dixon full circle. In the early 1970s, he spent two years cutting his management teeth working for the now defunct mining company Nabalco near Gove in Arnhem Land. Along with Nabalco’s 2000 other employees, he lived on Aboriginal land close to the settlement of Yirrkala. It was during this time that he met his wife Dawn.

“In Arnhem Land, you got into the habit of walking daily before it became a thing,” Dixon reflects. “Often it was because you had to. We had tray cars and trucks to get around but if there wasn’t one handy, you set off on foot. Since then I’ve always kept myself fit, first with running, now with walking since my knees went.”

Dixon had another link to the Territory. In 1994, when he joined Qantas as head of marketing, he was instrumental in putting the Australian Children’s Choir in front of Uluru for the now famous I Still Call Australia Home advertisement.

Some of the elders at Uluru probably saw it. But as the Anangu people mull over whether to permit AWC’s proposed walk to go ahead, Steven Baldwin, manager park operations and visitor services with the Uluru-Kata Tjuta National Park, says of all Dixon and Godfrey’s antics, including the chopper, what most impressed the locals about the pair was their 110-kilometre pilgrimage.

“The traditional owners can really relate to that,” Baldwin says. “It was a very authentic thing for Geoff and Brett to do because the Anangu people are used to walking between set points, especially Uluru and Kata Tjuta. It’s part of their culture.”

## **Uluru drawcards**

The duo also have the attention of Andrew Williams, chief executive of Voyages Indigenous Tourism Australia, a subsidiary of the Indigenous Land Corporation, which owns the hotels and infrastructure around Uluru. Williams points out that the sacred site has been moving with the times, most recently in allowing the first artwork to be staged at Uluru.

Comprising 50,000 solar powered light stems, the huge Field of Light installation by British artist Bruce Munro has helped draw record numbers to Uluru since it was unveiled in April, driving revenues for the main Ayers Rock Resort up 13.4 per cent to \$140.6 million for the year to date. The success has been such that Field of Light will extend its stay by another 12 months, through to April 2018.

“An important trend is the emergence of the experiential, educational and active holidaymaker and Uluru as a destination has benefited from this,” says Williams. “New products that offer different ways to experience the destination and appeal to new segments of the market are welcome. Given their well-established tourism credentials, track record and good ideas, Mr Dixon and Mr Godfrey would be a great addition to the mix of operators at Uluru.”

A quick glance at the Great Walks of Australia lineup reveals a few heavy-hitters already play in

this space. Flight Centre founder Graham “Skroo” Turner runs the Scenic Rim Trail in south-east Queensland’s Main Range National Park, while World Expedition’s Nick Kostas operates the Larapinta Trail in the West MacDonnell Ranges near Alice Springs. Both have tented camps but not lodges, and they operate only one walk each. The difference with what Dixon and Godfrey want to do is scale “and the clout and efficiencies that come with it.

### **Timing is right**

New Zealand’s multiple products and traditionally weaker dollar have given it a good head start. But given it is finally on parity with the Australian dollar, the iron would seem hot to strike. What’s more, there’s a groundswell for change. A veteran of the industry, Heath Garratt, general manager for TWC who began as a guide with the company in 1997, has watched the sector evolve in Tasmania over the past 20 years.

“I think the attitude of Parks Australia is definitely changing,” Garratt says. “In the past, they’ve been really wary that they have these great natural assets and they don’t want them to end up overly commercialised.

“But the mainland states are looking at what’s happening in Tasmania with interest. As long as the environmental impact is limited, there are huge upsides to allowing private operators into parks, especially around exposure and marketing.”

To that point, Godfrey argues those who go into national parks come out advocates. Let the well-heeled, high-yielding tourist loose in parks, give them soft beds, good food and quality pinot, and they’ll not only boost your GDP, they’ll do your advertising and lobby work for you.

“The high-end walking market is almost solely professionals: lawyers, doctors, business leaders and captains of industry “ people who can wield influence,” he says. “People who know a good product and will force us as operators to uphold the highest environmental standards “ because they won’t accept anything less.”

Dixon agrees. “I’m not spruiking us, but these walks involve serious issues, both environmental and Indigenous sensitivities. Both Brett and I are well aware of the big issues and responsibilities; we don’t shy away from that.”

That said, they won’t be tacking 110 kilometres across the desert again any time soon. Like the local elders, next time they might just whistle up the chopper.