

CHRISTMAS FEASTING, READING & GIFT GUIDES

# GoodWeekend

DECEMBER 2, 2023

The Sydney Morning Herald

+ **Style**  
EDIT

From couch-surfer  
to hit filmmaker:  
Taika Waititi

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Behind the scenes  
at Zimmermann's  
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Akira Isogawa on  
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The remarkable  
life of British actor  
Patrick Stewart



## BRINGING IT BACK

Australia's global luxury-tourism cred soared thanks to their remote Kangaroo Island retreat. Then came the Black Summer bushfires. Now, the rebuild.

BY *Brook Turner*

*James and Hayley Baillie  
at Southern Ocean Lodge*



**EDITOR'S LETTER**

INSTAGRAM, TWITTER @katrinastrick

**N**EW ZEALAND seems to have done many things better than Australia of late. Rugby, obviously. Tourism ads promoting its clean, green credentials (the long-running *100% Pure New Zealand* slogan is bang on the Kiwi brand; Australia, in contrast, has spent years chopping and changing how it sells itself to the world). NZ has also produced the brilliant Taika Waititi (see Konrad Marshall's story on the filmmaker in today's issue) and built a raft of luxury lodges in far-flung locations adored by wealthy visitors from around the globe.

It took Hayley and James Baillie to push Australia firmly into that luxury-havens space, running properties in places like Lord Howe Island, Uluru and South Australia's Kangaroo Island over the past two decades.

Their Southern Ocean Lodge on Kangaroo Island won a haul of international awards after it opened in 2008, sparking excited talk about the potential of our remote locales. Then, in the 2019-20 Black Summer bushfires, it burnt down. In today's cover story, the Baillies tell Brook Turner about facing that devastating event, what happened next – and how they led the charge to rebuild.

Katrina Strickland

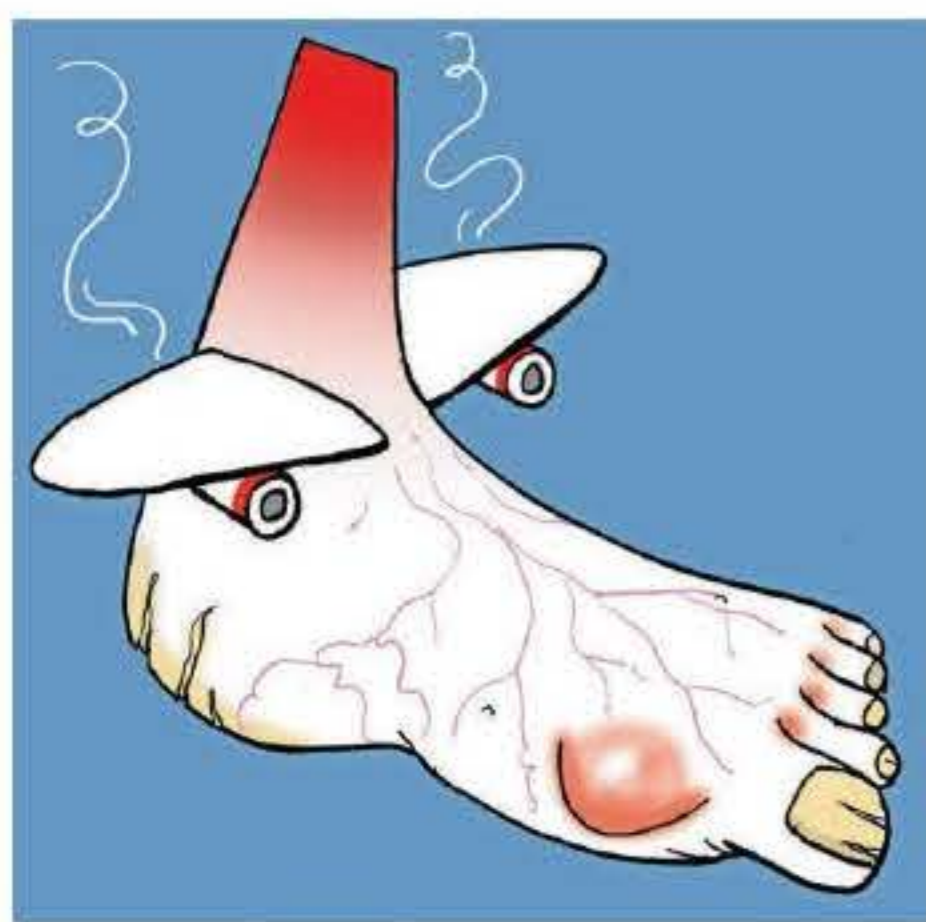


**KITCHEN SINK DRAMA**

# Running on fumes

WORDS BY Paul Connolly ILLUSTRATION BY Jim Pavlidis

“We’re gonna run out of petrol, aren’t we?” Anna said for the fourth bloody time, eyeing the gauge. “Relax. It *looks* empty, but it’s not.” Paul gave her a reassuring smile, but his heart was pounding. He’d sailed past the last servo confident there’d be another soon enough. But where *was* it? It would be bad enough, he thought, getting stuck on the side of the road in the dark. The palaver! Worse, though, would be the leverage – and perverted satisfaction – it would give Anna. Sweat running down his back, Paul leaned on the accelerator and hoped for the best.



**MODERN GURU**

WORDS BY Danny Katz  
ILLUSTRATION BY Simon Letch

**Q:** *Is it rude for airline passengers to travel in bare feet? Removing my shoes is the first order of business when getting seated on a plane. I value your opinion on this matter.*  
C.G., COLAC, VIC

**A:** Shoeless airplane travel is uncivilised, undignified, unhygienic and inconsiderate, and I’m extremely

opposed to it – but only when I’m *not* sitting on an airplane, four hours into a long-haul flight. Whenever I *am* sitting on an airplane, four hours into a long-haul flight, I usually think to myself, “You know, I might just loosen my shoelaces and let my poor, overheated, swollen feet breathe. Just loosen my laces ever so slightly, that’s all.” Five minutes later, I’ve got my shoes and my socks off, and my naked, grotesque bunion is rubbing against the crusty, cracked heel of the complete stranger sitting beside me.

On a short flight, shoeless travel is completely unnecessary, but long flights are brutal on the body, mind and especially the sole. So civilised behaviour no longer applies: the moment we hit that dark, desperate breaking point, off come the shoes, down goes the seat, out comes the flatulence (if they’re going to serve us butter chicken and plonk us in a middle seat, they only have themselves to blame). And it’s okay: everyone on the plane has entered the same primal, animal-like, survival

state. We’re all in this together, soaking in each other’s smells and secretions: those flimsy, grey blankets they give you aren’t for warmth, they’re in-flight, personal-odour suppressors. But even in our shared state of animal depravity, there are still basic human rules: no shoeless feet on armrests or higher than a knee. Feet must be tucked away under the seat in front, preferably hidden under that little pillow they give you. That’s not for resting your head: it’s an in-flight, grotesque bunion concealer. ■

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**PODCAST**

Hear director, actor and screenwriter Taika Waititi talk sport, spirituality and stereotypes on this week’s *GW Talks*. Just scan the QR code here.



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**QUIZ ANSWERS:** 1 New Zealand. 2 Dynamite. 3 Female. 4 1978 (by a manager for the Digital Equipment Corporation). 5 Farming. 6 For the win. 7 Herne the Hunter (from Shakespeare’s *The Merry Wives of Windsor*). 8 Anthony Albanese. 9 Fencing. 10 Tracy Chapman for 1988’s *Fast Car*, covered this year by Luke Combs. 11 Relish. 12 Roald Dahl. 13 Bindi-eye. 14 The scapula (shoulder blades). 15 South Australia. 16 360. 17 Bermuda. 18 Violin bow. 19 *The Legend of Zelda*. 20 Harold Holt. 21 Knees. 22 *The Shining* (1980). 23 AAMI Insurance. 24 Bank (located in Italy). 25 Cats. **GET IT?** Standstill.

# FROM THE ASHES

Their game-changing lodge took Australia to the top of the world's luxury-tourism charts – then the Black Summer bushfires burnt it to the ground. Now, James and Hayley Baillie are seeing their Kangaroo Island baby bounce back.

STORY BY *Brook Turner* PHOTOGRAPH BY *Kristoffer Paulsen*



*James and Hayley Baillie on the Kangaroo Island coast. Soon after their Southern Ocean Lodge opened in 2008, it had won several international tourism gongs, including, from London, the Tatler Travel Awards "Hotel of the Year" title in 2009.*

**J**AMES AND Hayley Baillie have come to rest on what has become Southern Ocean Lodge's seat of power, a cobalt-blue table and seats on a platform jutting out over Kangaroo Island's southwest coast. Twenty-two years ago, it was this view – cocaine-white sand, clear turquoise waters, pale limestone cliffs carpeted in dense coastal mallee – that made them decide to sink millions into what has become perhaps Australia's most internationally famous piece of contemporary tourist infrastructure.

In early January 2020, as they watched helplessly from the beach, the original of the same setting was the last thing to explode, a final “up yours” at the end of a three-day fire that had already reduced the lodge to blackened cement and twisted metal. Nearly half the island off the South Australian coast burnt during that Black Summer, which also devastated swathes of NSW, Victoria and the ACT.

This terrace is the first bit of Southern Ocean Lodge 2.0 (SOL 2.0) to be fully restored, a “right-back-at-you” gesture that signals the property's resurrection. That symbolism extends well beyond the lodge or even Australia's third-biggest island, however. “For the sector, and the country, this is a real stake in the ground, saying, ‘We rebuilt, we are back,’” says Penny Rafferty, executive chair of the 20-property Luxury Lodges of Australia. “Everyone remembers that map when the world thought the whole continent was on fire, when it was in reality a small percentage directly affected. A lot of areas unaffected by fire also suffered terribly when tourism dried up.”

Right now, though, it's a little unclear exactly who is going to have the last laugh. It's early November and we've just spent an hour touring the property, a sobering progression that has paused on its furthest platform, at the end of a long boardwalk the fire reduced to a trail of nails. Suddenly James Baillie brightens, glancing at his phone.

“What are you smiling at?” his wife asks, squinting out from the sun tent she's improvised from her high-vis vest.

“Okay,” he says, “so I just got an email from Baillie Lodges. The subject line is ‘The wait is almost over’ and the headline’s ‘The finishing touches! Isn't that just...’” he trails off, shakes his head. “How ironic.”

We look up at the low line of glass boxes that runs along the ridge above us like a luxury ant farm, each window precisely calibrated to drink in that view. It's a marginally darker, slightly more perfect version of what the 2020 fires incinerated. But that building floated on a sea of mallee, a lush, gnarly forest that remains, like the lodge, intact in the images in the email.

Today, there's a bald patch wide as a dirt-bike track around the new building dotted with utes, machinery, high-vis vests. Inside, electricals hang like entrails from the walls, a section of the 280-metre hall that backs those fishbowl rooms has had to be raised like a gangplank, and the show-stopper – the wrap-around banquette that circles what is known as the Great Room, with its gun-barrel, last-stop-before-Antarctica views – is only wires and negative space, waiting on joiners and cabinetry from interstate.

Some flooring awaiting installation has been souvenired, the tiger snakes have been really aggressive since the fires and 45,000 plants languish in pots in a makeshift nursery behind the staff quarters, which is waiting to disappear behind the “instant dune” that will hide the back-of-house from the new premium suites. Inside: works from South Australia's remote

Indigenous Ernabella Arts – including marbled canvases by artist Janice Stanley that are so stunning, Hayley wishes she'd asked her to do more. They've been hung in bubble wrap on the walls of suites that are “not even remotely finished” simply because it was the safest place to store them.

“Yesterday was art before the horse, today is gym before the horse,” James quips, as equipment is shunted into the unfinished spa. The couple arrived back on the island a couple of days ago to help the 40 lodge staff put the finishing touches on Southern Ocean Lodge 2.0. Instead, they're sharing the site with 130 tradies still adding flesh and veins to those perfect bones. “4-WEEK COUNTDOWN BEGINS,” the promotional email declares, but in little more than three weeks, international press – already on deadlines for

“Guess you'll have a few all-nighters,” I venture, thinking of the 24-hour miracles that loom big on renovation TV shows.

“Not yet, we're saving them,” says Hayley.

“Yeah, but we're hoping some of the trades might start to pull some,” her husband chimes in. “I dropped hints with a few of them I'm friendly with, but I haven't seen anything.”

**A**S THE gulf between the promotional email and the reality underlines, there's a lot about the Southern Ocean Lodge 2.0 scenario that isn't as it seems. From its opening in 2008, the original property seemed to glide effortlessly towards global stardom, from *Tatler* Travel Awards “Hotel of the Year” in 2009 to endless gongs from *Travel + Leisure*, *Condé Nast Traveler* and *Andrew Harper*.

For decades, Australia's lack of luxury infrastructure – the sort that had turned New Zealand into a high-end travel destination – was commonly lamented. Southern Ocean Lodge, and the growing Baillie portfolio, seemed to signal the closing of the gap. But it is an empire built on “details, details and more details”, as James Baillie says. What seemed like a glide to this end has always been underpinned by furious footwork. I may see a lodge that is, like the vegetation around it, almost entirely recovered, but all the Baillies see is the trillion things that still need to happen, are make-or-break, on which they've built an empire.

Such as that cobalt-blue table overlooking the coast. The blue is too dark, Hayley frets, disappearing to forage in the surrounding sand before coming up with a fragment of the original in a softer turquoise. The setting won't be staying.

The dichotomy between appearance and reality might also be applied to the couple themselves. They've very consciously promoted SOL and Baillie Lodges on their own personal story as figureheads. From the start, their inspiration was Aman Resorts founder Adrian Zecha, from his “less is more, smaller is better” philosophy to his maxim that Aman didn't advertise. “When we started our business, we pretty much didn't either,” James says. “Our focus was always hosting media, working through media and trying to really create a profile.”

From the tinier-still, nine-room Capella Lodge on Lord Howe Island that kicked off the group in 2003 to Southern Ocean Lodge in 2008 and Longitude 131°, with its gun-barrel views of Uluru, which Baillie Lodges took over in 2013, the story of James Baillie, 57, a living, breathing brand ad, and his wife, entrepreneur Dick Smith's daughter, Hayley, 51, has become vaguely familiar. As has the sense of a backstory that Smith bankrolls the empire, implicit in the constant references to Hayley as “James' wife”, “Dick's daughter”.

The reality is much more interesting. It's a story of sliding-doors moments, success that seemed anything but inevitable, and almost breathtaking when it came. And it definitely has two protagonists. “It's a genuine partnership,” says Luxury Lodges' Penny Rafferty. “Hayley brings incredible energy to everything she does, and a freedom of thought that allows her to see beyond what's in front of her to the potential of partnerships with local communities or art centres. That's very often the magic dust you sense. James has an incredibly astute business mind but a complementary understanding of detail and aesthetics. They're complementary, but often coming from opposite directions, which creates a really healthy tension.”



*Above: the original Southern Ocean Lodge after the January 2020 fires. “From the moment it burnt down, I was absolutely hell-bent on rebuilding it,” Hayley Baillie says.*

crucial Christmas and New Year issues – will arrive to cast a collective eye over a property that has become not just a flagship of the group, but of the state, and the country.

“The opening of Southern Ocean Lodge [in 2008] was a seminal moment in Australian tourism,” says Tourism Australia boss Phillipa Harrison. “People say it's only 21 rooms, but it's 21 rooms that changed the perception of Australia as a travel destination forever.”

SOL 2.0 has stretched to 23 rooms, including a new premium suite, and cost \$55 million, 10 per cent over the original estimate. From December 7, the lodge will be half full, but on this day not one of the rooms is ready, and it's bringing out the headmaster in tourism's most affable man. “What's going on up there?” James says to his wife, spying two men in high-vis in conversation on the terrace of a room. “Lots of chat but I don't see any work.”

The iron fireplace that hangs mid-air in the Great Room is the one thing that's been fully installed, waiting to warm future windblown guests. James Baillie has etched his initials in the white limestone dust that covers it in what is perhaps another act of defiance. To which a heart and "HB" have been added in another hand that turns out to be his wife's.

It might be code for one of the SOL 2.0 story's biggest surprises: why they're putting themselves through it. Because a key sliding-doors moment in a story of such moments is the one that came just before the fire. That heart alone encapsulates their reasons.

BAILLIE LODGES had never been for sale, the couple say. But as Southern Ocean Lodge's fame grew, private equity began to circle. Luxury conglomerates were eyeing experiential tourism in the mid-2010s. It seemed as if they had already bought everything else that commanded a decent premium. If experiences were being valued over possessions, they would own them, too.

The moment would be encapsulated by French luxury house LVMH's announcement that it would buy travel and hospitality company Belmond, whose portfolio includes Venice's landmark Cipriani, for \$US3.2 billion in December 2018.

"We'd never had any partners in our business, always shied away from a management agreement, things like that," says James Baillie. "We can only make decisions if we own it. I'm a total control freak. It's my way or the highway. We'll listen to other people, we might oscillate around on stuff, but ultimately it's our call."

The downside as the group's 20th anniversary approached was that "I was totally burnt out," he says. "Remote lodges are like blobs. You mould 'em into shape and get 'em exactly as you want, but if you take your eye off them for a moment, they just revert to what they were before." By 2018, the couple had had multiple approaches from "private equity and agents for different people" - including Belmond, pre-LVMH. Then an affiliate of US private equity group KSL Capital Partners came a-hunting, armed with a substantially higher valuation.

As reported a few days before Christmas 2018, KSL bought a majority stake in what was reported as the \$100 million Baillie Lodges empire, with the Baillies retaining Capella, which they couldn't sell for legal reasons and viewed as a possible legacy asset for their children, and an unspecified holding in the group, with an option to increase or decrease it.

KSL's plan was to grow the group to 10 lodges by 2024, and to keep the Baillies involved in what was on every level a bespoke group. Silky Oaks Lodge in the Daintree entered the group in 2019, Canada's Clayoquot Wilderness Lodge on Vancouver Island in 2020, the Canada and The Louise in the Barossa in 2021, the same year as Huka Lodge, the granddaddy of the New Zealand lodge revolution.

The couple genuinely liked their private equity partners. "We were at that point thinking, 'Oh, maybe it's a bit of a new journey. It could be fun,'" says James. But they had always been in two minds about selling. All offers had involved seemingly unreal sums, and been



Left: Hayley at age nine with dad Dick Smith, who scouted the lodge's location for a possible beach house. Below: with her "surrogate mother" Valerie Taylor, who introduced her to James. Bottom: the lodge's champagne glasses melted during the 2020 fire.



subject to due diligence and myriad conditions. KSL eventually bought the group in entirety in April 2019 for \$120 million, giving the Baillies a one-year option to invest in its expanding empire.

Hayley burst into tears when they sold. As for her husband, "For me, growth was a nightmare and would keep me awake at night because instead of three needy children, it would be 10. I only knew how to do it one way, which was to be across every detail, and that had worked for us. I just knew I couldn't reinvent myself as a macro manager."

As the clock ticked on their option, they repaired to Capella for Christmas with their four sons, aged 15 to 20, all of whom had been born as SOL had been created. Surfing, diving, doing all the things they do as a family, they decided they were done. On Boxing Day 2019, they sent the formal letter saying they would not take the option to buy back in.

A week later, SOL burnt to the ground.

It was, they say, the most traumatic passage in what have been fortunate lives. But they've been "founders and creative directors" on a consultancy basis to KSL, for which they keep forgetting to submit their hours, ever since. "We are the face of the business in many ways, to the media, to the past guests," James says.

Their remaining skin in the SOL 2.0 game is more complicated, and interesting, than cash or equity. The group is manned and serviced by staff, many of whom have been with them for decades. And it bears their name. "If Belmond had bought it, the name would have changed," says James.

"Jamie and I didn't think the name actually meant anything," Hayley says. "In hindsight I think, 'Oh my god, all these properties have our name on it.' I want to make sure people have the same level of experience, and [yet] we don't run the day-to-day of the business any more." Then there's the not insignificant detail that it was they who talked KSL into sinking \$55 million into rebuilding the property, at three times its original cost, including a small town of batteries, solar panels, water tanks and extra levels of fireproofing.

In January 2020, the property's resurrection was anything but assured. The new owners were "shocked: I don't think they could see it rising again from the ashes, because the whole landscape had been obliterated," James says. But for Hayley, "from the minute it burnt

down I was absolutely hell-bent on [rebuilding it]." She wonders whether, if years had passed, they'd have had the same desire to rebuild. "Jamie, would we?"

James: "No, I think it was because..."

Hayley: "We agreed to do it..."

James: "At the beginning."

Hayley: "Yeah, we went in hard. We were like, 'Right, we really want to bring this...'"

James: "'...back.' I mean, this is legacy for us. It's our DNA."

INEVITABLY, THE biggest of the sliding-doors moments is the one that forged that DNA. The matchmaker, or accidental alchemist, was conservationist, filmmaker and photographer Valerie Taylor, Hayley's "surrogate mother", diving teacher and the woman who got her her first job - as a dive instructor with Lindblad in the early 1990s.

Taylor knew James from doing photography for P&O Resorts around the same time.

"I picked up James on the beach at Heron Island because I wanted a model," the 88-year-old says. "One day, when the helicopter landed and the Smiths arrived, I introduced them. That was okay, but nothing came of it."

P&O Resorts - the former owner of Heron, Dunk, Lizard and Bedarra islands and Queensland's Silky Oaks Lodge - had been James's father Brian's gambit as managing director of P&O in the 1980s. James, the youngest of six children, had pretty much grown up on Heron Island, manning the bar before becoming head of P&O Resorts himself in 1999. Passionate divers, he and Hayley ran into each other occasionally at dive festivals on the island.

But Hayley was on months-long cruise contracts around the world. Years went by.

"Back in Sydney, James used to ask my husband and I to be his guest and all sorts of things," Valerie says. "We were at a dinner and James said, 'I just don't seem to get to meet girls. I don't have the time.' I said, 'I know a girl. She's just left her boyfriend and she's beautiful and highly intelligent, I can't introduce you, but I'll ask my

friend Hayley - you've met her once.'"

Hayley was just back from eight months in South America and Antarctica. "I didn't really know that many people," she recalls. "I'm mid-20s, I've been travelling a lot for work and everyone had moved on." She and James arranged to meet at Hugo's restaurant in Bondi to discuss setting him up. Having grown up in Terrey Hills in Sydney's northern suburbs, where her parents had acreage, Hayley had never set foot on Bondi Beach. "I thought he must have a friend called Hugo," she says. "I hadn't seen James for a few years. As he opened the door to his apartment, I recall thinking, 'You are way better than I remember.' Long story short, we spent the whole weekend together and we've been together ever since."

It's one of the stories that tumble out - both tripping over each other, James heading his wife off from anything too confessional - as we sit in the kitchen of their house at Clareville in Sydney's north, overlooking Pittwater. Baillie Lodges' office is just down the road in Avalon. In the sitting room, shells and other travel trinkets are on display, chief among them the melted

"I recall thinking, 'You are way better than I remember.' We spent the whole weekend together."



PHOTOGRAPHY BY JOANNA BAILEY, KARA ROSENBLUND, JENNIFER SOO

champagne glasses they retrieved from the ashes of the Kangaroo Island fire. A ceramic pot in the kitchen turns out to be the only thing that survived the smoldering wreck.

You get the sense they've never told this story from start to finish. "It's not like Jamie and I sit around going, 'Well, let's talk about the sale and what happened,'" Hayley says. "We just did it. Now I'm like, 'Oh my god, that's ridiculous.'" She's the surprise of the pair. Dressed in an SOL 10th Anniversary T-shirt and shorts, hair pulled back, she's nobody's heiress – much more the 25-year-old slashie (Zodiac driver/dive instructor/improvised naturalist) she was half a lifetime ago, unable to sit still, eyes everywhere.

It's Hayley who set up the cultural relationships that anchor a sense of place. Like that with Scott Wilson, the island's sheep farmer they talked into first quarrying and then building what they call the longest artwork in the place, the 200-metre limestone wall that is one axis of the building, who turns up mid-crutching looking like something out of a Drysdale painting. Or Exceptional Kangaroo Island founder Craig Wickham, whose established experiential-travel business helped convince the Baillies that Kangaroo Island was already a destination for sophisticated international travellers but didn't necessarily have the accommodation to match. As well, there's Hayley's affinity with art and design, which she attributes to her paternal great-grandfather, the photographer Harold Cazneaux, for whom their youngest son, Caz, is named.

As we walk the property, she FaceTimes friends, sends artists pictures of their hung pieces and gets a particular kick from a return shot of Janice Stanley grinning at her phone. The couple joke about Hayley being glass-half-full, but she's actually brimming. Just occasionally you catch her looking at you with a sideways grin and it's Dick Smith, 40 years ago. In drag.

"Dick needed a daughter who thought like him and he got Hayley," observes Valerie Taylor. "He should be, and is, very proud. Being with her is like being with a sparkling raindrop of rain and she's Dick. Very Dick."

IT'S TEMPTING to trace the relaxed, first-names-only service for which SOL became famous back to the peculiar egalitarianism of Hayley's days of adventure cruising, where the staff eat with the customers and experiences are shared. It certainly plays to Australians' strengths rather than our weakness, which is traditional northern-hemisphere service. One of the first things the couple did after going out on their own was tour New Zealand lodges. "Everything was European-based, a lot of food and wine and indulgence," says James. "Very formal, starchy, a bit Hamptons. We were young then, we didn't want to be called Mr and Mrs Baillie."

James had first visited Kangaroo Island in the 1990s during his P&O days at the invitation of Tourism South Australia, which showed him the calmer, northern end of the island that people from Adelaide preferred. It was Dick Smith who remembered a bit of wilderness on the edge of the Flinders Chase National Park that he and wife Pip had looked at as a possible site for a beach house in 1997. Thirteen years earlier, during a circumnavigation of Australia, he'd written on his map of Kangaroo Island, "Most beautiful coast I have seen" – right where the Lodge was eventually built.

Smith only finds the map after we speak. "It's incredible, because by then I had flown from Sydney to Cape York, around the Kimberley, right down to Margaret River and along the Nullarbor Plain to Ceduna, then to

Port Lincoln and across the bay to Kangaroo Island," he says. In October 2002, he flew James and Hayley there in his Cessna.

Kangaroo Island's southern coast has many moods, from sparkling, Mediterranean blue to what they call "power days". The elements were at full flex as the couple walked it for the first time, Hayley heavily pregnant with their first son, and hunkered down on the edge of the escarpment where the lodge is now located.

Adopting the Dick Smith maxim "do everything in parallel", they had also been looking at building a lodge on land south of Hobart at Crescent Bay, another spectacular white-sand beach site. They started developing both properties in parallel. But Tassie approvals were taking time, and Kangaroo Island "was so fricking spectacular, with those wild Antarctic winds coming through", Hayley recalls. "That first day, you said to me, 'We could call it Southern Ocean Lodge,'" she says



her husband. "What we ended up creating is exactly what we intended to in the beginning."

"We definitely backed the right horse," James agrees. "We parents had staked them the original \$3 million to take over Capella on Lord Howe in 2003. They did so on commercial terms, with bank interest rates and to be refinanced when possible. The same happened with SOL. In 2010 the couple refinanced, helped by SOL's runaway success, and by the time they sold they were almost debt-free."

It was how her father had started Dick Smith Electronics: \$600 of his own, \$10 from his then-19-year-old fiancée Pip, and \$4000 borrowed from his old scout-master. "He didn't ask for an interest,"

Smith says. "He'd have been a multimillionaire if he had, because I sold it for \$20 million [in the early 1980s]. Fortunately for me, he just loaned us the money, which I paid back...that was what we did to Hayley and James, so they could be successful themselves."

DESPITE APPEARANCES, and delays, there's really not a lot of jeopardy to the story of SOL 2.0. Capella Lodge was profitable from day one, "probably because of our sheer focus", James says. The first

Below: a photo of the map of Kangaroo Island from Dick Smith's flight in 1984. Pointing towards the coast just west of Hanson Bay is the comment, "Most beautiful coast I have seen." Bottom: the Southern Ocean Lodge, which reopens this month.

Southern Ocean Lodge opened during the global financial crisis, but never really looked back, either. Even Australian tourism, after the greatest shock in its history – from bushfires to COVID-19 – had recovered 70 per cent year-on-year by September.

Tourism Australia's Phillipa Harrison shows me a graph that falls off a cartoon cliff, then climbs back as strongly as that coastal mallee. At the luxury end, demand is even stronger, and while some worry 2024 will be a horror year around the world, that's only likely to make a 23-room luxury lodge at the end of the world more attractive to monied globetrotters, even at \$3400 a night for two.

Climate change is, of course, more than just jeopardy. When *Good Weekend* speaks to the Baillies in September, El Niño has just been confirmed. When we visit in November, bushfires have already begun in Queensland and northern NSW. Everything possible has been done to fireproof SOL, right down to fire-retardant juniper bushes and foundations of sealed blockwork, rather than the original screw piles. Winds from below the lodge, which is on a ridge, are suspected to have fanned the 2020 fires, given they barely touched the property's staff village. Now nothing can

get in. As Harrison says: "There is a real risk around operating in these areas, but there's also a real benefit because it's unlocking our epic landscapes. As long as we can be covered and get adequate insurance, I think it's a risk worth taking."

There's another kind of jeopardy, though, at play here: that you can't redo what you've done, knowing what you know from doing it. "It's so much more bureaucratic," James says of the experience of rebuilding. "Last time, we were owner-builders; it was just us, we were unknown, and it was so much more relaxed. This time it's a much higher-profile property. There's more people and the stakes are higher."

"Last time, we watched the staff greet the first guest, hiding in the kitchen 50 feet away, with a newborn baby," says Hayley. "We couldn't believe we'd done it. We had been totally focused on 'God, are we going to get any bookings?'"

"This is very different," James says. "Demand is out there. In fact, we've had to block off some of the property because we don't want to put too much pressure on it to start with." They're committed to getting SOL 2.0 up to speed. "We've put so much into it with some of our key team, who've lived and breathed this for four years, waiting to bring it back. That was our commitment and we'll have done that. Yes, I'm happy to tweak it and focus on all that detail and then exit, stage right."

They are thinking about Tasmania. "It's now about, 'What's going to spin our dials next?'" says James. "We're excited about maybe creating something on a more intimate scale on our Tassie land. More of an incredible contemporary residence on a sole-use basis. A different type of tourism, perhaps. Still with all of our ingredients, but an even smaller footprint."

Cruises are growing ever smaller, more specialised. The nine-room Capella Lodge has always been their most profitable business on a per-room basis, something old-style hoteliers never understood. "[Properties with] 50 to 60 staff in remote locations are big, hard assets to run," James says. "And we lived it and breathed this business for 20 years. It's time for new adventures." ■