

## YARRA RANGES TOURISM PARTNERING AGREEMENT 2022-23

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Report Author: Manager Economic Development & Investment  
Responsible Officer: Chief Executive Officer  
Ward(s) affected: Chandler; Lyster; O'Shannassy; Ryrie; Streeton

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*The author(s) of this report and the Responsible Officer consider that the report complies with the overarching governance principles and supporting principles set out in the Local Government Act 2020.*

### CONFIDENTIALITY

This item is to be considered at a Council meeting that is open to the public.

### SUMMARY

With support from Council, Yarra Ranges Tourism (YRT) was formally established in 2006 following the merger of two organisations, Destination Yarra Valley Dandenong Ranges (former Tourism Board) and the Yarra Valley Brand Inc. in 2006. Since that time, Council has supported Yarra Ranges Tourism through a Partnering Agreement to enable unified strategic branding and marketing, and to secure the region's position as a major regional destination in Australia.

The Victorian Government has released its Visitor Economy Recovery and Reform Plan (VERRP) outlining the Government's intention to support Victoria's visitor economy and tourism industry including the transition of Regional Tourism Boards into a network of Visitor Economy Partnerships by 2023. While a detailed transition plan or timeframe is not yet available, it is recommended Council continue to support YRT for the 2022-23 financial year and review this commitment following an internal review on the effectiveness of YRT and the progress of the VERRP.

The current Partnering Agreement with Yarra Ranges Tourism concludes on 30 June 2022.

### RECOMMENDATION

#### *That Council*

- 1. Extends the Partnering Agreement with Yarra Ranges Tourism for a further 12 month period concluding 30 June 2023.***
- 2. Maintains the existing funding amount of \$489,016 per annum.***

- 3. *Contributes funding of up to \$50,000 to a regional Destination Management Plan for the Yarra Valley and Dandenong Ranges Tourism Region.***
- 4. *Undertakes a comprehensive review to assess the effectiveness of Yarra Ranges Tourism and determine the most appropriate role, in considering the Visitor Economy Recovery and Reform Plan.***
- 5. *Receives a further report following completion of the review and progress on the implementation of the Victorian Government's Visitor Economy Recovery Reform Plan.***

## **RELATED COUNCIL DECISIONS**

Council Meeting 10 March 2020 – Council supported the extension of the Partnering Agreement with Yarra Ranges Tourism for a further 12-month period concluding 30 June 2021 and increased the funding support by 2.5% to \$489,016 (excluding GST) annually for a 12-month period (2020-2021).

Council Meeting 8 June 2021 - Council supported the extension of the Partnering Agreement with Yarra Ranges Tourism for a further 12-month period concluding 30 June 2022 maintaining the existing funding amount associated with the Partnering Agreement of \$489,016 annually for a 12-month period (2021-2022).

## **DISCUSSION**

### ***Purpose and Background***

Under a six-year partnership agreement with Council that commenced 1 July 2016, YRT markets and promotes the region's wine, food, tourism, and agribusiness products in partnership with industry and government to international and domestic markets. It also promotes the Yarra Ranges municipality as a key tourism destination.

The partnership agreement with YRT includes arrangements with Yarra Valley Wine Growers Association trading as Wine Yarra Valley (WYV), Yarra Valley Regional Food Group (YVRFG) to provide an integrated and collaborative approach to the promotion of the Yarra Valley, Dandenong Ranges and Warburton Valley as premier tourist destinations.

Collectively these organisations have demonstrated, through achieving key performance indicators outlined in the Partnering Agreement, that they are leading the development and sustainability of a strong local tourism sector particularly through the COVID-19 Pandemic and following the Storm event in June 2021. Formal reporting of achievements against the Key Performance Indicators (KPI's) for 2020-2021 was received from YRT in November 2021 (refer Attachment 1).

Yarra Ranges Tourism is funded through a partnership model with the Victorian Government, Manningham, Nillumbik and Yarra Ranges Councils, and local tourism

industry business operators. The YRT income model is complemented through government grants for industry specific initiatives.

The Victorian Government has released its Visitor Economy Recovery and Reform Plan April 2021 (VERRP) (refer Attachment 2) outlining the Government's intention to support Victoria's visitor economy and tourism industry to recover from the combined impacts of bushfires and the COVID-19 pandemic by growing and rebuilding its domestic visitor economy market share and preparing for growth and resilience when international borders reopen. The Plan includes the findings of the Regional Tourism Review which was commissioned by the Government in 2019 and notes the following:

- Transition of Regional Tourism Boards (RTBs) into a network of Visitor Economy Partnerships (VEPs) by 2023.
- Establishment of Transition Committees with representatives from RTBs, Councils, government, and industry to support the transition.
- \$15.4 million investment to support the transition to VEPs with greater scale, capability and coverage; and
- Establishment of a Visitor Economy and Reform Ministerial Advisory Council supported by the Department Jobs Precincts and Regions (DJPR) to guide whole-of-government implementation and management of the Plan.

A detailed transition plan and clear timeframe is not yet available.

YRT have written to Council requesting a review of the existing Partnership Agreement including:

- increased funding contributions, minimum of a 5-year renewal period and review of KPI's long-term partnership agreement be entered into of 5+5 years.
- annual CPI funding in line with the annual Victorian CPI rate.
- A financial contribution of up to \$50,000 towards a regional Destination Management Plan (DMP).
- Substantial increase in the event sponsorship stream of funding.
- Additional funding stream to build and ignite the nature-based brand of the region.
- Review of Key Performance Indicators outlined in the Partnership Agreement; and
- Clarification of YRT's role in administering funding the YVRFG and WYV.

YRT have confirmed financial contribution commitments towards a regional DMP from the Victorian Government (\$125,000), Nillumbik Council (\$25,000) and YRT (\$40,000) totalling \$190,000.

The Victorian Government objectives for a DMP are to:

- bring together key regional stakeholders to discuss and develop a shared vision for growing the visitor economy (over a 3-5 year period).
- Set out what success looks like for the region.
- Align with other key visitor economy planning documents for example, Visitor Economic Management Plan.
- Plan for and outline best practice in both governance and stakeholder management
- Prioritise Supply and Demand strategies and activities.
- Identify clear and measurable goals and outline the actions to be taken by the RTB to achieve them.
- To outline clear roles, responsibilities and timeframes in delivering against the plan.

### ***Options considered***

The following options have been considered:

<b>Options</b>	<b>Cost</b>	<b>Recommendations</b>	<b>Considerations</b>
<b>Option 1</b> Increase per YRT request	>\$556,132	Not recommended	Victorian Government plans to transition to a VEP by 2023.  YRC will conduct a review to fully evaluate the impacts and outcomes delivered by the partnership while assessing future needs and aspirations.

<p><b>Option 2</b></p> <p>Maintain existing funding of \$489,016 for a further 12 month period</p>	<p>\$489,016</p>	<p>Not recommended</p>	<p>Victorian Government plans to transition to VEPs by 2023.</p> <p>Excludes \$50K contribution towards a DMP which will result in an inability to conduct extensive community consultation other than high level industry engagement; or alternatively a reduction of existing services such as marketing/promotion, industry development, and advocacy.</p>
<p><b>Option 3</b></p> <p>In addition to Option 2 contribute up to \$50K towards the development of a DMP for the Yarra Valley and Dandenong Ranges Tourism Region.</p>	<p>\$539,016</p>	<p><b>Recommended</b></p>	<p>Victorian Government plans to transition to a VEP by 2023.</p> <p>Includes a \$50K contribution towards preparing a DMP.</p>
<p><b>Option 4</b></p> <p>Cease funding</p>	<p>Nil</p>	<p>Not recommended</p>	<p>Ongoing commitment from key funding bodies is crucial to the YRT's existence.</p> <p>Victorian Government's ongoing investment into the Yarra Valley and Dandenong Ranges will be placed at risk if YRT fold.</p> <p>Loss of existing and future investment confidence in the Region.</p>

### ***Recommended option and justification***

**Option 3** - Maintain existing funding of \$489,016 for a further 12-month period with a contribution of up to \$50,000 towards the development of a DMP for the Yarra Valley and Dandenong Ranges Tourism Region is the preferred and recommended option.

This option provides for a continuation of the existing service provision while Council undertakes reviews of both the impact and what the value add of the partnership has been including identifying opportunities to maximise the impact of the YRT partnership investment. It also supports the Council Plan action to *Develop a DMP with the Yarra Ranges Tourism Board to support the right eco-tourism, infrastructure growth that also protects our natural environment through a cost-effective funding model.* (Council Plan Action 6 under Vibrant Economy, Agriculture and Tourism).

### **FINANCIAL ANALYSIS**

A one-year financial commitment of \$489,016 per annum through the YRT Partnership Agreement is in place with Council until 30 June 2022. The distribution of the funding payment is:

<b>Funds Recipient</b>	<b>Costs (excl. GST) 2021-22</b>	<b>Funding Purpose</b>
Yarra Ranges Tourism	\$382,942	Contributes to staff costs, visitor information coordination and leadership of tourism marketing, development, and management for the Region through delivery of the annual action plan tied to the five-year Strategic Plan
Yarra Valley Wine Growers Association	\$25,308	Supports the recognition of the Yarra Valley as a fine wine region and premium brand reputation
Yarra Ranges Tourism	\$21,797	Regional Food Promotion– supports the recognition of the Yarra Valley as a fine food region and premium brand reputation, with a focus on the promotion of Food Trails and Farmer’s Markets
Yarra Valley Regional Food Group	\$5,125	Supports promotion of their monthly Farmer’s Market
Yarra Ranges Tourism	\$53,844	Tourism Events Grant Program
<b>Total</b>	<b>\$489,016</b>	

## APPLICABLE PLANS AND POLICIES

This report contributes to the following strategic objective in the Council Plan:

- Vibrant Economy, Agriculture and Tourism.
  - *Our tourism, agriculture, health, manufacturing and other industries are leading and dynamic. Strong investment and attraction underpins sustainable economic growth and job creation.*
    - *Become a world class trails and eco-tourism destination through project development, delivery, advocacy and partnerships, including the delivery of the Rivers and Ridges projects.*

This report contributes to the following strategic objective(s) in the Council Action Plan (2021-25):

- *Review and develop a new Economic Development Strategy and Investment Attraction Plan, to create local jobs, business, and investment to deliver positive and sustainable economic community outcomes.*
- *Develop a destination management plan with Yarra Ranges Tourism Board to support the right eco-tourism, infrastructure growth that also protects our natural environment.*

This report contributes to the following strategic objective in the Economic Development Strategy 2012-2022:

- *Foster Tourism*
  - *Priority Area 9.1 Achieve local and international recognition as a premier tourism destination.*
  - *Priority Area 9.2 Increase visitation, length of stay and improved experience.*
  - *Priority Area 9.3 Work with industry to grow nature-based tourism opportunities in the region*
  - *Priority Area 9.4 Encourage all stakeholders in the tourism industry to work to agreed goals.*
  - *Priority Area 9.5 Encourage harmonious relationships between tourists and residents, the environment and agribusiness.*

This report contributes to the following strategic objective in the COVID-19 Pandemic Recovery Framework December 2020:

- *Objective 2 - Businesses, organisations and industries in the local economy can operate and trade in line with broader economic trends.*

This report contributes to the following strategic objective in the State Plans:

- Visitor Economy Recovery and Reform Plan
  - Strategic collaboration and planning
    - Transition Regional Tourism Boards to Visitor Economy Partnerships
    - Enhance leadership and coordination to drive recovery outcomes
  - Destination marketing
    - Marketing
    - Industry partnerships
    - Brand framework

## **RELEVANT LAW**

Not applicable.

## **SUSTAINABILITY IMPLICATIONS**

The cumulative impact of rising costs and inflation is eroding YRT, WYV and YVRFG ability to deliver existing services.

The Yarra Ranges tourism industry has been significantly impacted because of the COVID-19 Pandemic and the Storm event in June 2021. The industry is adjusting to this new normal in an environment with ongoing uncertainty and will require the continued leadership of local peak bodies YRT and WYV.

### ***Environmental Impacts***

Continued coordination of regional marketing initiatives will ensure that environmental impacts are appropriately managed. Opportunities to increase the awareness of the region as a premier eco-tourism destination will be strengthened with the development of a Destination Management Plan in partnership with YRT and the Yarra Ranges community.

### ***Social Impacts***

There are many social benefits from maintaining the Region as a premier tourist destination. A vibrant tourism sector with well managed infrastructure and highly skilled operators has a direct correlation to liveability, which in turn has a positive social impact on how residents respond to their local community.

The economic determinants of health are consequential for people's wellbeing. Having a job is a precondition to living a healthy life.



A Destination Management Plan will contribute to fostering congruent relationships between visitors, residents, and tourism businesses.

### ***Economic Impacts***

Maintaining a productive tourism industry with a focus on strategic initiatives and coordination of marketing and promotion ensures the continued growth in visitation to the region. Directly tourism contributes an estimated 1877 jobs and \$383 million in economic output annually to the Yarra Ranges economy. Indirectly tourism supports more than 3340 jobs and \$1.4 billion in agricultural, and food and beverage product manufacturing.

Before the COVID-19 pandemic, tourism visitation to Yarra Ranges was rising strongly. In the year ending March 2020 the Yarra Ranges had 3.7 million visitors, up 12.5% from the previous year.

### **COMMUNITY ENGAGEMENT**

Not applicable.

### **COLLABORATION, INNOVATION AND CONTINUOUS IMPROVEMENT**

Council meets with YRT regularly to obtain an updated performance report against the current KPIs.

Council has been in regular contact with the Victorian Government regarding updates on the transition of RTBs into a network of VEPs by 2023.

### **RISK ASSESSMENT**

The Yarra Ranges tourism industry has been directly impacted by the COVID19 Pandemic and the 2021 June Storm event. For a vibrant tourism industry to respond to this impact, and continue to pursue growth, it needs YRT as a known regional marketing and promotion body in collaboration with WYV. Combined YRT and WYV can facilitate new opportunities to help diversify and expand the experience of visitors to the Yarra Ranges that are unique and appeal to new markets as well as new investors. They contribute towards the community's future aspirations for the municipality that is "*in 2036 Yarra Ranges is a wonderful place to live, and a world-class destination for visitors and investors who make a significant contribution to prosperity within the region*".

### **CONFLICTS OF INTEREST**

No officers and/or delegates acting on behalf of the Council through the Instrument of Delegation and involved in the preparation and/or authorisation of this report have any general or material conflict of interest as defined within the *Local Government Act 2020*.

## **ATTACHMENTS TO THE REPORT**

1. Yarra Ranges Tourism Activity Report – Year Ending 30 June 2021
2. Victorian Government Economy Recovery Reform Plan