

## **YARRA RANGES TOURISM PARTNERSHIP AGREEMENT**

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Report Author:           Manager - Economic Development & Investment  
Responsible Officer:    Director Communities  
Ward(s) affected:        (All Wards);

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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. Since that time, Council has supported YRT, Yarra Valley Wine Growers Association trading as Wine Yarra Valley (WYV) and the Yarra Valley Regional Food Group (YVRFG) 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.

Three annual extensions to Council's existing 4-year Partnership Agreement (1 July 2016 to 30 June 2020) have been endorsed by Council to allow for the Victorian Government to provide clarity regarding the transition from Regional Tourism Boards (RTB) to a Visitor Economy Partnerships (VEP) model. The current Partnering Agreement with YRT and partners concludes on 30 June 2023.

A detailed transition plan or timeframe is not yet available from the Victorian Government and following the review (refer Attachment 1) of the YRT Partnering Agreement it is recommended Council continue to support the YRT partnership, through a new 3-year agreement until 30 June 2026, or until the VEP transition, should that commence sooner.

## RECOMMENDATION

### *That Council*

1. ***Establish a new Partnering Agreement with Yarra Ranges Tourism for a 3-year period commencing 1 July 2023 that includes:***
  - (a) ***A collaborative partnership with Wine Yarra Valley and Yarra Valley Regional Food Group.***
  - (b) ***Tourism Events Grants Program.***
  - (c) ***Regional Promotion Program aligning with Destination Management Plan Product Priorities.***
2. ***Maintains the existing funding arrangement of \$489,016 per annum with an annual review.***
3. ***Authorise the Director Communities to prepare a new Partnering Agreement with Yarra Ranges Tourism containing the findings of the Yarra Ranges Partnering Agreement Review Report including:***
  - (a) ***Alignment with the Council Plan 2021-2025 and the Yarra Ranges Economic Development Strategy 2022-2032.***
  - (b) ***Revised Key Performance Indicators.***
  - (c) ***Flexibility to terminate the agreement.***
4. ***Receive further reports following the:***
  - (a) ***Progress on the implementation of the Victorian Government's Visitor Economy Recovery and Reform Plan***
  - (b) ***Preparation of a Destination Management Plan for the Yarra Valley and Dandenong Ranges Region by Yarra Ranges Tourism.***

## 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).

Council Meeting 14 June 2022 – Council supported the extension of the Partnering Agreement with Yarra Ranges Tourism for a further 12-month period concluding 30 June 2023 maintaining the existing funding amount associated with the Partnering Agreement of \$489,016 annually for a 12-month period (2022-2023), plus an

additional \$50,000 contribution to a regional Destination Management Plan for the Yarra Valley and Dandenong Ranges Tourism Region; and 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.

Council Meeting 9 August 2022 Council endorsed the appointment of Leigh Harry as Chair of YRT for a three-year term and thanked outgoing Chair, James Robinson for his strong leadership and contribution during his tenure.

## **DISCUSSION**

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

Under a seven-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 WYV and YVRFG to provide an integrated and collaborative approach to the promotion of the Yarra Valley, Dandenong Ranges and Warburton Valley as premier tourist destinations. Formal reporting for 2021-2022 has been received – refer Attachment 2 Yarra Ranges Partnership Activity Report June 2022, and Attachment 3 Annual Report and Financial Report for the Year Ended 30 June 2022.

A review to assess the effectiveness of YRT and determine the most appropriate role, in considering the Visitor Economy Recovery and Reform Plan has been completed.

Overall YRT, WYV and YVRFG have achieved most key performance indicators outlined in the Partnering Agreement. Individually they are supporting the restoration and growth of local tourism following the COVID-19 Pandemic and recent major weather events including the Storm event in June 2021.

Identified in the review were opportunities in strengthening collaboration between all partners in the agreement towards a shared vision and goals, and improved effectiveness. Stronger and more aligned integration and collaboration would remove duplication and confusion for industry, alleviate confusion between parties, and improve efficiencies for achieving goals. Collaboration could also extend to regional sustainability management and emergency communication, alongside findings of the DMP, in future agreements.

Yarra Ranges Tourism has demonstrated a diversification in its funding through a partnership model with the Victorian Government (\$260K), Manningham (\$20.5K), Nillumbik (\$70K) and Yarra Ranges (\$489,016 including WYV and YVRFG) Councils, and local tourism industry business operators (\$178,690). The YRT income model is complemented through government grants for industry specific initiatives, advertising sales and The Regional Pantry generating further income totalling \$186,106 for 2021/22 financial year.

**Options considered:**

The following options have been considered:

<b>Options</b>	<b>Cost</b>	<b>Recommendations</b>	<b>Considerations</b>
Option 1 Maintain existing Partnering arrangements and funding of \$489,016 for a further 12-month period with variation addressing areas identified as opportunities for improvement such as increased collaboration, breadth of work and learnings from other Regional Tourism models	\$489,016	Not recommended	<p>While the Victorian Government plans to transition to a VEP by 2023, there is no update on transition plans for this Region.</p> <p>Continued annual extensions is impacting long term planning by the members of the agreement to support tourism in Yarra Ranges.</p> <p>Council's initial 4-year Partnering Agreement with YRT and Partners included a flat-funded payment totalling \$477,089 annually. Funding increased by 2.5% to \$489,016 annually for the following three period. A short-term contract along with rising cost pressures, and constrained resource pool is likely to impact workforce retention/attraction and a reduction in services YRT provides.</p>
Option 2 Establish a new partnering agreement for a 3-year period maintaining existing funding of \$489,016 for 2023-2024 with annual reviews to consider aligning future payments with the indexation rate set by Council.	\$489,016	Recommended	<p>Victorian Government plans to transition to VEPs by 2023. With no framework for this transition currently available, adequate time is required for the transition from RTB to VEP.</p> <p>A 3-year agreement allows the establishment of measures to enable a smooth transition, while still enabling tourism to be sustainably grown, supported and</p>

			<p>managed.</p> <p>Rising cost pressures, and a constrained resource pool is likely to impact workforce retention/ attraction and a reduction in services YRT provides.</p>
Option 3 Bring regional tourism marketing in-house for Council to manage.	>\$500,000	Not recommended	<p>YRT leverages a diversified funding model to support marketing and promotion of the region. YRC cannot replicate this service without considerable investment.</p> <p>Bringing tourism in-house could also negatively impact existing and future business and investment confidence in the Region.</p>
Option 4 Decrease or cease funding	Nil	Not recommended	<p>Ongoing commitment from key funding bodies is crucial to YRT's existence. Victorian Government's ongoing investment into the Yarra Valley and Dandenong Ranges will be placed at risk if YRT cease operations. It places at risk future business and investment confidence in the Region.</p>

***Recommended option and justification***

**Option 2** - Establish a new partnering agreement for a 3-year period maintaining existing funding of \$489,016 for 2023-2024 with an annual review.

This option provides industry a continuation of the existing service provision while Council and industry await Victorian Government plans to transition from RTBs to VEPs.

A future agreement will:

- Support the Council Plan 2021-2025 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 including its subsequent implementation, and Economic Development Strategy 2022-2032;

- Include updated Key Performance Indicators that consider the findings of the review including increased collaboration, breadth of work, and learnings from other Regional Tourism models; and
- Provide flexibility to terminate the agreement following the Victorian Governments intended transition plan for the region to VEP model.

## FINANCIAL ANALYSIS

Funding the marketing and promotion of Yarra Ranges as a visitor destination has an ongoing provision in the Economic Development and Investment operational budget.

A one-year financial commitment of \$489,016 per annum is in place with Council until 30 June 2023. The distribution of the funding payment per annum is:

<b>Funds Recipient</b>	<b>Costs (excl. GST) 2022-23</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 and DMP.
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 underpin sustainable economic growth and job creation.

This report contributes to the following major initiative in the Council Action Plan (2021-25):

- Become a world class trails and eco-tourism destination through project development, delivery, advocacy and partnerships, including the delivery of the Ridges and Rivers projects.

This report also contributes to the following Council Plan Actions:

- Develop a destination management plan with Yarra Ranges Tourism Board to support the right eco-tourism, infrastructure growth that also protects our natural environment; and
- Develop and deliver improvements to Council's network of recreational trails across the municipality to support improved recreational, health, social, and economic needs of the community and become a world class trails, agritourism and eco-tourism destination.

This report contributes to the following strategic objectives in the Economic Development Strategy 2022-2032:

- Food, Beverage and Tourism identified as an opportunity industry sector.
  - Identity, Leadership and Collaboration
    - Action 1.3 Ensure industry engagement and business responsiveness are incorporated across Council operation: Foster partnerships, alliances, and collaborations across council, government, industry, education institutions, community organisations and the broader community.
  - Trade, Commerce and Workforce Capability
    - Action 2.2 Ensure an integrated tourism approach aligned to the Brand Identity Strategy and the Destination Management Plan
    - Action 2.3 Prepare a Workforce Infrastructure and Development Plan addressing existing and emerging issues regarding access, career transition as well as attraction and retention of local workforce to meet current and future industry and community requirements. Workforce infrastructure includes transport, housing stock (seasonal and permanent) and digital connectivity.

## **RELEVANT LAW**

Not applicable

## **SUSTAINABILITY IMPLICATIONS**

The Yarra Ranges tourism industry is adjusting to a new normal following the impacts of the COVID-19 Pandemic and major weather events in an environment with ongoing uncertainty. The industry will require the continued leadership of local peak bodies YRT and WYV.

As the Regional Tourism Board, YRT have been charged with the support of Council to develop a Destination Management Plan with an aim to support the social, economic, environmental and visitor needs of the region.

### ***Economic Implications***

Maintaining a productive tourism industry including accommodation and food services with a focus on strategic initiatives, and coordination of marketing and promotion contributes an estimated 5,316 local jobs (11%) and \$686million in economic output annually to the Yarra Ranges economy. Indirectly, tourism contributes to the economy across all industry sectors, most specifically agriculture, manufacturing, retail trade, and arts and recreation services. 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.

Rateable properties used for business (commercial, farming, industrial) purposes contribute approximately 12% in rates income annually excluding home-based businesses. There are an estimated 8233 businesses in Yarra Ranges who are non-employing and anecdotally operating from residential premises.

### ***Social Implications***

There are many social benefits from maintaining the Region as a premier tourist destination. Tourism and associated industries, particularly in the regional areas of Yarra Ranges, provide residents diversified opportunities to work where they live and contribute to the wellbeing of the local community through starting and growing businesses that employ locally.

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.

### ***Environmental Implications***

Coordination of integrated 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 implementation of a Destination Management Plan in partnership with YRT and the Yarra Ranges community.

## COMMUNITY ENGAGEMENT

Council officers have engaged with Councillors, WYV and YVRFG, and other stakeholders regarding this review.

## 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.

## RISK ASSESSMENT

Risk	Mitigant
<p>Decrease or cease funding: Cessation of YRT before introduction of VEP and DMP completion.</p> <p>Loss of future Government investment in visitor infrastructure and marketing and promotion.</p> <p>Loss of industry confidence, knowledge and advocacy.</p> <p><i>Note: YRT have a risk policy that documents any major withdrawal or reduction in funding from Government would result in YRT being an unviable entity.</i></p>	<p>Retain existing funding level. Consideration by Council of expediting the VEP Model once announced.</p>
<p>A 12-month agreement with no funding increase - Skilled workforce retention/attraction because of employment insecurity.</p>	<p>Reduction in Program delivery by YRT; or</p> <p>Retain funding aligned with indexation rate set by Council. Consideration by Council of expediting the VEP Model once announced.</p>
<p>No decision from Council: Likely cessation of YRT before introduction of</p>	<p>Ongoing engagement with Councillors.</p>

VEP and DMP completion. Loss of future Government investment in visitor infrastructure and marketing and promotion. Loss of industry confidence, knowledge and advocacy.	
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## **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 Partnership Activity Report June 2022
2. Annual Report and Financial Report for the Year Ended 30 June 2022
3. Yarra Ranges Tourism Partnering Agreement Review Report presentation to Council