

# Project Report

## Yarra Ranges Tourism Partnering Agreement Review

Date	June 2023
Author:	Amanda Bunn – Economic Development and Investment Project Lead
Approved by:	Helen Ruddell – Manager Economic Development and Investment

## Contents

Project Report.....	1
Yarra Ranges Tourism Partnering Agreement Review .....	1
1 Summary .....	3
Review undertakings .....	4
2 The Review.....	4
2.1 Partnering Agreement Evaluation (Agreement).....	4
2.1.1 Agreement Overview .....	4
2.1.2 Performance Findings.....	7
3 Engagement with stakeholders .....	8
3.1 Feedback from Stakeholders.....	8
4 Economic tourism profile.....	9
5 Research and analysis of other regional tourism models .....	14
6 VEP update.....	15
7 Options considered .....	15
8 Recommendation to Council .....	15

# 1 Summary

Council endorsed at its meeting on 14 June 2022 that Council:

1. Extends the Partnering Agreement with Yarra Ranges Tourism (YRT) 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 (DMP) 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 report on the review and progress on the implementation of the Victorian Government's Visitor Economy Recovery Reform Plan.

Three 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 Government to provide clarity regarding the transition from Regional Tourism Boards (RTBs) to the Visitor Economy Partnership (VEP) model.

In line with point four of Council's endorsement, a review was undertaken into Yarra Ranges Tourism and the Partnering Agreement that exists between Council and YRT and Partners. It also considered the upcoming proposed transition to VEPs. While acknowledging the Destination Management Plan (DMP), the review acknowledges constraints of timings regarding the ability to incorporate findings of the DMP, which have not yet been finalised and released.

The review identified that the industry is in a period of flux, between pandemic recovery and upcoming transitions at a State level. In this time, the stability of an established RTB has been deemed beneficial.

YRT and Partners strength and resilience has been identified in the review, through a turbulent time for the tourism industry. YRT and Partners has proven successful in achieving most of the KPIs set in the agreement, notably increasing partner numbers through the COVID-19 pandemic and disastrous weather events. Some KPIs have been identified as no longer appropriate for the current market and state of the industry and will require adjusting in any future agreements.

The review identified an opportunity for greater collaboration, and the benefits that can be achieved. Specifically, all stakeholders could benefit from closer and more cohesive collaboration between Council, YRT, Wine Yarra Valley (WYV) and Yarra Valley Regional Food Group (YVRFG), industry, and trader groups to cultivate a shared vision and strategy for the region. We see evidence of this in best practice RTBs, highlighted by our consultation with Great Ocean Road Regional Tourism and related Councils. It also raised opportunities to expand the breadth of work outside marketing to regional sustainability and diversity, and concise reporting.

While initially intending to consult directly with industry, due to recent consultation for the Economic Development Strategy and engagement by YRT in the development of the DMP there was concern regarding over-consulting, and industry apathy to engagement.

This review has provided valuable insights into the strengths and opportunities for improvement of the partnership between YRT and Partners, and Council. The findings of this review will assist the development of any future partnering agreement.

## 1.1 Review undertakings

1. Review and evaluate the Council & Yarra Ranges Tourism Partnering Agreement 2016-2023 against documented Key Performance Indicators.
2. Engagement with internal and external stakeholders.
3. Economic tourism profile of Yarra Ranges municipality.
4. Research and analysis of other regional tourism board models.
5. Research of the future VEP model.
6. Consideration of the proposed transition from RTBs to VEPs.
7. Consideration of the YRT Destination Management Plan.

## 2 The Review

### 2.1 Partnering Agreement Evaluation (Agreement)

#### 2.1.1 Agreement Overview

The current Agreement was established in 2016. The purpose of the Agreement was to:

- establish a mutually beneficial partnership with a commitment to working collaboratively between YRT and Council for the period of the Agreement, to ensure effective planning, development and delivery of the Activity.
- establish performance objectives and Key Performance Indicators to guide the Activity which are consistent with the Council's corporate goals, the Vision 2020 Community Plan and the Economic Development Strategy 2012-2022, and to assist both YRT and the Council to measure the performance of the Activity: and
- define the financial and other support that the Council will provide YRT over the Term, including the financial support which the Council will, through YRT, provide to Wine Yarra Valley (WYV) and Yarra Valley Regional Food Group (YVRF) (collectively 'partner organisations').

The activity purpose outlined in the Agreement is: *“To promote the regions' wine, food, tourism and agribusiness products in partnership with industry and government to international and domestic markets and to promote the Shire as a key tourism destination”* through the following activities:

- *“To market and promote the Yarra Valley and Dandenong Ranges regions and Warburton Valley sub region in domestic and international markets for the purposes of attracting visitors and promoting sustainable economic growth.*
- *To take a combined sector approach to marketing the region that incorporates wine, food, tourism and agribusiness products.*
- *To undertake the marketing and promotional work of YRT in a manner that is inclusive of all tourism operators.*
- *To hold industry forums and/or other similar events for the purpose of engaging with business people from all sectors with an interest in the economic development of the region.*
- *To establish and maintain a strategic partnership with Local Tourism Associations, the YVRF, the WYV and other industry groups to deliver cooperative and coordinated marketing for the region including a cooperative approach on all marketing collateral for the region that removes any duplication of effort.*

- To recognize the distinct values of the two regions: the Yarra Valley (including the Warburton Valley sub region) and the Dandenong Ranges.
- Provide information on regional tourism and other marketing opportunities to Local Tourism Associations and other stakeholder organisations within the region.
- To manage the two Visitor Information Centres in Yarra Valley and Dandenong Ranges.
- To build quality standards and industry professionalism within the region.
- To manage the operations of YRT as the single regional marketing organization for the Yarra Valley and Dandenong Ranges and as the peak tourism industry body for the region.
- To establish strategic relationships with external stakeholders including other tourism regions, Tourism Victoria, Tourism Australia, as well as any other State and Federal Governments agencies that have an interest in the marketing of food, wine, tourism, and agribusiness.
- Promote the value of regional marketing to key stakeholders and the community within the Shire.
- Seek a range of income streams from business and government sources to support the marketing activities of YRT.
- To prepare in close co-operation with the Council and key funding partners a corporate/business plan and a marketing program for YRT.
- To work with the Council and other stakeholders on appropriate business (membership) model that meets the needs of YRT and is affordable for all business types.
- To work with the Council in advocating for tourism services infrastructure in the region.”

The Agreement notes that “YRT will provide services to the business community of the Yarra Valley including Warburton Valley and Dandenong Ranges through the development of a range of marketing programs and strategic relationships with industry associations located in the region together with relevant external stakeholders.”

The Agreement also outlines the Objective, Key Result Areas and Key Performance Indicators as follows:

*Given that one of its representatives is a member of the Board of Directors, the Council will have input into key strategic documents, including the 3 year and Annual Business and Marketing Plans and will monitor and review their progress. The Corporate Plan should include an intention to meet the requirements of this Partnering Agreement. The Activity will meet the following Key Performance Indicators:*

<b>Partnering Agreement Performance Measures</b>	
Green = Achieved Yellow = Partially achieved	
<b>YRT KPI</b>	<b>2016-22</b>
Demonstration that YRT has introduced cost efficiencies and is pursuing a range of funding streams to provide a more balanced proportion of funding sources.	
Maintain participation numbers of those subscribing to YRT annual marketing partnership packages.	
Increase tourism marketing partners by 10 by the concluding year of the Agreement.	

Increased levels of matched funding for collective marketing initiatives from local businesses and industry associations.	Impacted by COVID19
Improve digital capabilities with website hits and time-on-page to maintain a top-ranking website for the region.	
Delivery of consistent industry communication through monthly enews, monthly CEO updates, annual industry summit, and briefing at industry networking events: - Open rate of monthly eNewsletters above 40% - Maintain a comprehensive database	Impacted by Privacy settings introduced 2021.
Increased product packages developed and marketed targeting specific consumer segments: - Create and deliver an average of five new product packages annually	
Delivery an approach to food tourism including: - Create and deliver a minimum of five new food trails by the final year of the Agreement. - Integrates digital food trail marketing activities with the regional platforms of YRT - Delivers an advertising campaign to promote Farmers Markets in the region to drive consumer urgency to visit the Yarra Valley, Warburton Valley and the Dandenongs.	Social media promotion & advertising, hosting journalists, developing media partnership
Delivery of an annual strategic action plan that captures all industry activity to market the region. This would include Local Tourism Associations, WYV and YVRFG.	
Application of the Tourism Events Grant Program towards new and repeat events that attract visitation to the region and promote the region.	
Monitoring of the KPIs for the WYV and YVRFG relating to their tourism marketing activity and included in six monthly update report to the Council.	Opportunity for improvement
Uses the Council logo to acknowledge Council's sponsorship on the regional marketing websites and subject to prior agreement with Council, on nominated marketing collateral to promote the region.	
<b>WYV KPI</b>	<b>2016-22</b>
Integration of wine tourism activities and initiatives in the YRT Strategic Plan and Annual Action Plan as related to marketing the region as a premier wine destination for visitors.	Opportunity for improvement
Enhances inbound marketing tactics through use of Search Engine Optimisation, and digital media to grow consumer database annually by 10%.	
Develops compelling content and distributes through digital communication platforms and integrates with the regional digital platforms of YRT.	
Develops and implements a marketing strategy that targets Chinese tourists and the Melbourne Chinese community, which enhances the Yarra Valley reputation and attracts visitation.	

Uses the Council logo to acknowledge Council's sponsorship on the WYV website and subject to prior agreement with Council on nominated marketing collateral to promote the region.	
Provide timely advice and information to YRT to enable YRT to fulfil its obligations to the Council (including but not limited to information which provides details about the expenditure of the proportion of the grant allocated to it).	
<b>YVRFG KPI</b>	<b>2016-22</b>
Integration of food activities and initiatives in the YRT Strategic Plan and Annual Action Plan as related to the marketing of the region as a premier food destination for visitors.	Opportunity for improvement
Promotion of the monthly Yarra Valley Regional Farmer's Market using a variety of marketing mediums.	Opportunity for improvement
Uses the Council logo to acknowledge Council's sponsorship on the YVRFG website and subject to prior agreement with Council on nominated marketing collateral to promote the region.	

### 2.1.2 Performance Findings

A review of the Activities outlined for the Activity Purpose notes the following observations. YRT have:

- Transitioned away from management of the two Visitor Information Centres in Yarra Valley and Dandenong Ranges implementing the establishment of Digital Visitor Information Kiosks with Victorian Government funding across the municipality.
- Hosted Annual Industry Summits, except for 2020 and 2021 due to COVID-19, with high industry participation.
- Established strategic relationships with external stakeholders including Tourism Victoria, Tourism Australia, and State and Federal Governments agencies that have an interest in the marketing of food, wine, tourism, and agribusiness, or investment opportunities in the Region.
- Established strategic partnerships with Local Tourism Associations, the YVRFG, WYV and other industry groups through marketing initiatives.

For the duration of the Agreement either Council's CEO, or Directors of Social and Economic Development or Planning Design and Development have represented Council on the Board of Directors providing input into key strategic documents, including the 3 year and Annual Business and Marketing Plans and monitoring, and reviewing their progress.

Assessment against the Agreement KPI's indicates overall achievement, with the following observations:

- There is opportunity to strengthen the strategic partnerships with YVRFG and WYV to deliver cooperative and coordinated marketing and initiatives for the region, including a cooperative approach on all marketing collateral that removes any duplication of effort.
- COVID-19 and Privacy Protections introduced by Apple in April 2021 limit's reliability of data collection for open rates of monthly eNewsletters.

- YRT have diversified their funding streams commencing 2018-19. Yarra Ranges Tourism is funded 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 fiscal year.
- Performance has remained strong despite COVID-19 and weather events with YRT providing targeted support for tourism through advocacy, business programs including access to government programs.

While some measures are still relevant, many changes have occurred in the tourism industry, the municipality, and the world. Any future agreement will need to:

- Align with Council Plan 2021-2025 and Economic Development Strategy 2022-2032.
- Include updated Key Performance Indicators that considers the findings of this review.
- Consider the outcomes of the DMP being developed for the region.
- Provide flexibility to terminate the agreement following the Victorian Governments intended transition plan for the region to Visitor Economy Partnerships model.

Key takeaways from KPI review:

- Integration between YRT and WYV and WYV activities could be strengthened.
- YRT have diversified their funding streams since 2018-19.
- KPIs require updating in future agreements.

YRT's constitution states that the "Chair shall be appointed by Yarra Ranges Council (irrespective of whether Yarra Ranges Council remains a Member)". Council endorsed on the 9 August 2022 the appointment of Mr Leigh Harry as Chair of YRT for a three-year term. Mr Harry has had a successful career in the public and private sectors in a range of senior management, Chief Executive and Chairman/President roles. Until September 2016 he was the Director Tourism Projects, in the then Department of Economic Development, Jobs, Transport and Resources, Victorian Government. Immediately prior to this he was Chief Executive of Tourism Victoria responsible for the Victorian Government's leadership of the tourism industry in the state. Mr Harry lives and participates in the Yarra Ranges community. He is well placed to lead YRT through adaptation including the proposed VEP.

### **3 Engagement with stakeholders**

The following stakeholders were consulted:

- Councillors
- Council officer working with Business, Tourism and Traders Groups
- Relevant representatives from surrounding Councils
- YRT Chair, CEO, and staff
- Representatives from WYV & YVRFG

#### **3.1 Feedback from Stakeholders**

The following key themes identified through engagement:




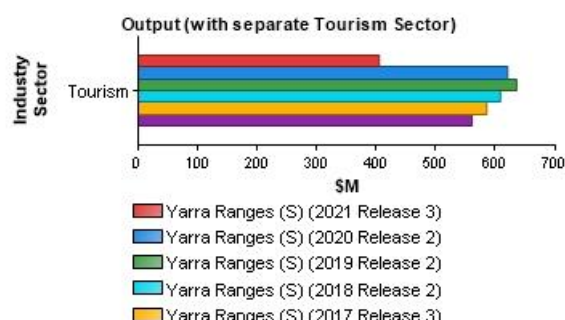
- Existing recipients of the Partnering Agreement believe the level of funding is unsustainable and needs to be higher. Concern around workforce and skill retention.
- Concern regarding the level of funding in comparison to other models.
- Concern the current model favours big business. A desire to see small business representation increase, as well as business diversity.
- Interest around sustainability, both in management of visitation numbers, and of the natural environment. Potential for YRT to play a role in this.
- Further clarity desired regarding Return on Investment (ROI).
- Need for strengthening of collaboration between parties.
- Reassessment and clarification of KPIs.

## 4 Economic tourism profile

*An analysis of economic information for the period of the funding agreement 2016 to 2021 (most recent economic data available at time of this report).*

The Yarra Ranges tourism economy, like in most parts of Victoria, were heavily impacted by the events of the COVID19 pandemic and major weather events.

- Economic Output
  - Percentage share of Yarra Ranges total gross revenue increased from 6.3% (\$802M) in 2016 to an average of 6.8% (\$904M) from 2017 to 2019 before declining to 4.7% (\$686M) in 2021.
  -  24% gross revenue loss
  - In 2021 Economic output dropped by a third (Figure 1) with every industry sector seeing major downturn (Figure 2).
- Employment
  - Percentage share of Yarra Ranges total employment increased from 11.7% (4877 jobs) in 2016 to 13.2% (5508) in 2019 before declining to 11% (5316 jobs) in 2021.
  - The Industry saw the largest drop in employment of any industry sector in 2021 (Figure 8 with an industry breakdown in Figure 7) and was only one of three sectors to see a drop in employment.
- Value Added
  - Percentage share of Yarra Ranges total value added increased from 6.4% (\$351M) increasing to 7% (\$408M) in 2019 before declining to 4.8% (\$293M) in 2021.
  - Value Added dropped by a third, with tourism one of the worst affected industries (Figure 6 with an industry breakdown in Figure 5).
- Wages and salaries (W&S)
  - W&S dropped by a third (Figure 4) in 2021.
  - Within the tourism sector, accommodation and food services did see an increase in employment that year (Figure 3), which may be attributed to the Federal Government Job Keeper/Jobseeker initiatives.
  - With the cessation of Job Keeper/Jobseeker the economic downturn significantly hit the industry in 2021 as the pandemic continued into its second year.



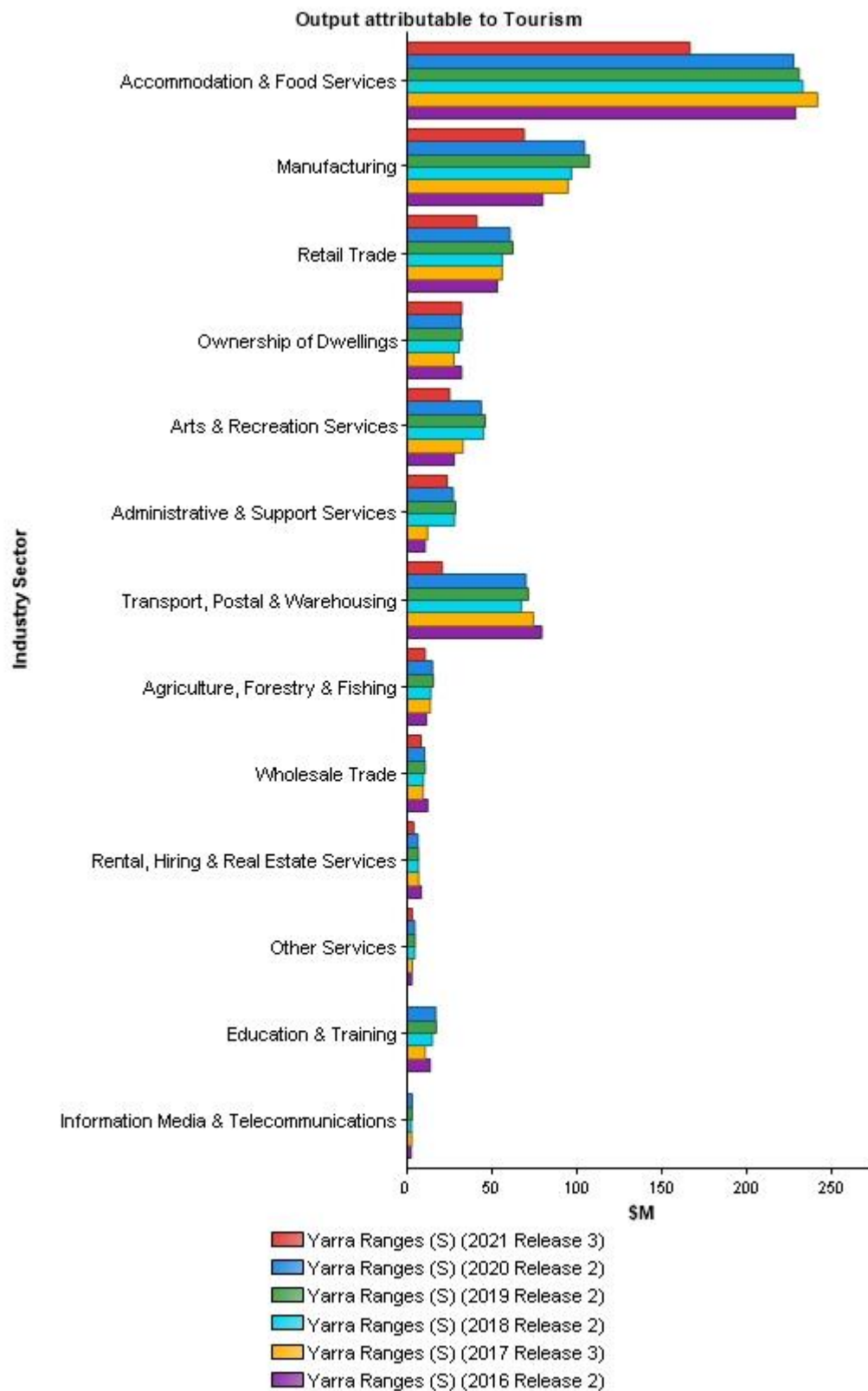
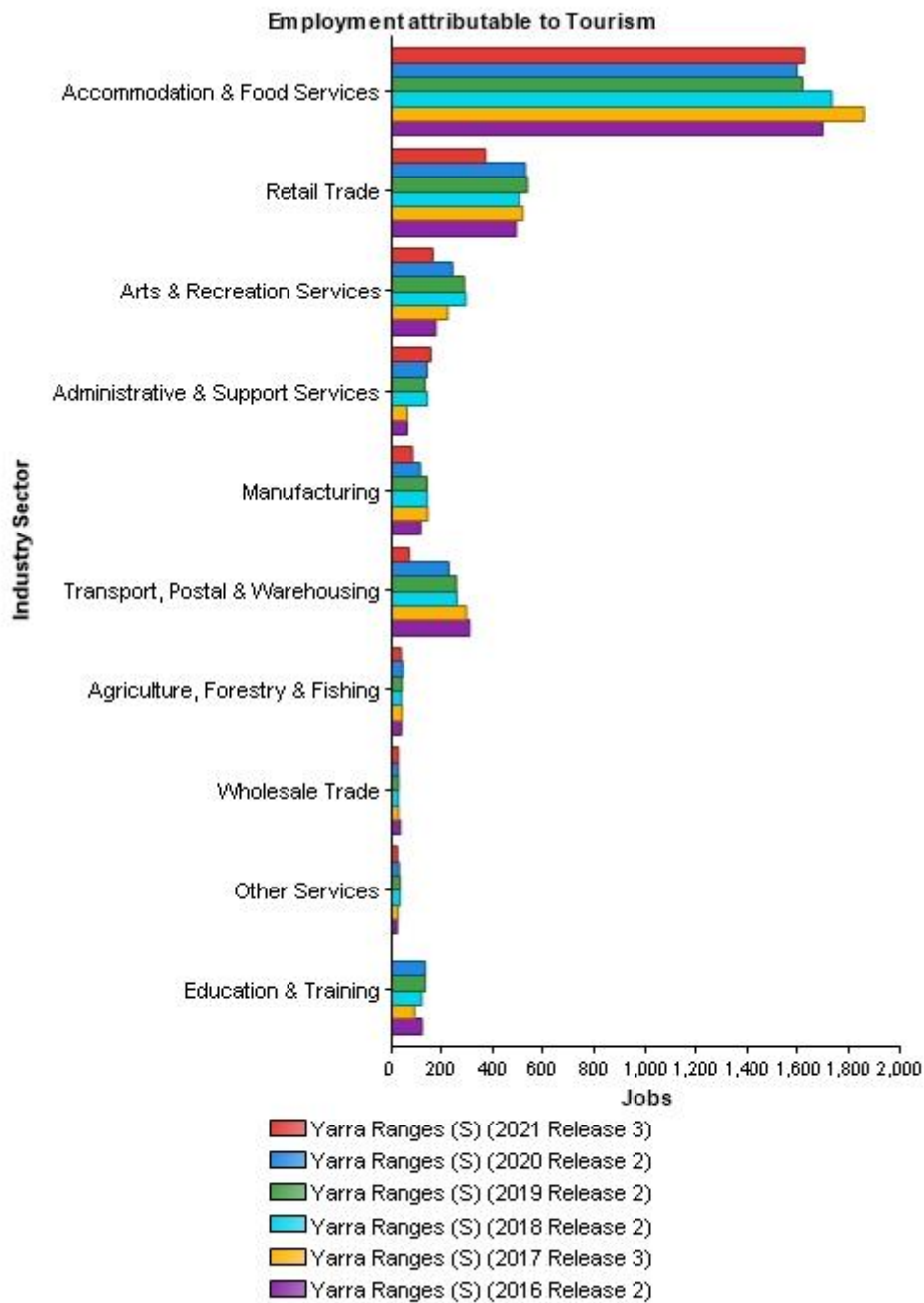
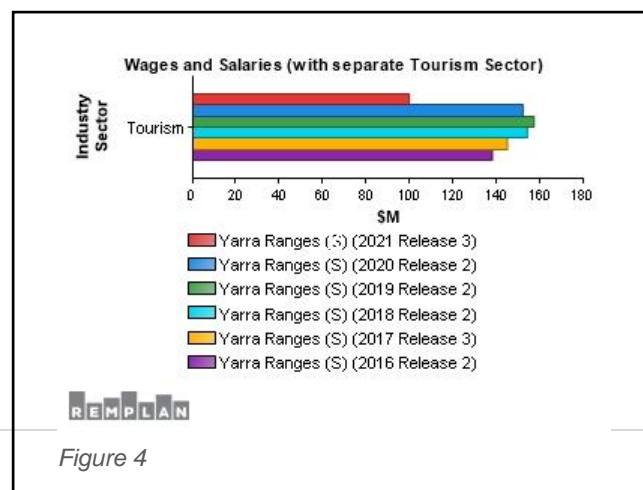


Figure 2



REEMPLAN

Figure 3



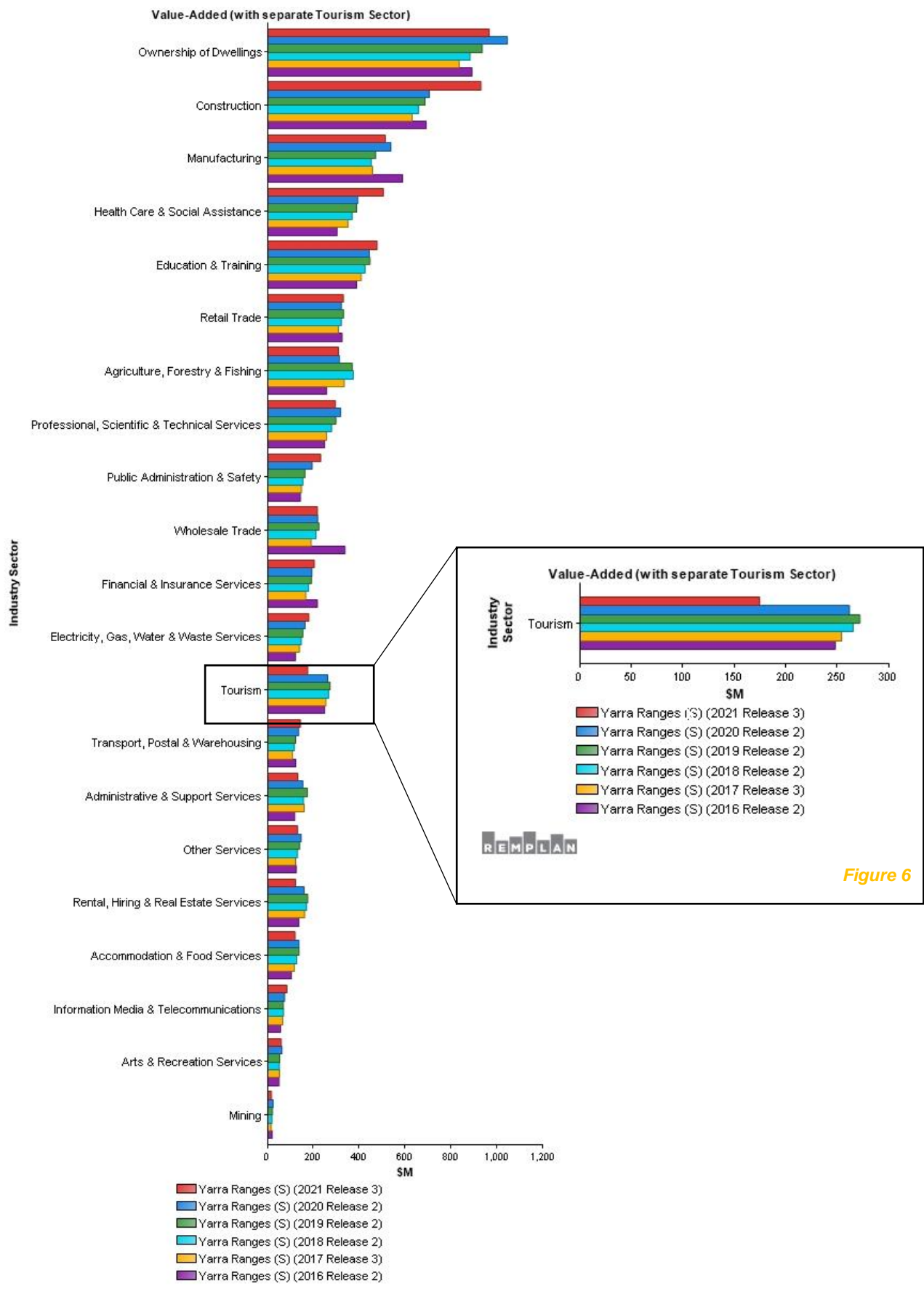


Figure 6



Figure 5

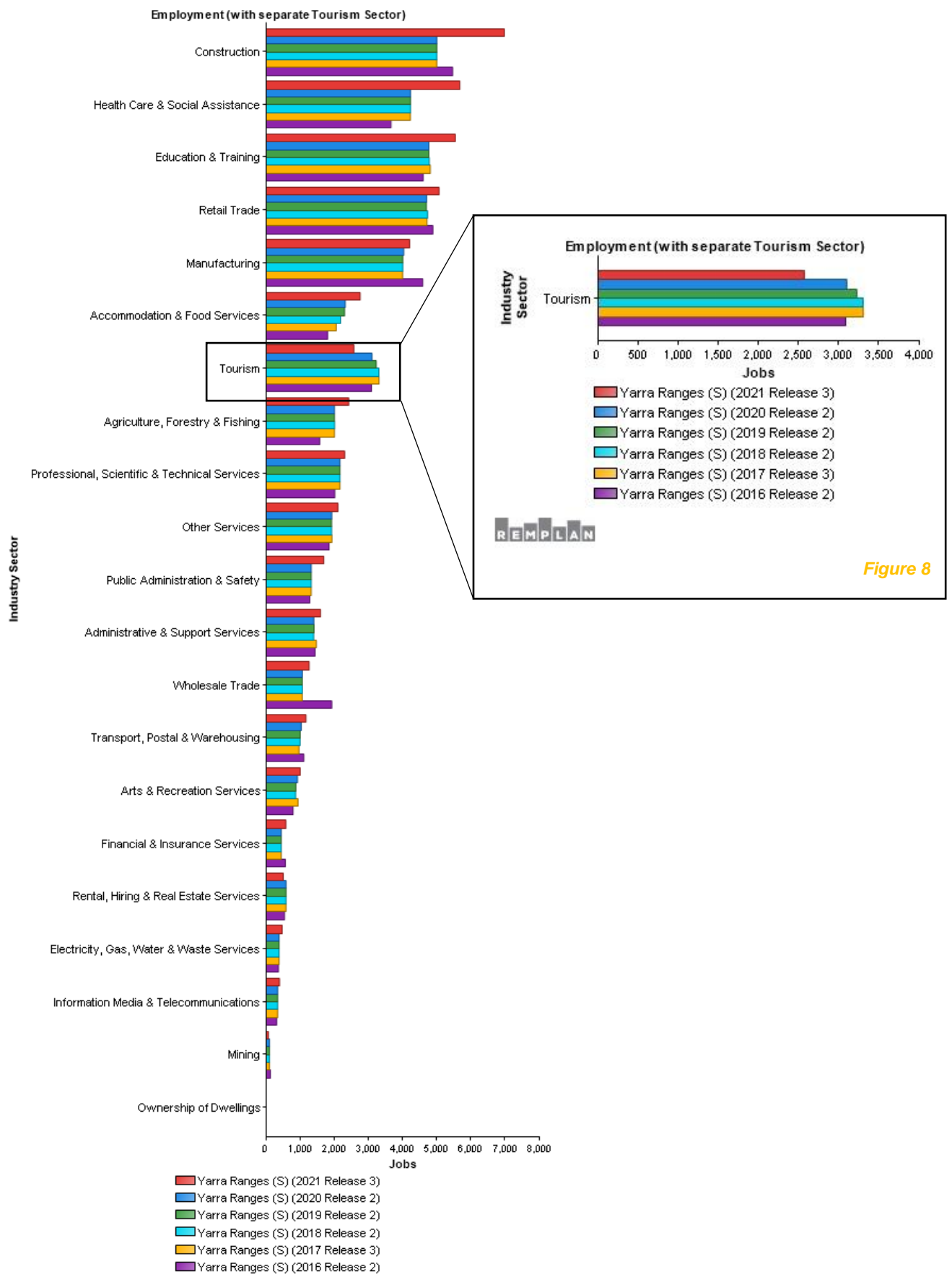


Figure 8



Figure 7

Observations:

An analysis of the economic data indicates growth across output, employment, wages and salaries, and value-added during the term of the partnering agreement. It is difficult to make a direct correlation between the economic data and the role of YRT and Partners however it suggests industry confidence.

The data also affirms the economic impact of COVID-19 Pandemic and major weather events on the industry in particular job losses.

Anecdotally visitation to the regional has recovered however the industry is itself still recovering and rebuilding with both cost and resource pressures.

## **5 Research and analysis of other regional tourism models**

Consultation has been undertaken into existing RTB's models across the state. Not all RTB's in Victoria were evaluated. The following observations are for those RTB's evaluated:

- YRC's upfront contribution is higher than other Councils. However other RTB's operate a buy in arrangement for ongoing and specific campaigns.
- Of the RTB's researched most have more than one Council contributing. Known exceptions are Bass Coast and Mornington Peninsula.
- The average total funding from Council/s contribution ranges between \$500k-\$700k.
- Strong relations/leadership between partners to the agreement drives positive collaborative outcomes.
- Confusion and misalignment regarding roles and responsibilities in some instances led to a separation of Council and the RTB resulting in duplication of marketing and resources, industry confusion and inconsistencies in messaging to community, industry and visitors.
- Great Ocean Road Regional Tourism (GORRT) was identified as a best practice leader in the field, based on outcomes, reputation, and integration between Councils and the RTB.

YRC Officers recently met with representatives from Great Ocean Road Regional Tourism (GORRT), Surf Coast Shire, and Corangamite Shire.

### **Key learnings:**

- A deliberative approach to building a collaborative culture and communication from the top down. Examples include conducting a tourism managers group that meets monthly to keep everyone informed.
- Strong collaborative and trusting relationships between GOORT and Councils. All parties trust each other completely.
- GORRT collaborate closely with the Traders Groups and Associations.
- There is a strong regional approach. The current need may be in a different Council area, or a campaign may be focused on a different LGA, but they support it for the better of the wider region.
- Base contribution is for a regional approach. GORRT then have campaigns with flexibility for buy in from Councils, regarding location, funding, event calendar etc.

- Council’s return on investment is based on a regional approach that is agreed to in the annual plans with no KPIs around expenditure or visitation numbers. Instead, GORRT set a 3-year strategic direction and annual plan including sustainable visitation, business support, employment, and investment.
- GORRT removed fees for industry to be on their website. This is articulated as “not free and that Council have paid for it through their contribution.” If you want to join and are not in a partner LGA, you must pay. This adds value from Council to industry and removed much of the negative feedback from businesses, and businesses wanting proof of ROI. Businesses are then able to opt in for featured content or choose from higher levels of paid marketing partnerships.
- GORRT is responsible for more than marketing: visitor management, investment attraction and sustainability amongst others. Feedback received from GORRT suggests, however, that all businesses want though is just marketing and that many may not understand the larger, strategic picture.
- GORRT only produce regular marketing campaigns in winter.
- GORRT link with local emergency management bodies for distribution of information. Councils and GORRT lean on each other for support during emergency periods.
- Equity across councils contributing to GORRT is based on population.

## 6 VEP update

Council representatives from Yarra Ranges, Nillumbik, Cardinia, and Mornington Peninsula Council’s recently met with the Victorian Government to receive an update on the proposed transition of RTB’s into the VEP Framework.

## 7 Options considered

Refer Forum Report

## 8 Recommendation to Council

It is recommended that Council consider establishing a new partnering agreement for a 3-year period maintaining existing funding of \$489,016 for 2023-2024 with an annual review to consider aligning future payments with the indexation rate set by Council.

This will continue support of the tourism industry in the transitional period from RTBs to VEPs. The new agreement will also enable consideration of the DMP, allowing recommendations from the DMP to be actioned. Learnings from the review shall be incorporated into the new agreement, creating a stronger, current, collaborative partnering between Council and YRT and associated partners. Should the VEP transition come before the end of the agreement, the VEP will supercede this agreement.

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 new partnering 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 this review including increased collaboration, expansion of breadth of work, and learnings from Regional Tourism models operating in Victoria.
- Incorporates the findings from this review.
- Provide flexibility to terminate the agreement following the Victorian Governments intended transition plan for the region to VEP model.