

Review of the Instrument of Delegation for the Surf Coast Tourism Board



Final Report
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Contents

Part 1

BACKGROUND.....	2
Project context.....	2
Key outputs.....	2
Surf Coast Tourism Board – Current role in Instrument of Delegation	3
Consultation	4
FINDINGS.....	4
Diminishing role of the Tourism Board	4
Section 86 Committee.....	6
Membership.....	6
Representation in a hierarchical model	6
New Regional Tourism Structure.....	6
Table 1 Great Ocean Road Regional Tourism (GORRT) Regional Tourism Model	8
Table 2 Current Functions of Tourism in Great Ocean Road Region against the Victorian Tourism Industry Structures.....	9
CURRENT ISSUES AND CONSIDERATIONS	11
Key questions for Council	11
Key considerations.....	11

Part 2

OPTIONS FOR CONSIDERATION	14
Option 1 Continue with current Section 86 Board (Advisory)	14
Option 2 No Board – the ‘no replacement’ Option	15
Option 3 Small Skills-Based Board (Incorporated Association).....	17
Option 4 Surf Coast (Sub-Regional) Tourism Board via an Incorporated Association	19
Option 5 Surf Coast (Sub-Regional) Tourism Board via an Incorporated Association	21
Table 3 Potential Board Functional Responsibilities for each Option	23
Recommendations	25
Conclusion.....	25
Disclaimer	26



Part 1

BACKGROUND

At its meeting on 9 December 2014, Council resolved to undertake a review of the Instrument of Delegation, including the powers and functions of the Surf Coast Tourism Board (the Board) for subsequent consideration by Council. Council also extended the current Instrument of Delegation until 30 June 2015 to enable the review to be undertaken.

Under Section 86(3) of the Local Government Act 1989, Council delegates certain powers, duties and functions to a Special Committee known as the Surf Coast Tourism Board (the Tourism Board) set out in an Instrument of Delegation.

With the impending expiry of the Instrument of Delegation, along with the recent establishment of the new regional tourism organisation, Great Ocean Road Regional Tourism Ltd. (GORRT) the review is both timely and essential to ensure tourism in the Surf Coast Shire remains a strong economic generator for the region.

The Board has been in place since 1995 and is comprised of seven skills-based members, a representative of each of the five Trader Groups and one Councillor.

PROJECT CONTEXT

- Identify if a Tourism Board or a similar intermediary is still appropriate due to:
 - Expiry of the current Instrument of Delegation
 - New regional model (GORRT) now in place.
- What structure best enables Surf Coast to retain its competitive advantage?

KEY OUTPUTS

The output of the project will be a report to Council providing:

- Identification of an appropriate model of engagement with tourism businesses for the Surf Coast in the context of the new regional tourism structure
- Clarification on the roles and responsibilities of existing tourism entities and how the recommended model achieves alignment with the Regional Tourism Board.

SURF COAST TOURISM BOARD – CURRENT ROLE IN INSTRUMENT OF DELEGATION

OBJECTIVES OF THE BOARD

Section 3 of the Instrument of Delegation outlines the objectives the Board are to achieve for Council on behalf of the tourism industry:

- a) GOVERNANCE – Overseeing the effective administration of SCT and the execution of stated strategies, plans and budgets
- b) LEADERSHIP – Provide leadership and direction with respect to the development of tourism and the tourism industry in the Surf Coast
- c) VALUE ADDING (Demand & supply) – Undertake activities that add value to the tourism and the tourism industry in the Surf Coast
- d) REPRESENTATION (Partnerships) – Provide appropriate representation for tourism and the tourism industry in the Surf Coast.

POWERS, FUNCTIONS AND DUTIES OF THE BOARD

Under section 4 of the Instrument of delegation, the Board is empowered to perform the following functions:

“4.1 Financial

- a) To expend funds allocated by Council for Tourism initiatives, in accordance with the Tourism Approved Budget, Business Plan and Strategy and within the objectives of the Commercial/Industrial differential rate.

4.2 Advisory

- a) To advise Council on tourism issues which have an impact on the Surf Coast Shire where appropriate or requested; and
- b) To make recommendations and provide advice to Council, as requested by Council, in respect of issues affecting the tourism industry including without limitation:
 - tourism infrastructure which has an impact on the Surf Coast Shire,
 - development of Council policies which may have an impact on the tourism industry, and
 - the relationship between the Council, Geelong Otway Tourism (GOT) and the Local Tourism & Trader Associations.

4.3 Tourism Business Membership

- a) To consider actions of business members that are not in accordance with the Tourism Members Code of Conduct
- b) All tourism business memberships are subject to the approval of the Board.”

CONSULTATION

A number of consultations were undertaken to gain an appreciation of the effectiveness of the current arrangements and to also gain some insight as to what the business community expectations are for any future model.

Those consulted include the following key stakeholders:

- Past Board members including skills-based members
- Current Board members
- Surf Coast Executive Management Team
- Councillors
- GORRT Chairperson and General Manager
- Trader Group representatives
- Other businesses.

FINDINGS

DIMINISHING ROLE OF THE TOURISM BOARD

For some time now, the Board's role has been diminishing which has been a consideration for a number of recent skills-based member's resignations. Some key areas of diminishing function are identified below:

FINANCIAL RESPONSIBILITY

In 2010 the Board had some influence over a budget of approximately \$800,000 which included special projects, sponsorships and tourism marketing and development. In comparison, for the 2014/2015 financial year, that influence has been reduced to a total of \$53,000 and is limited to providing direction on tourism marketing projects. During this period the overall budget for tourism has remained relatively the same.

When considered against the commercial differential rate (funds both tourism and economic development projects and activities) which generates approximately \$1.463m per annum, the Board currently only has a decision based influence over 3.6% of the total levy raised.

MEDIA

Historically, the Board had the authority to speak on media matters regarding the tourism industry through the Chairperson. In 2011/2012 this capacity was withdrawn with the function returning to Council. In doing so the Board experienced not only a diminished role, but also in terms of identity to the industry and media outlets.

NO TOURISM STRATEGY IN PLACE

The Board was instrumental in establishing Council's first tourism strategy in 2006. A proposed strategy was again completed by the Board in 2009 but was not adopted by Council. While the recent development of Destination Action Plans for Torquay, Anglesea and Lorne fills the need in some part, Surf Coast Shire still remains without an overarching tourism strategy as there has been no update since.

Regarding the current model, the feedback from both past and present Board members was generally unsupportive of maintaining the status quo. Past skills-based Board members in particular, were critical of the advisory-only model and also the filtering of information between the Board and Council. With the exception of one, all skills-based members have resigned as they saw little or no benefit in giving their time and expertise to an advisory committee that had little influence in growing and enhancing Surf Coast tourism.

A summary of the key points from the consultation includes:

- It is timely that current Instrument of Delegation has ended – needs a major overhaul.
- The current Board structure is not working very well, and in the cross over from Geelong Otway Tourism (GOT) to GORRT had found it difficult to be strategic without being clear about their role in the new structure.
- This uncertainty had made it difficult to promote the Board opportunity to business people to volunteer their time to provide strategic input and direction on Surf Coast tourism related matters.
- Over time the Board's (Section 86) role has diminished and become more advisory with no real control over funding – mostly pre-determined and allocated by Council.
- Some Trader Groups identified the need to build their capacity to be more strategic and clarify their role to businesses. Due to their voluntary nature, some Trader Groups found it hard to find the time and means to effectively engage with their broader membership (except Lorne).
- A number of ex skills-based members would still be on the Board if they felt their time and expertise would be put to good use from a strategic perspective and valued by Council.
- Issue management is now managed by Surf Coast Shire staff.

- There is a lack of clarity about the Board's role and purpose under the new regional structure.
- The Trader Group membership is generally unaware of the Board's activities.
- The Board should ideally represent industry but has no industry voice and is restricted from engaging with the media.
- There is no current Surf Coast Tourism Strategy with which to guide the industry.
- Most people see a future role for the Board, but in a different form.

SECTION 86 COMMITTEE

A Section 86 committee is not the appropriate model for the management of tourism for the Surf Coast Shire given the size and importance of the sector. A Section 86 committee structure for tourism should only be utilised where the sector is in the early development phase. This model requires the relevant Council to assume the leadership role until the sector sufficiently develops to the point where the leadership role can transition to the industry.

MEMBERSHIP

The business model adopted by GORRT differs from the previous GOT model in that it has applied a non-membership model across the region. This change has removed one of the three delegated functions and powers under the Instrument of Delegation of the existing Surf Coast Tourism Board (*4.3 Tourism Business Membership*).

REPRESENTATION IN A HIERARCHICAL MODEL

The problem with the current model is that many local Trader Groups and Local Tourism Associations throughout much of Australia find it increasingly difficult to retain 'leaders' and engaged members. This predicament has seen the need for the majority of tourism Boards transition to a skills-based Board.

NEW REGIONAL TOURISM STRUCTURE

During the transition to Great Ocean Road Regional Tourism (GORRT), there has been uncertainty about the role of the Tourism Board and how the new regional tourism structure would work.

Previously, Council was aligned with the GOT regional tourism structure in which the functions and structure of the Board were clearer in a more rigid hierarchical model.

The new regional tourism model (as seen over page is less hierarchical than the previous GOT model whereby GORRT will work more collaboratively with Councils, Trader Groups and local businesses by creating individual partnership agreements. Previously, the Tourism Board was an intermediary between GOT and Council and also between GOT and the Trader Groups.

GORRT is strategically focussed on facilitating regional tourism development, marketing and management and is applying a bottom up business services model. This model encourages the Trader Groups to develop their own Destination Action Plan with assistance from GORRT to feed into an overall Great Ocean Road Tourism Master Plan. This new approach bypasses a traditional link the Board once had in the tourism structure.

GORRT is working towards providing a framework under which each destination will help shape the direction and priorities for the Great Ocean Road region. In future, each destination will have a Destination Action Plan which will make for stronger destinations. This new management framework could, if need be, accommodate a municipal tourism Board having a strategic role and assisting GORRT, particularly over the next two to three years.

Within the Great Ocean Road region, only Surf Coast Shire and Colac Otway Shire currently have existing tourism advisory Boards of the six Councils involved in GORRT.

TABLE 1 GREAT OCEAN ROAD REGIONAL TOURISM (GORRT) REGIONAL TOURISM MODEL

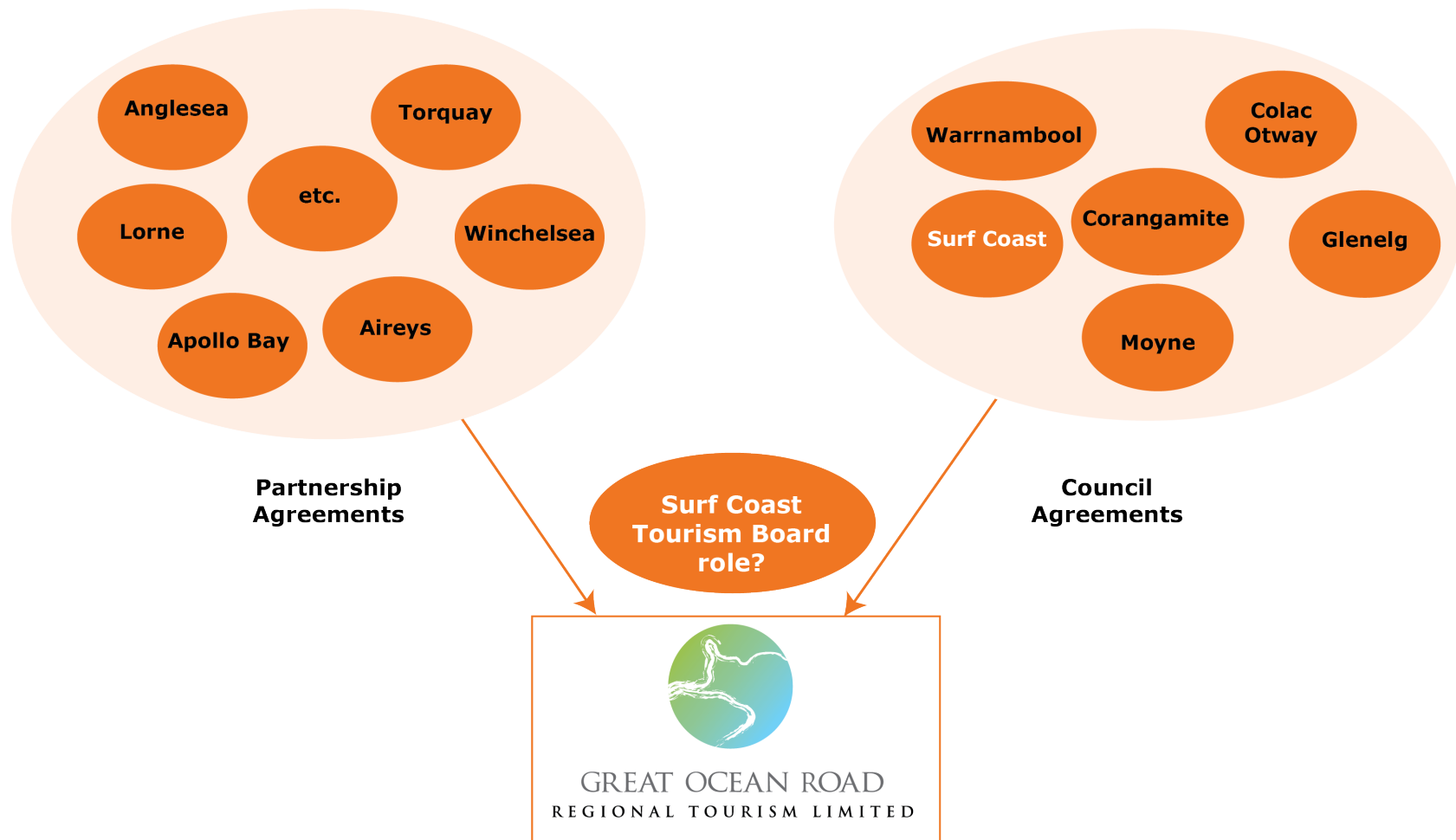


TABLE 2 CURRENT FUNCTIONS OF TOURISM IN GREAT OCEAN ROAD REGION AGAINST THE VICTORIAN TOURISM INDUSTRY STRUCTURES

The following table outlines the current functions undertaken by each stakeholder group with regards to tourism operations in the Surf Coast Shire. When illustrated in such a way, the limited role of the Board becomes apparent. Undertaking such a review is needed to understand what functions sit where in any alternative structures considered for the future.

FUNCTION	DESCRIPTION	GORRT	SURF COAST SHIRE	SURF COAST TOURISM BOARD	TRADER GROUPS
DESTINATION MANAGEMENT					
Industry/professional development	<ul style="list-style-type: none"> Provides services such as skills development to enhance tourism industry related businesses and networks 	✓	✓	—	✓ Networking opportunities
Advocacy on investment priorities	<ul style="list-style-type: none"> Represents tourism industry on priorities 	✓ Regional	✓ Surf Coast Shire based priorities	—	✓ On selected local issues
Tourism funding	<ul style="list-style-type: none"> Generates funding to support tourism activities 	✓ From State Govt, Businesses and Councils	✓ Commercial Differential Rate (\$1.463m)	✓ Limited delegation of tourism budget	✓ Lorne only
Policy	<ul style="list-style-type: none"> Develop tourism policies on issues such as licences, funding, planning, product development and visitation 	✓ Regional	✓ Surf Coast based issues	—	—
Visitor Information Centres	<ul style="list-style-type: none"> Coordination of Visitor Centres and management of associated staff 	—	✓	—	—
Industry representation	<ul style="list-style-type: none"> Represent industry on local tourism related issues and opportunities. 	—	—	—	✓

Note: ✓ Currently performing task — Not performing task

TABLE 2 FUNCTIONAL RESPONSIBILITIES cont.

FUNCTION	DESCRIPTION	GORRT	SURF COAST SHIRE	SURF COAST TOURISM BOARD	TRADER GROUPS
DESTINATION DEVELOPMENT					
Product/experience development	<ul style="list-style-type: none"> Development of product and infrastructure to improve visitor experience 	<ul style="list-style-type: none"> ✓ e.g. Touring Route, regional feasibility studies, supply & demand gap analysis 	<ul style="list-style-type: none"> ✓ Feasibility studies and management of projects for new experiences (e.g. Museum, Surf Coast Walk extension) 	<ul style="list-style-type: none"> ✓ Advice on product development 	—
Planning & research	<ul style="list-style-type: none"> Preparation of strategic tourism documents, strategies and frameworks 	<ul style="list-style-type: none"> ✓ Regional <ul style="list-style-type: none"> Tourism Master Plan Oversees Destination Action Plan Regional Tourism data 	<ul style="list-style-type: none"> ✓ e.g. Tourism Strategy <ul style="list-style-type: none"> Land use strategies Planning Frameworks Local Tourism data 	—	<ul style="list-style-type: none"> ✓ e.g. Destination Action Plans <ul style="list-style-type: none"> Local surveys
Investment attraction	<ul style="list-style-type: none"> Identifies investment opportunities, facilitates processes with investors, planning regulations & business cases Develop support collateral and publications 	<ul style="list-style-type: none"> ✓ Letters of Support 	<ul style="list-style-type: none"> ✓ Takes a lead process in investment attraction functions 	—	—
Event development	<ul style="list-style-type: none"> Attraction, facilitation and coordination of high quality events via policy setting, grant program and calendar management and event attraction 	<ul style="list-style-type: none"> ✓ Regional events strategy 	✓	<ul style="list-style-type: none"> ✓ Advice on major event grants 	—
Visitor services	<ul style="list-style-type: none"> Provision of local services & infrastructure to improve visitor experience Setting customer service standards Supporting mystery shopper programs. 	—	<ul style="list-style-type: none"> ✓ Visitor infrastructure e.g. signage, toilets, parking, etc. 	—	✓
DESTINATION MARKETING					
Destination marketing	<ul style="list-style-type: none"> Undertake marketing activities to promote area 	✓	✓	<ul style="list-style-type: none"> ✓ Advice on a \$35,000 budget 	—
Industry networking	<ul style="list-style-type: none"> Providing opportunities for tourism industry to meet and network. 	<ul style="list-style-type: none"> ✓ Coordinates regional forums 	—	—	✓

Note: ✓ Currently performing task — Not performing task

CURRENT ISSUES AND CONSIDERATIONS

KEY QUESTIONS FOR COUNCIL TO CONSIDER IN DETERMINING THE FUTURE OPTION FOR SURF COAST TOURISM

In considering the Options, a number of questions need to be considered in determining the preferred model for the oversight of Surf Coast tourism.

Questions to be considered include:

1. What tourism and visitor services functions does Surf Coast Council wish to retain and what functions can be confidently delegated to a tourism Board, if needed, and Trader Groups or taken to the next step: outsourced?
2. What role does Surf Coast Council see business has in influencing the allocation of the Commercial Differential rate, and how best can that be achieved?
3. How will the preferred Option align with GORRT and the Council/GORRT partnership?

KEY CONSIDERATIONS

1. **Section 86 Advisory Committee** – The current agreement between Council and business is via a Section 86 Advisory Committee. Whilst this arrangement may have been appropriate in the initial establishment of a Tourism Board many years ago, it is not an appropriate model for Surf Coast tourism today given the scale and economic importance of the sector. A Section 86 Committee is only used for tourism where the industry is in a very early stage of development or where tourism remains a minor economic generator for a particular municipality. Any future option should avoid utilising the Section 86 Advisory Committee model.
2. **Capacity of Trader Groups** – There is a variation in the capacity of the Trader Groups. This could cause delivery problems should functions be allocated to groups that do not have the capacity to deliver. For example, Lorne undertakes a well considered promotional campaign attracting substantial funding from the business sector. This funding also provides for a part time staff member. Other Trader Groups have limited funding or resources to strategise, undertake marketing or promotional activities and consider visitor servicing due to being solely volunteer driven. Some Trader Groups require further clarity on their role and function and where they sit in the new broader GORRT structure. This factor will need to be considered when determining the preferred Option as the Trader Groups will require guidance and assistance to clarify their role and continue to build their capacity.

3. **Role of GORRT** – The role of GORRT needs to be taken into consideration in determining the preferred Option. Consultation revealed some operators remain sceptical about GORRT's capacity to deliver.
 - a. This scepticism is partially due to the five years with no Great Ocean Road regional tourism organisation and two years of relative inactivity in transitioning from GOT to the new GORRT structure.
 - b. Some operators are unsure as to how the non-membership model may work.
 - c. Some operators will remain sceptical of a regional body such as GORRT regardless of activities achieved.

Notwithstanding this, GORRT will play a key role in regional activity via Great Ocean Road strategy, Destination Action Planning and partnership agreements.

4. **Visitor services** – Trader Groups have relied on the assistance provided by Surf Coast Council staff to undertake the functions normally delivered via these groups. Their current activities are focussed primarily on member benefits such as networking, and not visitor services.
 - a. Surf Coast Council staff are doing much of this work (and capably). A new Option needs to consider that arrangement continuing and whether it is appropriate and sustainable. It is typically the role of a Trader Group or Local Tourism Association to address visitor servicing components e.g. opening hours, customer service excellence, etc. This is an important factor in the retail and hospitality sector in remaining competitive.
 - b. The potential impact, if not addressed, could compromise the visitor experience and ultimately destination competitiveness.
5. **Small businesses experience time constraints** – Surf Coast Shire, like many regional municipalities, is made up of many small businesses with few employees, this can place time limitations on their ability to contribute to matters beyond their business. However, some larger businesses may have greater capacity and strategic skills to contribute if required.
6. **Industry leadership** – The success of any tourist destination is reliant on strong industry leadership.
 - a. The adopted Option must attract and harness the best skills available and identify and develop new business leaders. How best can the key industry leaders be engaged in the management of tourism across Surf Coast? Leadership representation from the sectors of surfing, retail, accommodation, attractions and agriculture could be targeted to form a specialist group of industry leaders. These industry leaders could form part of a Surf Coast leadership group providing expert advice on their particular sectors.

7. **Council decision on level of control or autonomy** – When considering options, Council needs to determine whether it needs to retain a leadership role as is the present situation, (Advisory Committee) or delegate functional responsibilities to either a Board (Incorporated Association) or alternatively to GORRT.

No Board → Council as a leader	Advisory Committee →	Section 86 with delegation →	Incorporated Association Industry as a leader
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8. **Industry collaboration** – There is no strong industry voice throughout Surf Coast; rather small interest groups lobbying for a single or township based issue. For one of the largest industry sectors in the Surf Coast, industry collaboration and cohesion will be an important element to be considered when determining future needs.
9. **Transition** – There needs to be a transitional period of potentially 2-3 years whereby the model that is in place at the time, is reviewed in light of GORRT's capacity, Trader Group development, etc. This will ensure currency of the system in place for the progression of the tourism industry.
10. **Levy** – The importance of maintaining the commercial differential rate (levy) is a key factor along with the need for the business sector to have a say as to how those funds are allocated. This was a key issue raised throughout the consultations and one that will be keenly watched by some sectors of the business community.

Part 2

OPTIONS FOR CONSIDERATION

The following Options have been provided for Council consideration along with the associated implications. Each model has varying levels of control or involvement for Council and has both positive and negative considerations. These Options have been developed via professional experience, stakeholder consultation and industry 'best practice' and applied to the specific requirements of Surf Coast tourism.

OPTION 1 CONTINUE WITH CURRENT SECTION 86 BOARD (ADVISORY)

The continuation of the current Section 86 Committee model, whilst an option, should not be considered by Council, given the size and complexity of the tourism sector. Based on consultation undertaken, the model has proven to be unsustainable and would not have industry support if the preferred Option by Council was to maintain the status quo.

For	Against	Comments
<ul style="list-style-type: none">▪ Council engaged with Trader Groups▪ Provides for full Council control over tourism▪ Surf Coast Shire familiar with the current model and the inadequacies of the current arrangement.	<ul style="list-style-type: none">▪ Be seen as status quo and unlikely to be supported from either Council or business given the recent history▪ Ruled out by most during consultation▪ Unlikely to attract skills-based members in current form (for an advisory role only)▪ Fails to address the new relationships/responsibilities in the regional tourism structure▪ The model fails to reflect the importance and scale of the tourism industry▪ The model does not grow industry capacity and leadership.	<ul style="list-style-type: none">▪ This Option is inappropriate for Surf Coast Shire given the size and complexity of the sector.

WHAT IS NEEDED?

1. The consultation clearly indicated that to continue with the current model is not an option for further consideration given the importance of the tourism sector to the municipality and the changes to the new regional structure with the introduction of GORRT.

Criteria - Options Evaluation (Option 1)

Considerations to take into account when determining a preferred model	Response
Capacity of Trader Groups - does Option provide for those Trader Groups with limited capacity?	No - this Option does not assist to enhance Trader Group capacity.
Role of GORRT – does Option provide a ‘safety net’ for those businesses that remain sceptical re GORRT’s capacity?	Possibly for some operators.
Visitor services - does Option cater for enhancing the visitor/customer service?	No change to what is currently provided.
Time constraints - does Option account for small businesses having time constraints?	Yes - Shire/GORRT would assume most responsibilities.
Leadership - does Option attract, harness and grow Industry leadership?	No - it hasn’t in the past.
Council position - is Council a ‘controller’ or ‘delegator’ under this model?	Shire retains primary ‘controller’ role.
Industry collaboration - does Option encourage industry collaboration?	No - it hasn’t in the past so unlikely to in the future.
Levy - does Option give industry greater influence as to how levy is allocated?	No change.

OPTION 2 NO BOARD – THE ‘NO REPLACEMENT’ OPTION

This Option is straight forward in that at the end of the current Instrument of Delegation, Council would assume full responsibility for the Surf Coast tourism function working in partnership with GORRT and, on a needs basis, with the local Trader Groups on 30 June 2015. In transitioning from the current model, most functions undertaken by the current Board could be readily assumed by Council.

For	Against	Comments
<ul style="list-style-type: none"> ▪ Gives Council full control of the Surf Coast tourism function along with delegated responsibilities to GORRT ▪ Provides for an easy transition ▪ No significant increase in workload for Surf Coast Shire staff ▪ GORRT would support this Option. 	<ul style="list-style-type: none"> ▪ No formal engagement/communication between Council and Trader Groups/business sector ▪ May pose a risk to the Differential Rate (levy) being supported and maintained by the business community if they have no influence as to how and where the funds are allocated ▪ No ‘safety net’ for operators between Trader Groups and GORRT (a perceived concern). 	<ul style="list-style-type: none"> ▪ Council would need to identify Surf Coast tourism industry needs ▪ However this may be alleviated with an enhanced communication mechanism in place between Trader Groups and Council ▪ Would need to somehow engage with industry leaders to address, possibly via Trader Groups.

WHAT IS NEEDED?

1. If there is no replacement in any form for the existing Board, Surf Coast Shire would need to engage with the Trader Groups and key businesses on a more regular basis. Business will require a say as to how the tourism levy is allocated. Some Trader Groups may require assistance to build their capacity.
2. Surf Coast Shire would need to develop a process to unwind the Board and to address all outstanding issues. This would be relatively straightforward given that all powers rest with Council as against complying with say Consumer Affairs when winding up an Incorporated Association.

As mentioned earlier, the capacity of the Trader Groups varies and this Option suggests that particular functions e.g. visitor services, may be under-delivered in some areas. It is probable that GORRT and Surf Coast Shire staff could address these issues in a partnership arrangement to ensure Surf Coast tourism retains its competitive position.

Criteria – Options Evaluation (Option 2)

Considerations to take into account when determining a preferred model	Response
Capacity of Trader Groups - does Option provide for those Trader Groups with limited capacity?	Yes - Surf Coast Shire assumes responsibility in partnership with GORRT.
Role of GORRT - does Option provide a 'safety net' for those businesses that remain sceptical re GORRT's capacity?	Probably not - but a perceived need by a few, rather than an identified problem to address.
Visitor services - does Option cater for enhancing the visitor/customer service?	Yes - Shire would assume full role. GORRT could assist and develop standards, training modules, etc. Capacity would be built within Trader Groups.
Time constraints - does Option account for small businesses having time constraints?	Yes - Shire would assume full role in conjunction with GORRT.
Leadership - does Option attract, harness and grow Industry leadership?	No - unless another mechanism is put in place, which is possible, but will require addressing.
Council position - is Council a 'controller' or 'delegator' under this model?	Shire becomes 'controller' in partnership with GORRT and to a lesser extent Trader Groups.
Industry collaboration - does Option encourage industry collaboration?	No - but may force industry to collaborate more if they feel their influence over the direction of Surf Coast tourism has been diluted.
Levy - does Option give industry greater influence as to how levy is allocated?	No - would require an additional mechanism to achieve.

OPTION 3 SMALL SKILLS-BASED BOARD (INCORPORATED ASSOCIATION)

This Option would provide Council with a competent go-between Board for Council to engage with on strategic matters including budget priorities.

This Option would be more independent, strategic, skills-based and provide the business sector with a united voice. It would attract the membership required and provide a valuable resource to Council, the business sector and GORRT. The levels of delegation would need to be determined prior to seeking Board membership, as it would influence prospective membership. Key industry sectors including surfing, retail, accommodation, attractions and agriculture should form the Board membership.

This model is provided as a viable Option and proven to be successful in many regional locations throughout Australia. It provides an opportunity for industry to take a leadership role and work in partnership with their local municipality.

Given the size and importance of the tourism sector for the Surf Coast, industry should be providing the necessary leadership, not Council.

For	Against	Comments
<ul style="list-style-type: none">▪ It is a well proven model▪ Provides for greater industry leadership, ownership & accountability▪ Provides for a conduit between Council, businesses and GORRT▪ Likely to attract key industry representation (professional & strategic)▪ Gives industry a united voice (less parochial)▪ May assist to sustain levy▪ GORRT likely to support if the Board role, responsibilities & resources were clearly defined.	<ul style="list-style-type: none">▪ May be difficult to gain representation from key industry leaders▪ Council may see it as losing some control of the tourism function and resource allocation▪ Some Trader Groups may object to losing representation.	<ul style="list-style-type: none">▪ This model reflects the importance of the tourism sector and provides for industry to take a greater leadership role than present.

This Option allows for a skills-based Board to represent the Surf Coast Shire and would provide the conduit between Trader Groups, GORRT and Council. It would also provide for a stronger partnership between Council, GORRT and business and also ensure that Surf Coast tourism retains its competitive position.

This Option has considerable merit and worthy of consideration.

WHAT IS NEEDED?

1. The current Board would need to be replaced by a skills-based Board representative of the key industry segments.
2. Functions would need to be prescribed and a new Terms of Reference would need to be drafted and agreed to by all interested parties.
3. An Incorporated Association would need to be formed and Model Rules would need to be prescribed setting out how the Board would be constituted.
4. Board appointments would need to be canvassed and appointed. GORRT could assist Council in the process if desired.

Criteria - Options Evaluation (Option 3)

Considerations to take into account when determining preferred model	Response
Capacity of Trader Groups - does Option provide for those Trader Groups with limited capacity?	Yes - Surf Coast, GORRT and business partnership.
Role of GORRT - does Option provide a 'safety net' for those businesses that remain sceptical re GORRT's capacity?	Yes - via business representation.
Visitor services - does Option cater for enhancing the visitor/customer service?	Yes - Board could advise and raise issues.
Time constraints - does Option account for small businesses having time constraints?	Yes - key business leaders would find time for Board directorship.
Leadership - does Option attract, harness and grow Industry leadership?	Yes - as proven through numerous Tourism Boards throughout Australia and the basis for adopting such a model structure.
Council position - is Council a 'controller' or 'delegator' under this model?	Shire becomes a part delegator.
Industry collaboration - does Option encourage industry collaboration?	Yes - Board would influence via direct engagement with Trader Groups and GORRT.
Levy - does Option give industry greater influence as to how levy is allocated?	Yes - industry would accept that they have an influence and that their delegation would have a dollar limit.

OPTION 4 SURF COAST (SUB-REGIONAL) TOURISM BOARD VIA AN INCORPORATED ASSOCIATION

This Option provides for an independent Board managing the tourism function on behalf of Council via a contractual agreement, with most functions **outsourced** except the Visitor Information Centres (VICs) management.

The model has been successfully applied in many locations throughout Australia and is worthy of consideration. Such a model would more likely attract quality members to the Board and require strong governance and financial skills. The Board would employ tourism staff rather than Council. Council would remain in control of the strategic direction of tourism via a contractual agreement with the Board which would be reviewed annually but on a rolling three year agreement. This proven model is worthy of strong consideration and reflects the importance of the tourism sector to Surf Coast Shire.

Mildura Rural City Council has utilised this model very successfully for many years. The Mildura Region is part of the broader Murray Region as Surf Coast is part of the broader Great Ocean Road Region. Their visitor information centre is managed by the Mildura Rural City Council; however that decision was based more around the premise than the Board's capacity to manage the function, as the visitor centre is part of the major aquatic centre owned by Council.

For	Against	Comments
<ul style="list-style-type: none">▪ A proven model▪ Provides for a contractual partnership between business & Council for tourism management subject to annual reviews - a Council safety net▪ Gives business sector greater control over the allocation of funds to priority projects from the levy▪ Provides for a commercial focus to Surf Coast tourism▪ Gives industry a strong voice▪ Likely to attract experienced business/board members from the key sectors▪ It is an innovative but proven model and likely to position Surf Coast as an industry leader given that a levy has also been maintained▪ GORRT likely to support as per Option 2▪ Supports case for a levy.	<ul style="list-style-type: none">▪ Council may be wary of outsourcing a key function▪ May challenge industry resources initially in going from current situation to one of greater governance requirements (more time consuming)▪ May create a disconnect between economic development, events and visitor information centres managed by Council.	<ul style="list-style-type: none">▪ Recognises the importance and maturity of the tourism sector▪ Would justify retention of the tourism levy in the minds of the contributors.

Criteria - Options Evaluation (Option 4)

Considerations to take into account when determining preferred model	Response
Capacity of Trader Groups - does Option provide for those Trader Groups with limited capacity?	Yes - Board could readily influence as it would have a direct link back to its membership via Trader Groups.
Role of GORRT - does Option provide a 'safety net' for those businesses that remain sceptical re GORRT's capacity?	Yes - Board would also work more closely with GORRT than that currently and communication links would be more robust.
Visitor services - does Option cater for enhancing the visitor/customer service?	Yes - Board would be more accountable than under the existing arrangements with visitor services being identified as a priority task in all Destination Action Plans.
Time constraints - does Option account for small businesses having time constraints?	Yes - Board membership would be key industry leaders who would devote the time. Board would employ tourism staff rather than Council.
Leadership - does Option attract, harness and grow Industry leadership?	Yes - more so than other models as it gives industry a voice and major influence over tourism rather than an 'advisory' only role.
Council position - is Council a 'controller' or 'delegator' under this model?	Council becomes a 'delegator' in partnership with industry and to a lesser extent GORRT.
Industry collaboration - does Option encourage industry collaboration?	Yes - Board would strongly influence via direct engagement with Trader Groups, business leaders and GORRT.
Levy - does Option give industry greater influence as to how levy is allocated?	Yes - fully on those activities contracted out by Council.

WHAT IS NEEDED?

1. The current Board would be replaced by a skills-based Board representing the key industry segments.
2. Board functions would need to be prescribed and a new Instrument of Delegation or Contractual Agreement would need to be drafted and agreed to by all parties.
3. An Incorporated Association would need to be formed and Model Rules would need to be prescribed setting out how the Board would be constituted.
4. Board appointments would need to be canvassed and appointed. GORRT could assist Council in the process if desired.
5. A contract between Surf Coast Council and the Board would need to be developed.
6. Key performance indicators would be required of the Board by Council.

OPTION 5 SURF COAST (SUB-REGIONAL) TOURISM BOARD VIA AN INCORPORATED ASSOCIATION

This Option is similar to Option 4, with the additional responsibility of **managing the VICs on behalf of Council** and business. It does however change the current operating principle of the VICs to a more commercial focus (managed by the business sector rather than Council) which may be viewed as a progressive and positive move. In essence Council would be fully outsourcing its tourism function with the exception of Economic Development and Events. This model is also successfully applied throughout Australia where tourism is a key economic generator.

For	Against	Comments
<ul style="list-style-type: none"> ▪ This is a proven model and works well in a number of regions throughout Australia ▪ Provides for a contractual partnership between business & Council for tourism management subject to annual reviews - a Council safety net ▪ Gives business sector greater control than present over the allocation of funds to priority projects from the levy ▪ Provides for a commercial focus to Surf Coast tourism ▪ Gives industry a strong voice ▪ Likely to attract experienced business/board members from the key sectors ▪ It is an innovative but proven model and likely to position Surf Coast as an industry leader given that a levy has also been maintained ▪ GORRT likely to support as per Option 3 ▪ Would provide for a strong commercial focus for VICs reducing current costs and overheads being run by business rather than Local Government ▪ Likely to engage Trader Groups and operators in VIC management ▪ Protects the commercial differential rate (levy). 	<ul style="list-style-type: none"> ▪ Council may be wary of outsourcing a key function ▪ May challenge industry resources initially in going from current situation to one of greater governance requirements (more time consuming) ▪ May create a disconnect between Council priorities and Board priorities ▪ Council may not wish to outsource VIC management ▪ Would split Economic Development, Events and Tourism and VIC functions. 	<ul style="list-style-type: none"> ▪ Would need a transitional period given significant increase in responsibilities such as year 2 ▪ Would require a highly skilled Board with a strong a commercial focus ▪ Could provide for a 'bold' new era for Surf Coast tourism ▪ GORRT is reviewing the future role of VICs ▪ The operation of the Surfing Museum would need to be considered.

Criteria - Options Evaluation (Option 5)

Considerations to take into account when determining preferred model	Response
Capacity of Trader Groups - does Option provide for those Trader Groups with limited capacity?	Yes - Board could readily influence as it would have a direct link back to its membership via Trader Groups.
Role of GORRT - does Option provide a 'safety net' for those businesses that remain sceptical re GORRT's capacity?	Yes - Board would also work more closely with GORRT than that currently and communication links would be more robust.
Visitor services - does Option cater for enhancing the visitor/customer service?	Yes - Board would be more accountable than under the existing arrangements with visitor services being identified as a priority task.
Time constraints - does Option account for small businesses having time constraints?	Yes - Board membership would be key industry leaders who would devote the time. Board would employ tourism staff rather than Council.
Leadership - does Option attract, harness and grow Industry leadership?	Yes - more so than other models as it gives industry a voice and major influence rather than an 'advisory' only role.
Council position - is Council a 'controller' or 'delegator' under this model?	Council becomes 'delegator' in partnership with industry and to a lesser extent GORRT.
Industry collaboration - does Option encourage industry collaboration?	Yes - Board would influence via direct engagement with Trader Groups and GORRT.
Levy - does Option give industry greater influence as to how levy is allocated?	Yes - fully on tourism matters in consultation with Council and via a contractual agreement setting the parameters.

WHAT IS NEEDED?

1. The current Board would be replaced by a skills-based Board representing the key industry segments.
2. Board functions would need to be prescribed and a new Instrument of Delegation or Contractual Agreement would need to be drafted and agreed to by all interested parties.
3. An Incorporated Association would need to be formed and Model Rules would need to be prescribed setting out how the Board would be constituted.
4. Board appointments would need to be canvassed and appointed. GORRT could assist Council in the process if desired.
5. A contract between Surf Coast Council and the Board would need to be developed.
6. Key performance indicators would be required of the Board by Council.

TABLE 3 POTENTIAL BOARD FUNCTIONAL RESPONSIBILITIES FOR EACH OPTION

The following table provides an indication as to the levels of responsibilities for each of the options provided. Option 1, where there is no replacement Board, has Council undertaking all functions to Option 5 where all functions are fully outsourced to a sub-regional Board. Options 4 and 5 would see Surf Coast priorities and performance indicators being set by Council on an annual basis in conjunction with the Board.

FUNCTION	OPTION 1 Status Quo - (Continue current Section 86 Tourism Board)	OPTION 2 No Board - (Council responsibility)	OPTION 3 Small skills-based tourism Board (with sector representation)	OPTION 4 Surf Coast Tourism board (incorporated association - no VIC)	OPTION 5 Surf Coast Tourism board (incorporated association - with VICs)
Resources required	Volunteers with support from a Council staff member.	Council engages directly with industry groups including Trader Groups & GORRT. Possible functions below.	Volunteers with support from a Council staff member.	Board may employ staff or contractors - fully resourced.	Board employs staff or contractors - fully resourced.
DESTINATION MANAGEMENT					
Industry/professional development	—	▪ GORRT lead	✓ Advise Council on needs as required	✓ Board identifies industry training and development needs and implements a plan	✓ Board identifies industry training and development needs and implements a plan
Advocacy on investment priorities	—	▪ Council lead	✓ Board provides advice to Council	✓ Independent voice from Council on tourism matters	✓ Independent voice from Council on tourism matters
Tourism funding	✓ Limited delegation of tourism budget	▪ Council lead	✓ Input to Council on budget priorities	✓ The Board receives a significant portion of the levy under an MOU agreement with Council with KPIs	✓ The Board receives a significant portion of the levy under an MOU agreement with Council with KPIs
Policy	—	▪ Council lead	✓ Advice on tourism policy as required	✓ The Board develops tourism policies in partnership with Council	✓ The Board develops tourism policies in partnership with Council
Visitor Information Centres	—	▪ Council continues management	—	—	✓
Industry representation	—	▪ GORRT lead (regionally) & Industry/Trader Groups (locally)	✓ Board could assist Trader Groups	✓ Board could assist Trader Groups	✓ Board could assist Trader Groups

Note: ✓ Currently performing task — Not performing task

FUNCTION	OPTION 1 Status Quo - (Continue current Section 86 Tourism Board)	OPTION 2 No Board - (Council responsibility)	OPTION 3 Small skills-based tourism Board (with sector representation)	OPTION 4 Surf Coast Tourism board (incorporated association - no VIC)	OPTION 5 Surf Coast Tourism board (incorporated association - with VICs)
DESTINATION DEVELOPMENT					
Product/experience development	✓ Advice on product development	▪ GORRT (region-wide) or Council lead	✓ Advice to Council on product development	✓ Board identifies opportunities and conducts feasibility studies for new experiences	✓ Board identifies opportunities and conducts feasibility studies for new experiences
Planning & research	—	▪ GORRT (region-wide) or Council lead	✓ Provide sector input into strategy documents	✓ Develop a strategic plan in partnership with Council and implement	✓ Develop a strategic plan in partnership with Council and implement
Investment attraction	—	▪ Council lead	—	✓ Assist Council to identify investment opportunities	✓ Assist Council to identify investment opportunities Meet with potential investors and prepare business cases or an investment prospectus
Event development	✓	▪ Council lead	✓ Input on event grant funding for major events	✓ Develop an events strategy and manage event grants and leveraging benefits from events	✓ Develop an events strategy and manage event grants and leveraging benefits from events
Visitor services	—	▪ Industry/Trader Groups lead	✓ Board could assist Trader Groups	✓ Board would set standards for Surf Coast	✓ Board would set standards for Surf Coast
DESTINATION MARKETING					
Destination marketing	✓	▪ GORRT lead	✓ Advice on Surf Coast Shire marketing activities Could also initiate if required	✓ Manage production of all local area marketing collateral for visitors Council does 'live, work & invest'	✓ Manage production of all local area marketing collateral for visitors Council does 'live, work & invest'
Industry networking	—	▪ Industry/Trader Groups lead	✓ Participate as required Could encourage greater collaboration across Shire	✓ Board lead and ensure greater collaboration across Shire	✓ Board lead and ensure greater collaboration across Shire

Note: ✓ Currently performing task — Not performing task

RECOMMENDATIONS

1. That Council does not continue with the current model (Option 1) beyond July 2015 as it fails to reflect the importance of tourism to the regional economy and does not engage the broader tourism business sector. It also fails to give business sufficient influence as to how the levy is allocated.
2. That Options 2, 3 and 4 be closely considered by Council as each Option could be realistically implemented in the immediate future. Option 4 however, will require a longer transition period due to contractual arrangements having to be negotiated between a newly appointed Board and Council.
3. Option 5 is a viable Option and worthy of consideration by Council. However this Option would require a longer lead time (say 1-2 years) due to the outsourcing of the visitor information centre management and increased responsibilities and workload. It would also provide for a strong commercial focus given to visitor information centre management across the Shire.
4. That Council consider the Options prescribed and determine the most appropriate model to optimise the tourism potential of Surf Coast whilst providing for stronger industry engagement, collaboration and leadership.

CONCLUSION

Consultation with a range of stakeholders has revealed that the current model of the Surf Coast Tourism Board as being ineffective given the scale and economic importance of the tourism industry.

The expiry of the current Instrument of Delegation to the current Surf Coast Tourism Board provides an opportunity to ensure the municipality builds on its well established market position and brand heritage. The need to implement the most appropriate model is vitally important to the longer term growth and sustainability of the tourism industry.

Four viable Options have been provided with each containing varying levels of influence from Surf Coast Shire. The change in regional structure and emerging functions of GORRT will influence the role Council plays in the future management of tourism.

Retaining the current structure is not a recommended Option under the revised regional GORRT structure, as it does not allow the business community to take the necessary leadership role in the management and growth of Surf Coast tourism.

DISCLAIMER

This report has been prepared specifically for Surf Coast Shire.

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