

5.6. TOURISM PORT DOUGLAS DAINTREE RESOURCE AND PERFORMANCE AGREEMENT

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DEPARTMENT People and Community Services

RECOMMENDATION

That Council resolves to:

1. **Support Tourism Port Douglas Daintree with a contract as a specialist service provider for destination marketing and management under S235(b) of the Local Government Regulation 2012, for the financial year of 1 July 2020 to 30 June 2021 with funding of \$250,000 (GST exc) and include office space to the in-kind assistance offer in the Agreement;**
2. **Delegate authority for a Council Officer representative to join the Tourism Port Douglas Daintree Board of Directors in recognition of the significance of tourism and destination marketing on economic growth; and**
3. **Delegate authority under section 257 of the *Local Government Act 2009* to the Chief Executive Officer, to finalise any minor amendments and execute the Resource and Performance Agreement.**

EXECUTIVE SUMMARY

Council has an existing Resource and Performance Agreement with Tourism Port Douglas Daintree (TPDD) for the purpose of developing the regional economy through the marketing of Douglas as a destination to the local, domestic and international markets, which expires on 30 June 2020, and an extension current until 31 August 2020.

The Douglas economy is heavily dependent upon tourism with 1.2 million visitors exploring our World Heritage environments annually. The Covid-19 pandemic and resulting travel restrictions have had a major impact upon the tourism sector, the full extent of which will not be known for some time. With economic downturns and changes in aviation it is expected that international travel will not rebound quickly even after international borders reopen.

Covid-19 financial relief measures and foregone revenue have resulted in the need for Council to operate under tight fiscal constraints for 2020/21. This is coupled with the need to increase financial support across business and industry sectors to assist our communities rebuild the economy post-pandemic.

It is proposed that Council enter into a Resource and Performance Agreement with TPDD on an annual basis and collaborate closely through the Tourism and Economic Development Officer with TPDD to develop a flexible and targeted branding and destination marketing strategy aimed at reinvigorating the domestic tourist market.

BACKGROUND

Douglas Shire Council has provided funding to TPDD since 2006 to promote the Shire as the destination of choice to both the domestic and international tourism markets and to represent the interests of the local tourism industry to regional and national bodies.

Council has a three year Resource and Performance Agreement with TPDD for \$496,000 per annum, which expires on 30 June, with an extension until 31 August 2020.

TPDD also receives funding from membership subscriptions, co-marketing partnerships and grants.

To reflect the organisation's progress against identified Key Performance Indicators (KPIs), TPDD provides Council with quarterly progress reports and an Annual Report each year. Key Performance Indicators (KPIs) are developed and regularly reviewed following negotiation between Council and TPDD.

Council was represented on the TPDD Board of Directors by the Mayor in the agreement. A Council Officer is invited to represent Council at TPDD board meetings from the July 2020 and any future meetings the Tourism and Economic Development Officer or a delegate in the People and Community Services Department will represent Council.

COMMENT

The economy of the Douglas Shire is heavily reliant on tourism with 1.2 million visitors exploring our World Heritage environments annually. Tourism has faced several years of hardship with flood and bushfire events, and the Far North has faced a declining share of Queensland's total visitor numbers over several years.

TPDD continues to undertake activities to grow the region's profile as one of the world's most sustainable tourism destinations through participation in trade activities, maximizing media exposure, the implementation of digital marketing campaigns, and partnering with local, regional and national stakeholders. TPDD is a key player in supporting local tourism bodies through its partnerships with Business Events Port Douglas, Tropical Weddings Port Douglas, Daintree Tourism Advisory Group and its Marketing Strategic Advisory Group and representing these bodies through regional and national tourism organisations.

The Covid-19 pandemic and resulting travel and social restrictions have dealt a major blow to the whole economy of the Douglas Shire, which was already struggling in several key industries. Sugar production was thrown a lifeline after several years of uncertainty with new ownership and investment in the Mossman Mill in 2019. An aging population demographic and lack of employment or education opportunities for young families has contributed to a long struggle to diversify the region's economic base and support new business opportunities. The full impact of Covid-19 on unemployment levels and small business closures in the region will not be felt until after the Federal Government's Job Keeper assistance package has ceased but the ramifications will undoubtedly be felt across the economy for years.

Key regional industries will need support to grow in the post-Covid environment and a strong Local Tourism Organisation will be imperative in providing advocacy and support for the tourism industry. TPDD has a wealth of experience and networks in this area.

It will also be more urgent than ever in this new economic landscape for Council to support our small business sector, entrepreneurs and emerging industries in the region.

To do this the Douglas Shire will need a collaborative, cross-sector approach to economic development to adapt to new opportunities and build a diverse and stronger base across the whole economy to future proof our communities.

Limited increases in fees and charges, fee relaxation measures to assist Covid recovery and well as a large reduction in Council income due to cancellations of bookings of Council facilities, services and the usual sources of Council income, necessitate that Douglas Shire Council will adopt a restrained and prudent budget for 2020/21. From this budget, it will be important to invest in measures to support rebuilding across all sectors of the Douglas economy and community.

Based on TPDD's 2018/19 Annual Report, 40% of their expenditure, not including travel for trade shows, was devoted to the international market. TPDD has operated on a budget surplus for three of the last four years and the amount of income from partnerships and grant activities increased 20% in 2018/19 from the previous year.

Domestic tourism contributes to 65% of visitor numbers to the Douglas Shire. Trends in travel to the region after the Global Financial Crisis show that domestic travel is much faster to recover after a crisis than international visitor numbers.

Tourism Tropical North Queensland facilitated a meeting on 19 June 2020 at which they discussed the importance of providing financial support to a Local Tourism Organisation such as TPDD that can generate a \$15 advertising return from every \$1 investment. Douglas Shire will need advertising generation of \$2.5 million per annum to sustain tourism numbers post-Covid.

A reduction in financial support to TPDD will not adversely affect their ability to target the increasingly important domestic tourism market by streamlining the more expensive aspects of destination marketing, attending trade shows and hosting 'famils', into more innovative branding and partnership opportunities. Focusing on domestic tourism will also allow consideration on how TPDD can review its delivery model to support all the shire that depend of tourism either directly or indirectly.

In February 2020 Council instigated an Economic Strategic Review Committee (ESRC) with TPDD, the Douglas Chamber of Commerce (DCC) and business and industry leaders to provide advice to Council on current and emerging economic needs, opportunities and policy, and to review the strategic direction of economic development in the Shire. A recurrent theme was the desire for Council to play a more proactive role in facilitating economic growth and diversification, and supporting sectors across the economy through the employment of a specialist economic development officer.

In recognition of the importance of tourism to the regional economy, the position of Tourism and Economic Development Officer was developed to complement and collaborate with TPDD, as well as partner with the DCC and other industry groups to develop and advocate for a unified strategy for economic development in Douglas. This new position will work with tourism bodies, industry leaders, businesses and the community in Douglas with a focus to advance business and tourism opportunities, create employment opportunities and contribute to economic sustainability for the Shire. This position will support the work of TPDD and the development of the tourism sector.

Covid-19 has made it imperative for the tourism industry in the Douglas Shire to adapt and innovate. Before travel restrictions were imposed, Douglas was already facing a general reduction in demand for Australian travel from our key western markets, the United States and Britain, and changes to availability of direct flights had precipitated a drop in numbers from another traditional market, New Zealand.

Aviation has high impacts even domestically with costly flights presenting tough competition from cheaper destinations like the Gold and Sunshine Coasts, and increasing 'flight shame' and concern about climate change are increasing the pressure on travelers to holiday locally. Economic downturns and changes in aviation make it unlikely that airline passenger numbers will increase quickly even as borders reopen.

Tourism depends on trends. Even before Covid-19 and the natural disasters of the last couple of years, Far North Queensland's percentage of tourist visitation had been slipping for successive years. TPDD's research into motivations for travel to Douglas Shire show that the reef and rainforest are less of a drawcard, especially with domestic travelers, than they were a decade ago. The popularity of the Flagstaff Hill Walking Trail and funding for the Wangetti trail as well as the popularity of mountain biking tourism in Tasmania and the Atherton Tablelands demonstrates the Australian public's hunger for a new type of tourism experience. Expanding the Douglas tourism portfolio and diversifying our destination marketing to target and attract new adventure and sports tourism markets will be imperative for future growth of the industry.

In 2019 TPDD refocused the organisation's strategic direction and developed six key objectives to drive a thriving visitor economy and long-term sustainable benefits to the region. The Covid-19 collapse of international travel will require a more radical rethink of TPDD strategies and a re-focus on the domestic market and branding opportunities to encourage the domestic population to re-engage with travel.

Economic development is going to be a prime motivator of activities across the region as we begin post-Covid recovery. Reinvigorating tourism will require significant support from Council. Council partnership through the Tourism and Economic Development Officer and funding through a Resource and Performance Agreement will signify a unified drive to State and Federal funding bodies and a collaborative and strategic approach to building the Douglas economy.

PROPOSAL

It is proposed that Council enter into a one year Resource and Performance agreement with TPDD for the amount of \$250,000.

In this time of upheaval of the tourist industry and wider economic landscape of the Douglas Shire, it is important to review and reset strategy to ensure we are best placed to meet the challenges of the future. It is proposed that Council spend this time working with TPDD and industry leaders in collaboration to ensure we implement a strong and coordinated approach to rebuilding the economy of the shire as we transition to Covid-19 recovery.

A one year Resource and Performance agreement will allow both TPDD and Council the flexibility to adapt to this changing landscape. Council officers have been in negotiations with TPDD to develop appropriate KPIs to target the scope of operations towards branding and domestic destination marketing.

The proposed Agreement contains all terms and conditions applicable in the adopted standard Agreement. However, due to the scale of TPDD's obligations and the level of funding involved, there are extensive reporting requirements that are not contained in the standard Agreement.

FINANCIAL/RESOURCE IMPLICATIONS

In accordance with the Resource and Performance Agreement, Council's 2020-21 Budget provides \$250,000 (GST exc) funding and in-kind assistance to support the delivery of activities by TPDD to support tourism in the Shire.

RISK MANAGEMENT IMPLICATIONS

In accordance with the Resource and Performance Agreement, KPIs will be reported on monthly and TPDD will prepare quarterly releases and an Annual Report no more than two months after 30 June, 2021.

SUSTAINABILITY IMPLICATIONS

Economic: Supports economic growth in the tourism industry

Environmental: Promoting and marketing eco-tourism

Social: Promoting and supporting tourism, arts and culture in Douglas

CORPORATE/OPERATIONAL PLAN, POLICY REFERENCE

This report has been prepared in accordance with the following:

Corporate Plan 2019-2024 Initiatives:

Theme 2 - Fostering Sustainable Economic Growth

A robust economy is at the heart of a thriving community and enables investment in environmental protection. While our remoteness is a key attribute, it also presents challenges for attracting new business and investment. We must also meet the challenges of fierce competition in the tourism sector.

Council will partner with industry to build, diversify and promote the Douglas economy. Council will design and deliver infrastructure, strategies and services that support the local economy and businesses.

Goal 2 - We will work with partners to promote the Shire as the World's leading sustainable tropical destination and encourage business investment.

Goal 3 - We will develop strategies that seek to diversify the Shire's economic base.

Operational Plan 2019-2020 Actions:

2.3.1 - Review and revise the Economic Strategy.

COUNCIL'S ROLE

Council can play a number of different roles in certain circumstances and it is important to be clear about which role is appropriate for a specific purpose or circumstance. The implementation of actions will be a collective effort and Council's involvement will vary from information only through to full responsibility for delivery.

The following areas outline where Council has a clear responsibility to act:

Funder Council often partly funds services, events or community organisations through grants, donations, subsidies and in-kind support. Council will apply robust governance to ensure that such funding is fair and appropriate.

CONSULTATION

Internal: Nil

External: Tourism Port Douglas Daintree

COMMUNITY ENGAGEMENT

Nil

ATTACHMENTS

Nil