



Sunshine Coast

Regional Council

Tourism Transition Advisory Board
Transition Action Plan
February 2010



Chairman's Comments

On behalf of TTAB I have the pleasure to submit the TTAB Transition Action Plan for Council's consideration.

This Transition Action Plan will require a strong ongoing commitment of all the key stakeholders to continue to work collectively to ensure the new structure model for tourism in the region can be achieved. There is still a lot of resistance to change throughout the region, but without change, TTAB considers that the tourism sector risks achieving sub optimal results.

There will need to be a united position by Council to ensure that a single uniform tourism levy is introduced across the entire region. This is required to help move current thinking from the old local shire council boundaries to a truly regional council approach.

The structure proposed recognises the distinctly different levels of experience in the region and aims to allow current entities to work collectively within a regional model. Over time it is hoped that all current local tourism entities will find that improved outcomes and benefits will be able to be achieved with a move to a single entity for tourism. For the interim, and to recognise the different needs of the various tourism entities, the structure model proposed aims to allow an element of flexibility to help achieve unanimity in moving forward.

At this stage, three out of the four destination desks will be fully integrated into the DMO structure with only Tourism Noosa operating the Northern Destination Desk through a service level agreement with the DMO, but with the same deliverables needing to be achieved as all the other destination desks.

We wish to thank Council for the support shown to date and the resources made available to TTAB to meet its obligations.

Michael Arnett

Chair

Sunshine Coast Tourism Transition Advisory Board

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List of Abbreviations and Terminology Used in this Report

SCRC	Sunshine Coast Regional Council
RTO	Regional Tourism Organisation
LTO	Local Tourism Organisation
DD	Destination Desk
DMO	Destination Management Organisation
TTAB	Tourism Transition Advisory Board
Major Event	Events of economic significance such as the Australian PGA
Business Event	Conferences, conventions, incentive activities
Community Event	Christmas parades, firework displays, community festivals
TQ	Tourism Queensland
TSC	Tourism Sunshine Coast

Definitions

DMO

The DMO is the new regional tourism organisation. It comprises the DMO Board, the core services team of personnel and the four Destination Desks. Its primary role is to market the Sunshine Coast region and coordinate industry and product development. It is a bottom up industry driven approach to maximising regional tourism benefits and growth.

The Chief Operating Officer for the DMO facilitates and coordinates the needs of the destination desks as well as acting as the conduit to state and federal government agencies.

Destination Desk

A Destination Desk replaces the current local tourism organisation in specific locations. The Destination Desk comprises a Manager who reports to the Chief Operating Officer of the DMO. The Destination Desk Manager is a member of the management team of the DMO.

The Destination Desk is primarily tasked with promoting and developing a specific area within the Sunshine Coast. The area may include a number of unique components with their own specific brands or logos (i.e. the Central Area Destination Desk with brands including Mooloolaba, Maroochydore, etc).

The Destination Desk Manager also has the support of a Destination Desk Advisory Panel who provides local industry knowledge and input for business planning purposes.

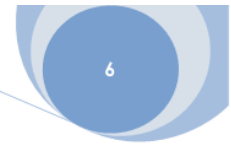
Destination Desk Advisory Panel

The Destination Desk Advisory Panels comprise industry members from geographic areas. They provide guidance to assist the Destination Desk Manager on marketing and development initiatives as part of the business planning process. They also provide the Destination Desk Manager with a conduit to industry. They are expected to meet with the Destination Desk Manager on a monthly basis although this may change depending on the Destination Desk and their requirements.

Regional Tourism Levy

This refers to the levy collected by Council and distributed to the DMO. It is based upon all rateable land across the Sunshine Coast which is categorised as transitory accommodation/coastal, iconic tourism, transitory accommodation/non coastal, commercial and industrial use/coastal, and commercial and industrial use/non coastal.

The new regional tourism levy aims to create a single equitable levy across the entire region. The tourism levy is the primary funding source for the DMO and through the DMO, the Destination Desks for each area.



Introduction

Context

In June 2008 the SCTP (Sunshine Coast Tourism Partnership) recommended changes to Sunshine Coast Regional Council's strategic investment in tourism. The recommendation was to create a region that is co-operative and delivering programs that are aligned by all parties, increasing professional standards and improving visitation and yield to the region.

In response, Sunshine Coast Regional Council formally identified its preferred position culminating in the following resolutions of the Special Confidential Meeting held on 26 March 2009:

That Council:

1. Endorses Option 2 as detailed and recommended in the Stafford Group Report (Executive Summary Pages 6-12, Report pages 48-51) as a preliminary framework for commencing the establishment and formation of a single regional tourism entity for the Region to commence trading by no later than 1 July 2010;
2. Approves in principle the establishment of a Tourism Transition Advisory Board under Section 452 of the Local Government Act 1993:
 - a) Noting and endorsing that the Board be tasked to design and implement a Transition Plan to deliver Option 2 as identified above;
 - b) That the Board's membership be comprised of an independent chair, two Councillors, (Cr Dwyer and Cr Green) as ex-officio members and four other independent members not being current members, Chairs or the chief executive officers of Caloundra Tourism, Tourism Noosa, Tourism Sunshine Coast or MTIAB; and
 - c) That the Board reports regularly to Council and industry stakeholders on its progress;
3. Commits to maintaining the funding of tourism activity and industry support during the transition;
4. Authorises the Council Chief Executive Officer to brief industry and other key stakeholders on Council's decision associated with the recommendations of the Stafford Group Report.



Objectives

TTAB has been tasked by Council to undertake the following:

1. Designing and implementing a Transition Plan including but not limited to the following:
 - a) Developing and confirming the functions and responsibilities of the Regional Tourism Body, based upon agreed principles, including the role, functions and operations of the Local Tourism Bodies;
 - b) Expanding and providing clarity and detail around the concept of a Brand Desk, Destination Desk and Destination Area;
 - c) Finalising and implementing an agreed staff structure for the Regional Body, which will include the operation of the Region's Convention and Incentive Bureaux;
 - d) Creating a single membership structure for the entire Region, which captures membership at the Local level and is subsequently recognised as a member of the Regional Body, which will enable access to Tourism Queensland co-operative marketing, including product and industry development initiatives;
 - e) Recommending models (strategic, location, structural, governance and operational models) for a more efficient and effective operation of Visitor Information Centres, taking into account best practice and industry views;
 - f) Providing recommendations on developing the most appropriate model for moving to a uniform Sunshine Coast Tourism Levy which is to commence at the beginning of Financial Year 2011;
 - g) Provide recommendations on how the region builds a Sunshine Coast brand position recognising the established brands and embracing other Sunshine Coast destinations;
 - h) Recommending the distribution of funding equitably in relation to where it was sourced and ensuring it is applied to:
 - i) The promotion of the Regional Brand and a suite of sub – regional brands to show regional differentiation;
 - ii) Agreed research with Destination Desk Marketing Groups; and
 - iii) Tactical marketing by Destination Desks guided by Destination Desk Industry Advisory Panels;

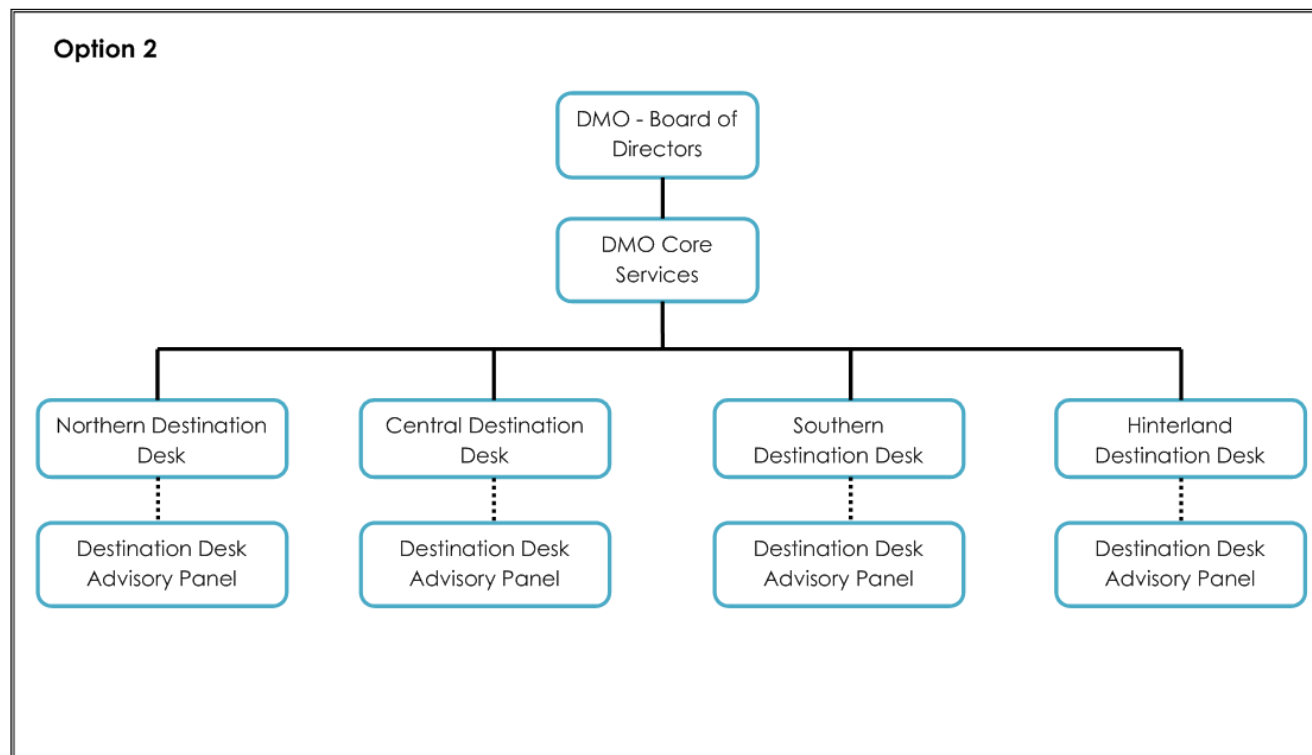
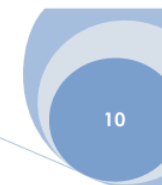
- i) Facilitate the review of and adoption of such other contractual arrangements of the Local Bodies, which are considered of merit to be maintained under the Transition Plan by the Regional Body;
2. Consulting with members of the tourism industry in order to understand the issues, mechanisms and solutions required to establish the roles and responsibilities of the Regional Body;
3. Accessing all current data concerning the structure, organisational management and direction of tourism across the Region; understanding its application and the reasons for its application
4. Establishing a Service Level Agreement between Council and the Regional Body (which will include amongst other things, Key Performance Indicators);
5. Recommending a system for developing and promoting co-operation between the Regional Body and the Local Bodies at the commercial and promotional level, which will include developing a program of alignment between all parties to continually raise professional standards and delivery;
6. Recommending a system that will enable planning and managing events at the local level, which will become the responsibility of the Local Bodies, unless otherwise agreed by a service delivery type arrangement;
7. Arranging for the Regional Body to be the initial point of contact for third party partners, such as Tourism Queensland and entering into such contractual arrangements with Tourism Queensland as contemplated under the Transition Plan;
8. Provide a written quarterly report to industry and to the signatories to the agreement of the Board's progress and a checklist of prescribed actions and milestones; and
9. Continuing to acknowledge that regional tourism encompasses the Region and the Gympie Regional Council area and commit to keep the Gympie Regional Council fully informed of the outcomes of the transition in a regular and timely manner.

What TTAB was asked to create

Council accepted The Stafford Report on the regions Tourism Review in 2009 and agreed to adopt Option 2 of that Report. Option 2 offered a fully integrated regional tourism model where the industry, through destination desks, drove the future focus of regional tourism marketing and development initiatives (a bottom up approach to creating an industry driven solution for tourism growth).



As outlined in The Stafford Report 2008 and with key elements contained in the TTAB 2009 Charter document which has guided TTAB activities, Council requested TTAB to bring about the transition of tourism as per Option 2. The following diagram illustrates the fully integrated model for tourism referred to as option 2.



Observations

Whilst every effort was made by TTAB to achieve the option 2 model as outlined above, it quickly became apparent that as it was the right of each of the LTOs and the RTO to determine whether to wind up or not, TTAB was not in a position to make any of the entities merely conform. Rather, through a process of ongoing consultation and re-assessment, 3 of the 4 Destination Desk areas have determined that there is more benefit in being fully integrated into the DMO model as outlined above.

The only exception has been Tourism Noosa who has wanted an interim period of time to assess the success of the DMO model once it is operational before determining whether to operate on the same basis as the other Destination Desks.

TTAB was therefore left with the options of:

- Finding an alternative way to achieve option 2 which would encourage all players to participate on the same or a very similar basis; or
- Rigidly adhering to the option 2 model in its purest form noting that Tourism Noosa had indicated that this was not an option it was prepared to accept.

In the interests of creating a unified tourism industry across the region and having all major stakeholders playing within the same model structure, TTAB created a hybrid version of Option 2. It should be pointed out that this hybrid version still achieves the Option 2 outcomes.

Industry Sanctioned Option 2

The diagram which follows reflects the Industry Sanctioned Option 2 model which TTAB is advocating.

Importantly, and through the detailed service level agreement between the DMO and Tourism Noosa, Tourism Noosa will have responsibility for managing and operating the Northern Destination Desk to meet the same standards and criteria as all the other Destination Desks within the DMO. In addition, the Northern Destination Desk is required to obtain agreement from the DMO on its annual business plan with a series of agreed key performance indicators.

The service level agreement between Tourism Noosa and the DMO also reflects the intent in the key stakeholders Heads of Agreement which Tourism Noosa signed along with the other tourism entities on the Sunshine Coast. The Heads of Agreement indicates that all current LTOs would operate as a single tourism entity without the need for separate LTO structures. Tourism Noosa has indicated its willingness to comply as soon as it was convinced that the DMO model would be successful and deliver the outcomes consistent with what Tourism Noosa was aiming to achieve.

In spite of the fact that the Northern Destination Desk is operated via a service level agreement, it is still fully integrated within the Destination Management Organisation structure, still subject to all the rigour and transparency which every Destination Desk is required to comply with and is actively involved in working with the DMO core services team and the other Destination Desk Managers to achieve optimal results for the region.

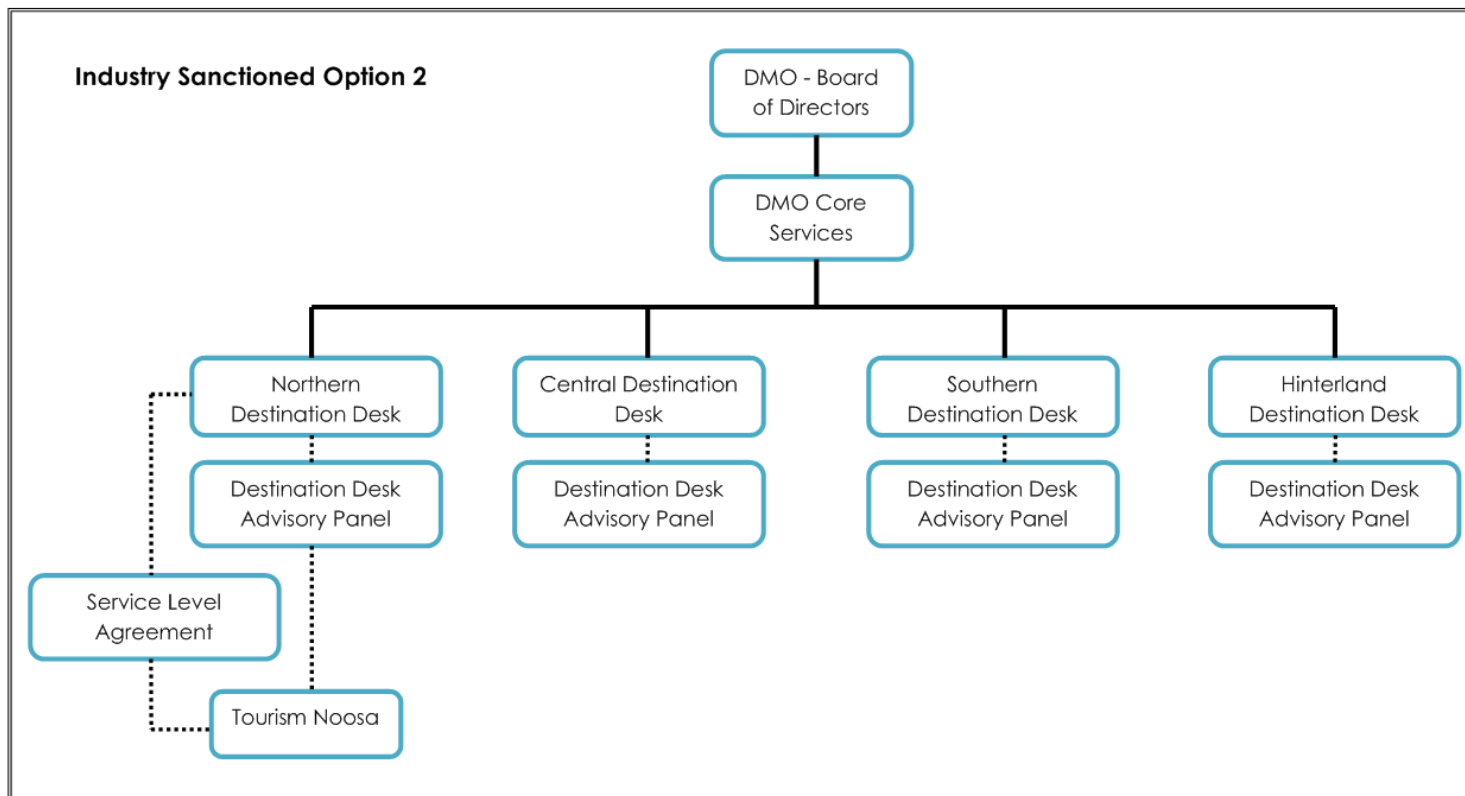
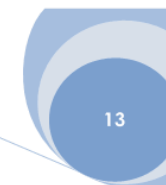
All Destination Desk Managers will have to operate at least one-two days a week from the DMO's central office facility. This will enable all destination desk managers to have a closer and more effective working relationship and offer the chance to strategise regional options as well as link with those personnel offering the DMO core services (IT, finance, digital and web based marketing, industry development etc).

For the other 3-4 days of the week the Destination Desk Managers are expected to operate in their destination areas, liaising with industry etc. The exception would be the Destination Desk Manager for the Central Area who could be co-located with the DMO core services team.

All Destination Desk Managers and the DMO COO are required to work collectively to create the DMO annual business plan. The annual business plan for the DMO is an amalgam of each of the individual destination desk business plans as well as the regional services and marketing activity to be offered. This approach, which is driven up from the Destination Desks and their Advisory Panels (and through their industry stakeholders) leads to a fully integrated approach to regional tourism marketing and development.

This outcome is achieved with the Northern Destination Desk operating via a service level agreement with the DMO. A copy of the draft Service Level Agreement between the DMO and Tourism Noosa is still being worked on. The agreement is work in progress with an expectation of having this signed off by late March 2010.

A diagram showing how the service level agreement approach for the Northern Destination Desk will work and be fully integrated into the DMO structure follows. There is minimal difference from the Option 2 model identified in the previous diagram and as resolved by SCRC.



Tourism Transition Action Plan – Sunshine Coast Regional Council – February 2010

Position of Gympie Cooloola Tourism

TTAB have liaised with Gympie Cooloola Tourism throughout the transition process recognising the historic involvement of Gympie Regional Council on the TSC Board.

Furthermore, initial discussions were held with Gympie Cooloola Tourism (the local tourism organisation covering the Gympie Regional Council area to the region to the north of the Sunshine Coast region) with a desire for being involved in the new DMO model. A Councillor from Gympie Regional Council has also been an observer on the TTAB Board.

Gympie Cooloola Tourism has indicated their desire to participate in the new DMO structure recognising the synergies that the Gympie region has with the recommended Northern and Hinterland Destination Desks. Gympie Cooloola Tourism has requested representation on both the Destination Desk Advisory Panels for the Northern Destination Desk and for the Hinterland Destination Desk.

TTAB has discussed this with the Blackall Range Business and Tourism Association (BRBTA) as the primary local tourism body for the Hinterland as well as with Tourism Noosa with respect to the Northern Destination Desk.

TTAB notes that visitors do not recognise Council boundaries and if the range of product is highly complementary then attractive marketing opportunities should be available through an effective partnership arrangement within the Destination Desks with Gympie Cooloola Tourism.

With respect to the area of the Cooloola Coast TTAB understands that a number of Sunshine Coast operators access Fraser Island via Tin Can Bay and Rainbow Beach as the nearest access point for day trip excursions. Through a partnership approach with Gympie Cooloola Tourism the opportunity exists to expand and grow tourism opportunities and to strengthen the relationship between the DMO, Gympie Cooloola Tourism and Fraser Island as well as linking the two UNESCO Bio-spheres covered in Noosa and the Great Sandy Straight (Fraser Island).

Similarly, TTAB notes the opportunities to extend the hinterland experiences north, south and west to link in the Glass House Mountains, Montville and Maleny, Kenilworth, the Mary Valley and Gympie to offer Hinterland environmental and heritage based experiences through the Hinterland Destination Desk.

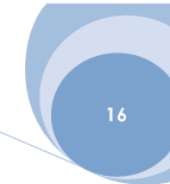
Gympie Cooloola Tourism has advised TTAB of its ability to support specific marketing and development projects where they see benefit.

TTAB Project Timeline

The timetable on the following page indicates the various steps and key milestone dates for the transition to the DMO. There may need to be an element of flexibility dependent on the timing for Council meetings and the feedback process from Council in particular.

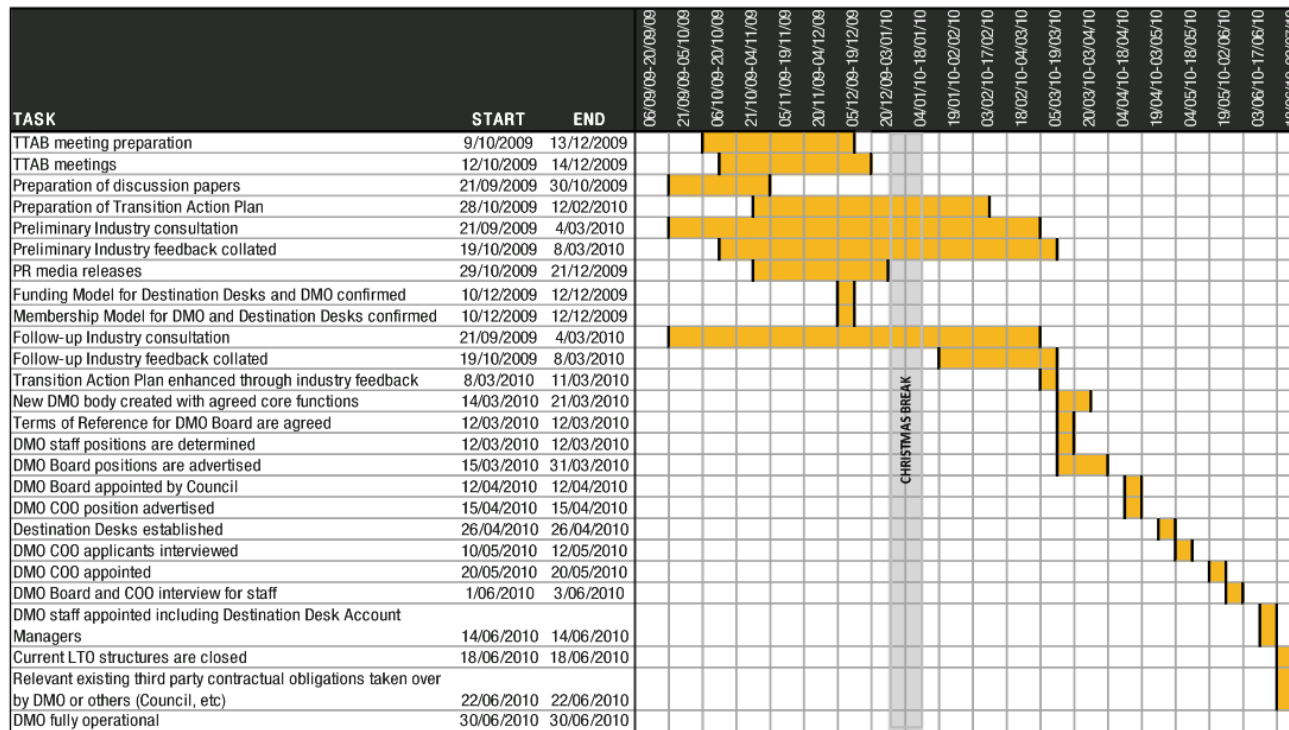
It also needs to be noted that a number of activities can and will be undertaken on a parallel basis. These activities which are currently under way include, amongst others:

- The formation of the DMO Constitution and legal structure;
- The appointment of head hunters to advertise for DMO Board positions;
- Search for potential DMO personnel and Destination Desk Managers;
- Search for Destination Desk Advisory Panel members from industry;
- Creation of the draft DMO Business Plan and the 10 year regional Tourism Strategic Plan;
- The consultation period for the draft final TTAB Action Plan with industry on the Coast and in Brisbane; and
- The ongoing liaison with various stakeholders to ensure a smooth transition.



Tourism Transition Advisory Board (TTAB) - Project Timeline

Sunshine Coast Regional Council



Tourism Transition Action Plan – Sunshine Coast Regional Council – February 2010

Existing Tourism Bodies

The TTAB Charter states this plan is to include an acknowledgement and possible utilisation of existing tourism bodies.¹

In order to evaluate the type of tourism organisation most appropriate for the Sunshine Coast Region, an analysis of existing government and industry bodies was undertaken by the TTAB.

The TTAB directors in considering the existing tourism bodies' structure have taken note of a major request which came from stakeholders during the 2008 Tourism Review project. This was for the industry on the Sunshine Coast to look for synergies and ways of reducing overhead costs and administrative requirements so more resources could be applied to marketing promotional initiatives and industry development, avoiding duplication and wastage.

The current tourism model has not allowed LTOs and other industry associations to access funding and other resourcing programs from Tourism Queensland (and other state government grant programs). Board members note a benefit of all areas of the Sunshine Coast being part of one regional tourism body is gaining direct access to Tourism Queensland and their programs, being involved in inter regional marketing partnership opportunities, working collaboratively and creating overhead savings.

Background

There are currently four primary tourism entities in the Sunshine Coast (Tourism Sunshine Coast as the regional tourism organisation, Tourism Noosa, Caloundra Tourism as formally recognised local tourism organisations and the central area which was previously operated by MTIAB being the Maroochy Tourism Industry Advisory Board).

¹ Section 3.1, (1) (g) of the TTAB Charter Document states that The Board is accountable to designing and implementing a Transition Plan including: "provide recommendations on how the region builds a Sunshine Coast brand position recognising the established brands and embracing other Sunshine Coast destinations"

Section 3.1, (3) of the TTAB Charter Document states that The Board is accountable to: "accessing all current data concerning the structure, organisational management and direction of tourism across the Region; understanding it's application and the reasons for its application"

In addition, there is the Hinterland Tourism Sunshine Coast (formerly Blackall Range Business and Tourism Association) which covers many of the Hinterland operators as well as other groups including Mooloolaba Business & Tourism and operators in informal networks in Coolool and elsewhere.

Whilst Council does not actually own and directly control any of these tourism entities it is the most significant financial stakeholder in the four primary organisations. If Council chose not to actively support any or all of these tourism entities they are likely to become unviable.

The Sunshine Coast Regional Council is one of very few Queensland LGAs which currently operates a tourism levy. Most local authorities fund tourism from consolidated revenue. This is an important concept as some individuals and existing organisations view the Council as a collection agency rather than a financier.

For historic reasons many of the existing tourism entities have not always worked in a collaborative way within the region and the lack of partnership and collaboration has led to the region sometimes performing below expectations compared to other regions in Queensland. There are numerous examples however of different parts of the region working collaboratively but this hasn't been achieved across the entire region. As part of the Tourism Review undertaken in 2008 many stakeholders had expected more to be achieved from the various tourism organisations based on:

- The number of operators within the region paying membership fees;
- The significance of tourism to the regional economy; and
- The assets and products which the region has to promote and market.

This may also help explain why the individual tourism entities cite their own individual successful projects. Some of the main industry associations will comment that the Sunshine Coast has performed better than other major regions within the state based on published qualitative or quantitative research. This may be the case from time to time but ultimately as a tourism region over the past two decades the Sunshine Coast is seen to have underperformed other major tourism regions such as the Gold Coast, Brisbane and Tropical North Queensland.

Important observations which TTAB makes include:

1. It would be in the best interests of creating a unified tourism industry on the Sunshine Coast for none of the existing organisations to continue to exist;
2. Most of the current local tourism entities could take on a destination desk as part of a new regional structure and as such, become part of a stronger single tourism entity with a wide network (through co-ordinated destination desks working collaboratively where possible);

3. Destination desks successfully formed within the DMO structure can provide the conduit to local area industry operators, identifying marketing and development needs for tourism. This will obviate the need for local tourism associations currently performing the same role and help with generating more regional tourism opportunities;
4. To manage the timely winding up of existing tourism bodies, to create a new entity – a Destination Management Organisation (DMO) - and to allow a smooth transition to destination desks becoming operational the following steps may need to be followed:
 - a. The regional tourism organisation (TSC) has to be wound up with its own transition plan to delineate programs which need to continue due to third party contractual obligations etc;
 - b. As Council has indicated that its funding preference is to finance an entirely new entity, TTAB has advised the directors of TSC that pursuant to the Heads of Agreement signed by TSC and the LTO's, they should commence a formal process of winding up the organisation, including :
 - Manage staff contractual obligations and retrenchments;
 - Identify third party contractual arrangements and notify appropriate cessation processes;
 - Finalise office equipment (including IT) leases; and
 - Determine the exit of office space and ceasing the lease unless the space is to be retained.
 - c. Local tourism organisations are to be encouraged to give up their charters and become destination desks as part of a more holistic approach to promotion and development. As the current RTO is to give up its charter a similar undertaking by LTOs and other entities would be consistent. The challenge is the reluctance of Tourism Noosa to move from its current position;
 - d. With strong resistance to giving up their current charter consideration may need to be given to an interim period where TN can retain their charter only if they agree to operate within the new DMO structure in a partnership arrangement; and
 - e. The merits of playing within the regional DMO structure will become far clearer when a single tourism levy is introduced by Council on 1 July 2010 and all levies are paid over in one cheque to the DMO, not one to each of the three old shire council LTO's.
5. Smaller industry association activities can move across to a destination desk which will give them access to new resources. Resourcing and access to expertise and funding is the key for smaller areas to embrace a new entity;
6. Industry stakeholders will need to be kept informed (through media releases and consultation) on what the timing for the wind up of the current RTO & LTOs and introduction of the new entity will be; and

7. Some of the current project work such as research programs and brand development which is managed by the existing RTO or LTOs may be capable of being passed over to a new Destination Management Organisation, or if not core business could be passed to Council or handed back to State Government (TQ or others). The core roles and functions defined for the DMO clarify what will be core business for the future.

Recommendations

There are a number of high level strategic recommendations which TTAB wishes to make if regional tourism is to succeed on the Sunshine Coast, including:

- There must be a single tourism levy collected across the entire region rather than the current three separate different levies which continue to be seen to support the old shire council boundaries;
- The belief that tourism levies collected in one area having to be spent in that same area has to change to allow the best tourism promotional and development opportunities throughout the region to be created;
- The tourism industry has to start thinking about regional opportunities leading to better local opportunities if the Sunshine Coast is going to compete for a greater share of the State's tourism receipts as well as Government spending commitment;
- There needs to be recognition that if the region can start to lift its game overall everyone will benefit from the flow on effects of greater visitor numbers, longer length of stay and higher visitor spend patterns, but this requires industry cooperation throughout the region; and
- Council needs to recognise that tourism will remain the mainstay of the regional economy for the medium and possibly the long term necessitating an ongoing commitment by Council to grow new initiatives and recognising that traditional State Government resourcing of regional tourism initiatives is uncertain and unlikely to remain at historic levels.

TTAB is of the view that unless these strategic recommendations are adopted the region risks remaining plagued by factional infighting which will continue to waste energy and create duplication and wastage of resources.

Regional Tourism Structure

Until now tourism on the Sunshine Coast has been managed primarily by 3 local tourism organisations and a regional tourism body. The new DMO model proposed and supported by TTAB is to "streamline" tourism by minimising duplication and administrative resources by:

- Creating a single tourism entity structure acknowledging that Council only wants to make one payment for tourism;
- Creating local destination desks which drive initiatives (promotion and development) from the local industry/operator level upward;
- Making sure the DMO acts as an umbrella entity to:
 - Coordinate the destination desk initiatives so that regional synergies can be found where appropriate and to avoid duplication;
 - To encourage greater cross region benefits to industry and Council;
 - To centralise all appropriate internal support functions such as financial planning and management, IT services, web and digital marketing services, PR and communications; and
 - Centralise the supply of contract services such as legal, IR, tax and market research across the region.
- Encouraging local industry stakeholders to be actively involved through the Destination Advisory Panels which are tasked with informing the Destination Desk Managers of industry expectations and needs;
- Providing support for regional business events and tourism marketing for the major events (PGA etc); and
- The possibility of the DMO also offering a regional coordination role for visitor information services (including the network of VICs) in the region.

To bring about the desired structure outcome TTAB makes the following observations:

- A new DMO entity is required which isn't formed from an existing entity and which doesn't come with pre agreed service delivery commitments. A clean sheet approach is required to get the "buy-in" of all existing entities and to avoid potential concern over initiatives merely being carried over into the new entity²;

² Refer to Heads of Agreement (April 2009), Council Resolution and TTAB Charter (July 2009)

- The benefit in the new regional DMO model is looking for synergies and ways of reducing overhead costs and administrative requirements so more resources can be applied to destination desk marketing initiatives and avoiding duplication and wastage;
- To convey a clear message to the consumer with regard to tourism on the Sunshine Coast, to deliver financial and other benefits to operators and to ensure the industry remains the major contributor to the region's economy; and
- TTAB has noted the feedback from the industry on the Sunshine Coast that the previous local and state government funded tourism entities have appeared to apply too much funding on administration and overheads and not enough on marketing campaigns and product development.

Background

The TTAB Charter Document outlines the TTAB responsibilities in implementing a staff structure into this plan.³

Council has determined that the most effective and efficient mechanism for managing, marketing and developing tourism on the Sunshine Coast is to have one entity which it will fund, but which will have its own corporate structure (company limited by guarantee), separate from Council.

Priorities for the new organisation – to be known as a DMO – are to:

- Gain the respect and trust of the industry operators working on the Sunshine Coast;
- Win the confidence of the stakeholders in the previous tourism marketing entities which will be wound up as part of this transition process to one organisation; and
- Show to both the Council and industry that with the funding received less is spent on administration and more can be spent on marketing and product development initiatives.

³ Section 3.1, (1) (c) of the TTAB Charter Document states that The Board is accountable to designing and implementing a Transition Plan including "finalising and implementing an agreed staff structure for the Regional Body, which will include the operation of the Region's Convention Bureau

The DMO would be focussed on delivering the following core services:

- a. Developing and delivering a strategic plan for tourism on the Sunshine Coast, which will have key initiatives to deliver an appropriate economic and social return on investment to the organisation's stakeholders;
- b. Regional brand development and marketing as part of a suite of brands which reflect the uniqueness of the region;
- c. Input as and when required on Industry Development (skills enhancement, government policies and strategies on infrastructure-roads, airport etc);
- d. Market research facilitation (including commissioning and dissemination); and
- e. Strategic marketing (to include international, interstate marketing and intrastate marketing where appropriate) in tandem and in collaboration with the destination desks and industry partners.

Recommendations (First three years)

TTAB makes the following recommendations for the first three years of operation:

1. That a Company Limited by Guarantee should be set up as the preferred form of legal structure for the DMO.⁴ Registration of a company creates a legal entity separate from its members. The company can hold property and can sue and be sued.⁵
2. The DMO to be owned by the members.
3. The members will be individuals or entities who wish to participate in the marketing and development of tourism on the Sunshine Coast and should be open to tourism operators within and outside the Sunshine Coast.
4. At the commencement of the new DMO Council will appoint the first Directors based on a transparent and independent process with Directors being appointed for a mix of 1, 2 and 3 year terms.
5. There will be 7 skill based directors appointed and the directors will appoint one of their own as Chair (TTAB notes that the TTAB Charter 6.1 (1) indicates a board of 9: TTAB considers a board of 7 to be ample to cover the skills base required);

⁴ "Under a company structure, charitable or not-for-profit organisations will generally be registered as public companies that are limited by guarantee. Limited by guarantee means the liability of the company's members is limited to the amount the members undertake to contribute to the property of the company if it is wound up.

⁵ As defined from the ASIC website, page titled *Registering not-for-profit or charitable organisations*, cited 16 October 2009

6. A recruitment company will be appointed by Council to independently select and recommend board members for ratification by Council.
7. Two of the inaugural directors will serve a 1 year term with the option of these directors offering themselves up for re-election. Two of the inaugural directors will serve a two year term with the option of these directors offering themselves up for re-election. Three of the inaugural directors will serve a three year term with the option of these directors offering themselves up for re-election.
8. In order to create continuity, Council may consider 1 or more of the TTAB directors being appointed as inaugural directors of the DMO for a one-two year maximum term.
9. TTAB recommends the following for the DMO board:
 - a. The board should have a total of (no more than) 7 directors – preferably 6 + Chair⁶;
 - b. Five directors would constitute a quorum;
 - c. The directors to be skilled based;
 - d. The directors must have knowledge of the region and its unique differences;
 - e. There will be no defined director positions based on geographical representation;
 - f. No councillor nor council officer may be appointed to the board; and
 - g. The Chair should have previous board experience as part of their skill set (this may not necessarily have been acquired in the Sunshine Coast).

Recommendations (post year 3)

TTAB recommends that after the 3rd year of operating the following is adopted:

1. The Chair will be elected annually by, and from, the successfully appointed directors at the first board meeting after the Annual General Meeting;
2. Every year commencing at the end of year 3, at least two of the directors' will spill;
3. The Chair will spill the same as any Director after 3 years;
4. The retiring directors may offer themselves for re-election;
5. No board director may serve any more than 3 terms, that is no more than a total of 9 years as a director of the DMO;

⁶ TTAB has taken into consideration the ASX Guidance Note 9a, *Principle 2 Structure the board to add value*. This notes the need for a board to be of appropriate size in order to discharge its duties. The size of a board is relative to its need to fulfil its fiduciary obligations and to manage the specific business obligations of the company.

6. From year 2 of the DMO's life, some of the directors will be elected by the members. Each financial member of the DMO on the date of the AGM will be entitled to one vote; and
7. A recruitment company is to be employed by the DMO to manage the recruitment process of potential directors each year (commencing from the end of year 3):
 - The recruitment company will advertise for potential nominees who wish to be considered for a director position on the DMO;
 - The recruitment company will use an appropriate nomination form for potential nominees to complete and provide to the recruitment company;
 - The recruitment company will compile a confidential list of nominees and deliver to the current DMO board, via the Company Secretary;
 - This list will also be provided confidentially to Council;
 - Persons who apply to be a DMO director will be subject to ratification by the SCRC to ensure the agreed skill base and knowledge of the region of directors is always achieved;
 - If a nominee is not ratified by the SCRC, the recruitment company will advise the nominee of their rejection;
 - If fewer than 7 people nominate for the Board the SCRC may select appropriate nominees based on the ideal skill set and knowledge base required;
 - If the SCRC consider that there is a lack of appropriate skill sets in the nominees received by the recruitment company, it may select appropriate nominees with required skill sets;
 - Following ratification by the SCRC, the SCRC will provide its feedback to the DMO Board (via the Company Secretary); and
 - The DMO board, through the Company Secretary, will inform all the successful nominees and will advise members of the nominated list for consideration prior to a voting process at the Annual General Meeting.

DMO Recommendations

TTAB considers that there must be a move away from the traditional geographic basis of board selection toward a skilled based board with other criteria including:

1. The voting process for Board positions will be specified in the constitution of the DMO;
2. Directors will be paid an honorarium with directors each paid \$7,000 per annum and the Chair paid \$18,000 per annum with the honorarium reviewed every 3 years;
3. Each Director should have the following expertise:
 - Strategic thinking ability;
 - Some knowledge in one or more of the following areas – research, infrastructure for service industries, skills training and tourism;

- Governance practice (and-or willing to undertake training);
 - Business acumen;
 - IT skills; and
 - Knowledge of the region.
4. In addition, one or more of the directors should have a reasonable level of capacity in:
- Membership-based organisations;
 - Marketing and promotion;
 - Policy and advocacy;
 - Legal and governance skills;
 - Financial and budgeting skills; and
 - Tourism development and investment.
5. The constitution of the DMO will incorporate a limited number of committees whose members will be board directors. The mandatory committees will be "Risk and Audit" and "Remuneration". Any other committees will be at the jurisdiction of the board but with a small number of directors the emphasis should be on engaging all directors;
6. The DMO should be located in a central location and TTAB recommends considering the town of Nambour or the existing office space of TSC at the Sunshine Coast Airport for its office, or some other central location within the Sunshine Coast. The DMO may seek commercial accommodation that has central meeting rooms/board room available for hire;
7. The size of the office should be sufficient for 6 FTE staff members operating from it 5 days/ week. In addition there should be sufficient space for 4 Destination managers to work from the central office 1-2 days/week assuming the destination desk staff are to be located in the local areas they have responsibility for marketing;
8. The DMO should not locate itself within Council;
9. The DMO should have responsibility to implement a 10 year tourism strategic plan for the Sunshine Coast which will focus on initiatives for tourism product (and related infrastructure) industry development and strategic marketing initiatives. Specific initiatives should include:
- a. Product development and enhancements;
 - b. Strategic marketing of the Sunshine Coast;
 - c. Industry liaison and development e.g. staff training, developing marketing knowledge and capacity building;

- d. Identifying new infrastructure which will assist the industry to perform better and working with relevant third parties to ensure developments occur;
 - e. Market research requirements across all areas offering a consistent quality approach and timely dissemination of tourism research undertaken by external parties with relevance to the region;
 - f. Maintaining and enhancing the regional and sub destination brands and ensuring synergy with the existing local/destination brands which are already well-recognised in the market place;
 - g. Delivering a regional marketing strategy which is developed from the bottom up (i.e. through the destination desks marketing initiatives linked and building these into a coherent regional strategy);
 - h. Collaborating with neighbouring regions on campaigns / projects of significance and benefit to the Sunshine Coast; and
 - i. Working with local members to improve networks and business opportunities.
10. A staff of up to 6 FTE (5 FTE are recommended unless a VIC coordinator is also required) is recommended to operate the DMO. It should be noted that whilst these positions would be focussed on regional responsibilities most of these staff would be support personnel for the destination desks as well;
11. The DMO positions will be:
- a. Chief Operating Officer;
 - b. Financial Controller with responsibility for the DMO regional body as well as separate sets of accounts and financial management for each of the destination desks;
 - c. Executive Assistant with responsibility for overall administrative support;
 - d. A marketing Development Coordinator (with digital and web based marketing skill) to create and implement regional marketing initiatives and to coordinate the regional suite of brands along with the COO;
 - e. An Industry Development Coordinator with responsibility for maximising product development opportunities, raising industry skills etc at a regional and local level; and
 - f. Potentially a Visitor Information Centre Coordinator if it is determined (by the separate review being undertaken of Visitor Information Services in the region) that the DMO should take on a networking-coordination role.
12. The 4 Destinations Managers are actually managing each of the local area destination desks but within the DMO structure;
13. The 4 Destination Desk Managers whilst having to focus on local destination area needs have a significant role in helping to formulate the overall regional direction and cross regional initiatives as part of their role;

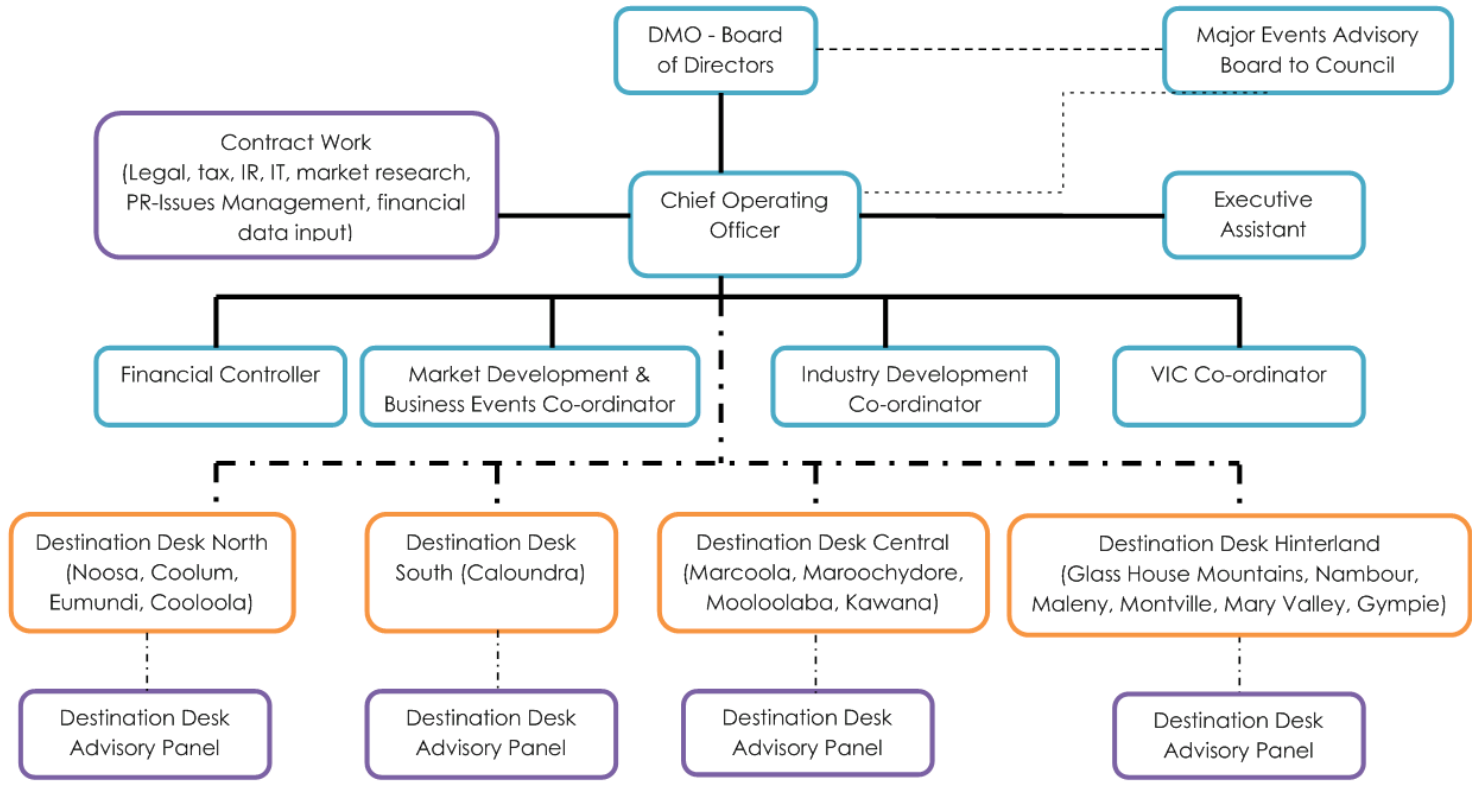
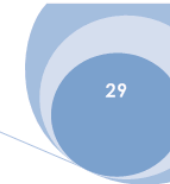
14. Each of the destination desks may have additional staff. Noosa for example has 5 existing staff it may wish to retain to deliver destination desk services to its members whilst Caloundra currently have 2;
15. The need for additional staff will be the responsibility of the destination desk managers who have to find the budget for any additional personnel from within their existing operating budget allocation; and
16. Specialist skills would be contracted in on an "as needs" basis. This would include the following types of functions:
 - a. General IT support servicing requirements;
 - b. Market Research services and analysis;
 - c. Project managers or co-ordinators for one off projects;
 - d. Specialist IR and legal expertise;
 - e. Data entry support for financial data input; and
 - f. Advocacy, PR and issues management.

The following diagram is the recommended organisational chart for the DMO. The diagram illustrates TTAB's view that the DMO should contain the minimum number of staff to deliver the core functions of the new DMO. This approach does not assume that all current roles of the existing RTO would as of right be the future roles to be focussed on by the DMO.

Importantly, the new DMO structure aims to address the current concerns of industry and tourism entities over the overlapping roles and the impact this is having on productivity and application of resources at a local and regional level.

As the DMO model has to achieve the buy in and support of the local tourism industry the regional focus and direction has to be driven from the destination desk level up to the DMO personnel with regional responsibilities.

In addition, opportunities for the region (through the DMO to the destination desks) need to be identified by the COO and regional team members. Overall, the structure cannot operate successfully merely as a top down model; it will require a partnership approach to achieve the support it needs.



Membership

The TTAB Charter Document outlines the TTAB responsibilities in delivering a membership structure for this plan.⁷

Background

Currently tourism operators are required to become members of various LTOs and the RTO if they wish to market their product through the different Visitor Information Centres and/or be part of destination marketing campaigns attached to each LTO or the RTO. This means multiple membership fees have to be paid to each tourism entity. This approach generates resentment from medium to larger industry operators who see the strategic benefit in promoting across the region rather than in just one local area.

TTAB considers a new single membership is required which will allow members to pay for belonging to one regional entity only. This will be advantageous to all tourism operators and other stakeholders on the Sunshine Coast. With improved servicing and defined benefits the DMO should be able to increase membership numbers and overcome the current industry concerns.

The DMO will need to ensure that the membership fees are invested in the marketing, promotion and development of tourism on the Sunshine Coast and specifically the geographic area where the fees were generated. To this extent, the membership fee will be attributed to a specific destination desk (as stipulated by the member when they join). This approach will alleviate concerns of some of the current tourism entities that they would lose the ability to control membership in their respective areas and offer members value added user paid services (such as is the case in Noosa).

The DMO will have one standard membership fee payable regardless of the individual or member organisation size. This fee (suggested at \$100) will provide all members with a basic set of benefits. There will, however, be opportunities for participation in additional benefits such as specific campaigns or initiatives as defined by the individual destination desks. These opportunities may attract an additional fee (fee for service arrangement) as determined by the destination desk.

Currently Tourism Noosa has a variety of membership levels offering different types of benefits whilst Caloundra Tourism doesn't charge a membership fee. TTAB considers that membership services should ideally be standardised across the region.

⁷ Section 3.1, (1) (d) of the TTAB Charter Document states that The Board is accountable to designing and implementing a Transition Plan including "creating a single membership structure for the entire Region, which captures membership at the Local Body level and is subsequently recognised as a member of the Regional Body, which will enable access to Tourism Queensland co-operative marketing, including product and industry development initiatives"

The entry level membership fee to join the DMO should be kept low as some areas in the Sunshine Coast have no history of paying for membership and some destination desks may be wishing to charge additional fees to members on a user pays basis.

Recommendations

1. For the first 3 years at least, the annual DMO membership fee be a nominal amount of \$100 to be ratified by the incoming DMO Board and COO.
2. That the membership joining fee of \$100 entitles each member to receive quarterly newsletters and potentially attendance at networking nights.
3. Provided an individual/entity has paid their annual fee on or before the date of the AGM, they will be entitled to vote for directors. This right will be available after year 1 of the DMO being incorporated as the first two inaugural directors step down but may offer themselves for re-election along with other nominations put forward.
4. Under the constitution of the DMO there will be a specific clause stating that the liability of members is restricted to the amount of their annual membership contribution i.e. \$100. Therefore should the company be sued and shareholders (members) pursued the maximum liability for any one member is limited.
5. It will be stipulated in the DMO's constitution and in procedures that membership contributions are attributed directly to the destination desk area as requested by the member.
6. Those members who want to attribute their membership to more than one destination desk can split their membership fee over different destination desks if required. However, attributing one's membership fee to one destination desk should not prevent a member from wanting to contribute directly to other destination desks marketing initiatives. However each member may only have one vote at the AGM.
7. The DMO financials will clearly indicate a separate line item for each of the destination desks and the membership fees allocated to them for investment in marketing campaigns or other initiatives.
8. The membership fees (split into basic membership and extra membership) may be used for some or all of the following activities (this is not intended to be an exhaustive list):

BASIC MEMBERSHIP

- a. Brochure displays in any or all Visitor Information Centres throughout the region;
- b. Audio visual promotions and interpretative space;
- c. Promotional opportunities offered by Tourism Queensland
- d. Promotional opportunities offered as partnerships with neighbouring RTOs; and
- e. Opportunity to host media/familiarisation visits.

EXTRA MEMBERSHIP

- a. Invitation to training opportunities;
 - b. Participation in marketing campaigns;
 - c. Opportunity to participate in trade and consumer shows;
 - d. Invitation to member-only networking events; and
 - e. Digital marketing opportunities.
9. The individual destination desks allow for the opportunity to create additional tactical marketing product and campaigns based around funding from its members. Each destination desk may have its own set of criteria for fees to be paid dependent on the type of campaign being undertaken.

Destination Desks

The TTAB Charter Document outlines the TTAB responsibilities in formulating a Destination Desk structure into this plan.⁸

The concept of a destination desk is to enable a local area to remain empowered in the direction it wishes to head and the promotional messages it wishes to give, even though this is done within the framework of a regional body.

Importantly, the local destination brands being promoted by each destination desk have to work as part of a suite of brands for the region, including the regional brand (brand Sunshine Coast). The purpose of having the destination desks operating within a regional framework structure is to ensure that opportunities are not lost, that efficiencies are achieved (resources, joint campaigns, staffing across more than one destination desk etc), a more powerful marketing message is generated across the region and destination desk development occurs in a planned and orderly manner.

TTAB considers that the move to destination desks will not, and should not, disadvantage any or all of the current local tourism entities in the region. The destination desk model concept allows for the different level of expertise and sophistication to be maintained and avoids the perceived risk of making some current LTO's reducing their current activity level to the level of others.

Background

The concept of creating destination desks evolved out of the Council Tourism Review conducted in 2008⁹ and specifically the need to reflect the significant differences in expertise, development and evolution of the different tourism areas within the region. Destination desks are seen to facilitate recognition of the different levels of product and promotion requirements which the various areas of the Sunshine Coast currently require.

The destination desks are a mechanism for enhancing the current local tourism organisations who receive funding from Council. The concept of destination desks recognises that "one size does not fit all" so rather than creating an exclusion for every single tourism entity there is a need to create areas of similarity and commonality whilst acknowledging areas of difference (size, scale, budget, sophistication etc).

⁸ Section 3.1, (1) (b) of the TTAB Charter Document states that The Board is accountable to designing and implementing a Transition Plan including "expanding and providing clarity and detail around the concept of a Brand Desk, Destination Desk and Destination Area"

⁹ The Stafford Group report to SCRC December 2008

The notion of creating destination desks along with their destination advisory panels also recognises the need to support and grow areas which traditionally have had limited resources to support their marketing as unique tourism areas. These areas might include Cotton Tree, the Hinterland, and Coolum etc. They may have operators keen on developing their area's unique characteristics.

TTAB supports the need to enhance the unique differences of various parts of the region and the different tourism experiences that these areas can offer. The concept of a destination desk aims to offer a supporting administrative structure for multiple areas whilst avoiding the traditional LTO model of having a separate administrative structure for each individual area.

Sharing destination desks may be based around destinations that:

- Are in proximity to each other;
- Have a degree of commonality;
- Are likely to share similar tourism markets;
- Collectively have a range of products that are appropriate for developing and marketing in conjunction; and
- Are interested in working together to deliver synergies for visitors through a range of tourism products and/or activities.

Destination Desk Core Services

TTAB has identified the following definition for a destination desk, together with the core services being:

"A professional approach to product development and marketing an area's tourism industry, ensuring the consumer is made aware of and enticed to the destination because of the knowledge, expertise and delivery of its products and services by the destination desk into the tourism market place."

A destination desk benefits from being part of a coordinated regional approach to tourism whilst being driven by the needs of its local tourism industry.

- a. Delivering more business to its members through encouraging industry participation in all the destination's projects;
- b. Increasing awareness of the destination's products, culture, activities and events both within and outside the destination through campaigns which may include participation at trade and consumer shows, advertising, promotion and public relations work;

- c. Reviewing current visitation and identifying market demand for the destination's products and services in the future;
- d. Keeping abreast of technology opportunities to encourage visitation e.g. online marketing presence through collaboration and co-operation with other destinations in the Sunshine Coast; use of social networking sites for promotional campaigns etc; and
- e. Developing alliances with the other destinations on the Sunshine Coast and identifying competitive advantage of its product and services which will increase the destination's share of visitors and extend stay.

TTAB considers that for clarity and simplicity a Destination Manager should have responsibility for a destination desk which may cover a number of destinations. It is particularly important that opportunities and initiatives are driven ideally from the bottom up (from destination-locally based operators) rather than from a regional perspective downwards (imposing initiatives on a destination).

There are likely to be initiatives identified and developed from top and bottom but the importance of having the vast majority of initiatives developed and formulated at the grass roots should not be underestimated. Industry operators have expressed their desire for greater ownership and involvement.

To add to this process a destination advisory panel should be created for each destination area. This helps to alleviate concerns currently held by some of the local tourism bodies that they are "losing control" and allows local industry an active role in supporting the direction of their destination area and associated destination desk.

The destination advisory panels as well as having representatives from the local industry could potentially have the Chief Operating Officer and/or Marketing Development Coordinator from the DMO as well if this was seen as desirable by the Destination Desk. This would support the free-flow of information and ideas through the DMO. It will also help to avoid an "us and them" syndrome which has not always assisted the Sunshine Coast with tourism marketing activities historically.

The Destination Desk Advisory Panel would need to comprise industry operators who represent the breadth of operators in the destination area.

Recommendations

1. The following are key skills required for a Destination Manager:
 - a. Ability to identify, develop and shape tactical marketing campaigns and initiatives which deliver brand growth as part of a suite of brands across the region, increased visitation and yield;

- b. Resourceful and mature in ability to take decisions and drive their own projects and tasks;
 - c. Organised capability to achieving deadlines;
 - d. Confident, engaging communicator with excellent planning and organisational skills;
 - e. Attention to detail and maintains high levels of service with all stakeholders, especially with engaging members;
 - f. Strong relationship builder with an ability to network with members, sponsors, and key stakeholders;
 - g. Exposure or knowledge of the tourism and event industries; and
 - h. Expertise specifically in product and destination marketing including experience in digital and web based initiatives.
2. A Destination Manager may have responsibility for more than one "locally identified" geographic area. To commence the operations of the new DMO TTAB suggests the following destinations be created initially, with an option for the DMO board to review and revise at a later date:
 - a. Northern Destination Desk covering the area from Coolum to Noosa, Noosa through the Cooloola area to Tin Can Bay and Rainbow Beach, Eumundi, and to the Bruce Highway;
 - b. Central Destination Desk covering the area South of Coolum, Maroochydore, Mooloolaba to the Kawana Shopping Centre and across to the Bruce Highway;
 - c. Southern Destination Desk covering the area south of the Kawana Shopping Centre to Caloundra and south to Caboolture and across to the Bruce Highway; and
 - d. Hinterland Destination Desk covering the area west of the Bruce Highway and linking Glass House Mountains, Maleny, Kenilworth, Montville, Nambour, and Mary Valley through to Gympie.
 3. Each destination will have an Advisory Panel ideally comprising no more that 9-11 members from within the destination area. Refer to Appendix 4 for the Destination Desk Advisory Panel Charter.
 4. The decision on who is appointed to an advisory panel should be a democratic process decided by the stakeholders in each specific destination areas. It will be their responsibility to advise the DMO on the process and who has been elected. The advisory panels are non paid positions who advise only. They have a major

role in also helping the Destination Desk Manager formulate the annual business plan for that destination desk.

5. Members of a destination desk advisory panel should contain operators from across a destination desk area (e.g. for the Northern Destination Desk Advisory Panel members should comprise operators from Noosa, Coolumb, Eumundi and Coloola);
6. The following are individual key skills required for members of an Advisory Panel:
 - a. Tactical marketing skills e.g. experience in/of packaging product, value-add campaigns etc;
 - b. PR and communication knowledge;
 - c. Experience in marketing leverage from major events – business events etc;
 - d. Experience in delivering business plan initiatives;
 - e. Understanding of business organisations and reporting into a "central office" – especially for managing and achieving KPIs; and
 - f. Brand development to assist with building the local brand as part of the suite of brands for the region.
7. The Destination Desk Managers appointment process is suggested as follows:
 - An independent recruitment firm will advertise on behalf of the DMO for appropriately skilled personnel to fill these positions;
 - Applications will be assessed and ranked against agreed criteria to meet the skills base necessary;
 - Short listed applicants will be interviewed by a panel comprising the Chief Operating Officer of the DMO, two DMO Board members and two members from the Destination Desk Advisory Panel; and
 - The preferred candidate should not be selected by a simple majority of the interviewing panel but rather have the support of all members.

Brand

The TTAB Charter Document outlines the TTAB responsibilities in determining a Brand structure for this plan.¹⁰

The primary brand related issue for TTAB was whether there should be a common parent brand; and if so, how best to develop this for the region which in turn can bring together the various logos and sub regional brands which exist (Noosa, Maroochy, Caloundra, Mooloolaba etc). The desired outcome is the creation of a regional suite of brands which builds on the uniqueness of the various destinations within the region.

Various sub-brands, other than those previously noted, have been mooted throughout the course of the TTAB tenure e.g. "Sunshine Coast Beaches". TTAB has been briefed by Tourism Queensland on the current branding program it's engaged in across the State.

That State level branding program is likely to profile the Sunshine Coast as one of five key regional brands to be pushed by TQ interstate and internationally. As such, TTAB believes it would be prudent to wait and see how the State level brand program will work before determining how the regional Sunshine Coast brand and the sub regional destination brands may best work, and in which markets.

It may be necessary for Council to look to resource the DMO with a specific allocation of funding to build the regional suite of brands and through the process leverage funding and resources from TQ and possibly other State and Federal agencies where possible. TTAB acknowledges that brand development is an expensive exercise requiring a long term financial commitment.

¹⁰Section 3.1, (1) (b) of the TTAB Charter Document states that The Board is accountable to designing and implementing a Transition Plan including "expanding and providing clarity and detail around the concept of a Brand Desk, Destination Desk and Destination Area"

Section 3.1, (1) (g) of the TTAB Charter Document states that The Board is accountable to designing and implementing a Transition Plan including "provide recommendations on how the region builds a Sunshine Coast brand position recognising the established brands and embracing other Sunshine Coast destinations"

Section 3.1, (1) (h) of the TTAB Charter Document states that The Board is accountable to designing and implementing a Transition Plan including "recommending the distribution of funding equitably in relation to where it was sourced and ensuring it is applied to:

- The promotion of the Regional Brand and a suite of sub – regional brands to show regional differentiation;
- Agreed research with Brand Desk Marketing Groups; and
- Tactical marketing by Brand Desks directed by Brand Desk Marketing Groups;

Background

A significant challenge for the Sunshine Coast has been to successfully develop and promote its regional tourism brand (Sunshine Coast). The brand, which is currently owned by Tourism Queensland, is held by them as part of their control of a suite of state wide brands which they aim to market nationally and internationally in a consistent manner and which they protect and maintain.

There are only two regional tourism brands in Queensland not owned by Tourism Queensland; one being Brand Brisbane and the other Brand Gold Coast. These are both large regional tourism entities with resources and ability to build and protect their individual regional brands.

The issue of trying to create a common brand is a very interesting and challenging one noted by TTAB. There are some who may argue that successful regions are more often made up of a series of powerful separate destination brands. Examples might include:

- Many tourists go to Port Douglas or Cairns rather than recognising they are going to Tropical North Queensland yet the TNQ umbrella brand works well (according to some) with these high profile tourism hubs;
- Conversely, tourists go to the Whitsundays region (74 islands) and also go to Hamilton Island (direct air access into Hamilton is probably a reason for this);
- Tourists go to Byron Bay in NSW not the region it sits in;
- In Sydney and Melbourne especially tourists used to go (10-15 years ago) to Surfers Paradise, Burleigh Heads etc rather than the Gold Coast although now Brand Gold Coast is far more powerful, which may be due to the fact that there is a geographic connection along the Gold Coast where you can actually see one end from the other;
- The region is characterised by coastal ribbon development making it hard to see where one sub destination starts and another finishes;
- Significant funding has gone into promoting Brand Gold Coast with minimal effort going to promote sub areas such as Surfers and the Gold Coast has only had one local government council unlike the previous three on the Sunshine Coast; and
- In a number of markets (international and domestic) tourists go to Mooloolaba, Maroochy, Caloundra and Noosa for holidays but don't necessarily comprehend that these locations are all within the Sunshine Coast.

TTAB has considered the relevance of the regional brand in a location where the destination brands have developed to become powerful. An example may be the case of Mooloolaba in the New Zealand market. Many New Zealanders own apartments in Mooloolaba. Furthermore, a lot of New Zealanders holiday in Mooloolaba and the packages offered to them are to visit Mooloolaba specifically, rather than the Sunshine Coast, though many might travel through the Sunshine Coast.

Equally, in some markets the Noosa brand was more prominent and more powerful as a draw card than brand Sunshine Coast.

TTAB has also considered the importance and value of the regional brand. It has also noted that there is a need to have a suite of brands which identify and resonate with the sub destination brand strength and identity. This helps build on the need to profile the unique elements and experiences of different parts of the region and to avoid the risk of creating a "vanilla flavour" across the region.

TTAB notes the need for the strong Noosa brand to continue to grow as part of the suite of brands but recognising its advanced stage of brand evolution. The need is also seen for ongoing development and strengthening of brands associated with Caloundra, Maroochydore and Mooloolaba which have strength in a number of markets.

Most importantly TTAB recognises that one size doesn't fit all when it comes to brand development so what is needed by way of brand development and promotion for Noosa will be different to Caloundra etc.

TTAB acknowledges that other areas over time will need to evolve logos and brands to support destination development (Hinterland, Coolool as examples) and funding will be needed to achieve this.

TTAB also recognises the importance of the development of individual destination brands being driven upwards by local industry via the destination advisory panels and destination desk managers.

Recommendations

1. That a suite of destination brands be developed in tandem with the regional brand to reflect the strength of the region's destinations and the need to continue to differentiate the region and its experiences;
2. That the DMO undertakes a watching brief on the TQ brand review and how the DMO may best be able to leverage off the outcome once it is known;
3. The DMO will need to determine a budget to grow the suite of brands being the regional brand and the destination brands; and
4. The high cost of brand expansion and development is recognised and the need to commit to an ongoing investment in brand development is required.

Funding

The TTAB Charter Document notes the TTAB responsibilities in determining a funding structure for this plan.¹¹

Background

In its presentations and discussions with the existing recipients of current Council tourism funding the issue of who will control the "money trail" is the paramount issue which the current recipients are most anxious about. Currently Council writes two separate cheques to each of Tourism Noosa, Caloundra Tourism and manages the Central area internally.

There is an unhelpful level of entrenched thinking around "what is collected as a tourism levy in an area must be only spent in that area". This attitude reinforces the old shire council boundaries (where the levy boundaries are applied) and plays against the ability to get stakeholders thinking about wider regional benefits for which local areas would be beneficiaries of anyway.

In TTAB's opinion the ability to optimise the Council's return from collection of a tourism levy from business rate payers across the region is significantly compromised if funding cannot be applied to generate the best returns on investment. Return on investment to Council is seen in the form of:

- The ability to leverage more funding from industry players and thereby significantly increase the "tourism war chest" for marketing and development of the region and its various communities;

¹¹ Section 3.1, (1) (f) of the TTAB Charter Document states that The Board is accountable for designing and implementing a Transition Plan including "providing recommendations on developing the most appropriate model for moving to a uniform Sunshine Coast Tourism Levy which is to commence at the beginning of Financial Year 2011"

Section 3.1, (1) (h) of the TTAB Charter Document states that The Board is accountable to designing and implementing a Transition Plan including "recommending the distribution of funding equitably in relation to where it was sourced and ensuring it is applied to:

- The promotion of the Regional Brand and a suite of sub – regional brands to show regional differentiation;
- Agreed research with Brand Desk Marketing Groups; and
- Tactical marketing by Brand Desks directed by Brand Desk Marketing Groups;

- The ability to leverage funding and resources from State and Federal Government;
- The ability to leverage funding and in kind support from industry partnerships on a state, national and international level;
- Achieving greater visitor numbers, higher visitor yield and length of stay;
- The ability to spread the economic benefits of tourism more widely throughout the region;
- The ability to generate more sustainable employment opportunities for local communities; and
- Delivering social and environmental benefits across the region and which offers a variety of community recreational and leisure based improvements.

Recommendations

1. There is a preference for Council to fund one organisation for the region as opposed to three;
2. Funding would be provided to the DMO which would work with the Destination Desks to determine the funding needed for regional services and initiatives, for operating the various destination desks and any additional funds to be set aside for special projects funding to support best case initiatives;
3. The cost of running the DMO structure has been determined separately noting that many support functions will be centralised (finance, IT, PR and issues management, data entry, market research etc);
4. TTAB envisages a special projects fund to be available for Destination Desks to submit applications for additional marketing and development initiatives from the DMO, over and above a set allocation agreed to deliver their business plan outcomes;
5. Additional funds may be needed from Council if VIC coordination and management is to be undertaken by the DMO, but this is subject to a separate review;
6. The option of the major event sponsorship budget being managed by the DMO has not been pursued as TTAB considers that as this major event budget does not include provision for management or administrative costs it is best retained in Council rather than appear as a balance sheet item directly into and out of the

DMO (noting that major event sponsorship funding currently comes out of the tourism levies collected in the region¹²);

7. Additional funding will be required if the need is seen to grow major events and assist other events to reach this status as part of an extended events program;
8. Funding will be set aside in the DMO budget for the convention and incentive Bureau. In addition, State Government funding may continue to be available for the activities of the convention and incentive Bureaux and to grow this niche but ongoing State Government funding for this is still apparently being determined;
9. The destination desks will have the authority to determine their own co-op industry funding programs;
10. TTAB has created an indicative budget for the DMO which is provided in the following pages as a work in progress;
11. TTAB recognises the need to ensure that the funding available to Destination Desks in the future will, wherever possible, be greater than current funding levels to existing local tourism areas;
12. In the medium term it is hoped that the special projects funding program budget can be grown to support growth of new areas and to maximise the return from funds collected as part of the tourism levy; and
13. The ability to operate the DMO structure successfully is predicated on creating a single uniform tourism levy across the entire Sunshine Coast region.

The New Regional Tourism Levy

SCRC has advised TTAB of its desire to create a single uniform regional tourism levy which replaces the current different tourism levies applied in Noosa, Caloundra and the central area.

Based on creating an equitable regional tourism levy TTAB have worked with SCRC to revise the current levy structure.

The following table illustrates a potential new model for collecting a regional tourism levy by SCRC. Modelling undertaken to date indicates that for the 2010-2011 financial year the tourism levy portion of the tourism and economic development levy is estimated to be \$3.950m. This figure bears little resemblance to those gathered under

¹² This is major event funding such as the Australian PGA sponsorship and not community based event funding which would still be managed by Council. It is also different from the business event activity undertaken by some of the existing tourism entities.

the existing levy system which has different methodologies for determining tourism levies for the Noosa area, the Central area and the Caloundra area.

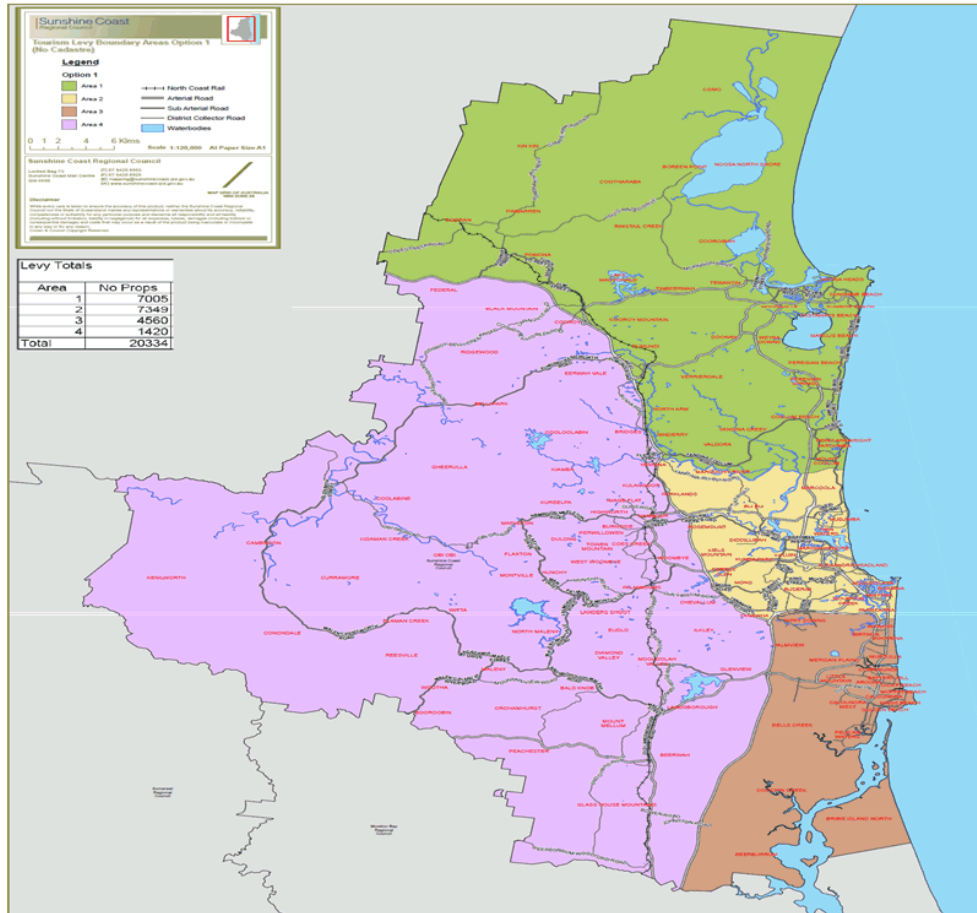
Key points to note in the following table are:

- The split between the four destination desks is based on rateable commercial properties in each of the new destination areas;
- The increase in the total levy from the current levy amount is predicated on offering a new equitable levy across the entire region as per the methodology suggested by SCRC;
- The percentage to be directed to economic development represents 12.5% of the total levy collected which is an increase from current levels;
- The \$1,515m for Visitor Information Centre cumulative losses across the region replaces the funding from SCRC's consolidated account to cover Caloundra and Central Area VIC operating losses and a smaller quantum to cover the losses identified for Noosa's VIC and Booking Services losses;
- The \$1.5m identified for major events is an increase on current major event funding and is ear marked for major event sponsorship (the current division between the destination desks is academic as SCRC will manage the major event fund and apply it directly to major events in each destination area);
- The balance left of \$3.95m is the amount collected by SCRC and passed to the DMO for tourism activity, subject to receiving a robust annual business plan and an agreed ten year regional tourism plan; and
- The percentage breakdown reflects the amount of levy collected in each destination area.

SCRC Levy Distribution 2010-11 Year

Destination Desk	Total Levy ('000)	Economic Development Levy ('000)	VICs ('000)	Major Events ('000)	Tourism ('000)	Tourism Levy Percentage
Northern Destination Desk	\$3,406	\$426	\$142	\$350	\$1,690	43%
Central Destination Desk	\$2,617	\$327	\$696	\$1,000	\$1,299	33%
Caloundra Destination Desk	\$1,727	\$216	\$577	\$150	\$857	22%
Hinterland Destination Desk	\$210	\$26	\$100	\$0	\$104	3%
TOTAL	\$7,960	\$995	\$1,515	\$1,500	\$3,950	100%

The following map illustrates the new destination desk boundaries which forms the basis on the percentage of the regional levy collected in each destination area.



Based on the number of commercial businesses and the unified regional levy applied by SCRC, the percentage breakdown indicates in which destination desk area (Northern, Central, Caloundra, and Hinterland) the levy funds are actually collected.

Draft DMO budget and Cash Flow Recommended

The DMO budget has been created based on anticipated funding from the new SCRC regional tourism levy and base level funding from TQ which other RTOs get. There is deliberately no funding assumed from industry cooperative partnerships, sponsorship or State or Federal grants.

The funding streams identified are therefore conservative and free from other sources which the DMO should be able to leverage.

Expenditure has been determined after reviewing the profit and loss statements and balance sheets of TSC, Caloundra Tourism, Tourism Noosa and assessing the need for a realistic but tight DMO operating budget. TTAB recognises the need to illustrate to the existing LTO's that the net benefit achievable under the DMO model is a higher level of resourcing support to the destination desks and more efficient use of regional resources.

Income

The tourism levy for the region is based on budgeted figures for the 2010-2011 financial year. The SCRC levy distribution is as per the new model of a regional uniform levy to be considered by SCRC. The SCRC VICs grant covers the cumulative operating losses of the VICs currently and assumes that the VIC losses are now recommended to be funded via the regional levy rather than through Council's consolidated account (as currently occurs for Caloundra and Central Area VIC services).

Tourism Queensland funding is based on information provided by Tourism Queensland as to possible funding post 1 July 2010. Whilst it is noted that the previous RTO had been successful in securing a variety of specific project funding grants from TQ in the past, there is no guarantee that these will continue in the future.

Membership income conservatively assumes that 1,000 members will join the DMO across all destination desks. The \$100 annual membership fee is allocated by each member to their designated destination desk without any leakage to DMO core services or overheads.

The existing TSC budget for 2009-10 is provided for comparative purposes only. It should be noted however that the DMO 2010-11 budget is based on the introduction of a uniform regional tourism levy which bears no resemblance to the way the levy is currently captured and applied. Furthermore, it has been assumed that VIC

coordination may possibly be undertaken by the DMO (rather than SCRC) in the future. Care is needed therefore when trying to compare the current TSC budget 2009-10 with that suggested for the DMO in 2010-11 as levy amounts differ and regional services offered differ.

Expenses

The salaries for the new DMO cover 6 full time equivalent core services staff including superannuation contributions at 9%. It has been assumed that a position of VIC Coordinator is included but this won't be confirmed till the completion of the VIC Review and will need to be endorsed by SCRC .

Also included in the DMO expenses is \$585k allocated for regional marketing including market research, special project funding and assistance with marketing and developing the suite of regional brands. This is dedicated regional level marketing funds and does not include any partnership funding for regional initiatives which the individual destination desks may wish to contribute.

The 4 destination desk managers' salaries, on costs and vehicle leases (including fringe benefit tax) are also included in the DMO budget. Previously, these costs would have been covered by the local tourism organisations.

Whilst the destination desk managers for the Central, Caloundra and Hinterland destination desks are employees of the DMO, the destination desk manager for the northern desk will be seconded from Tourism Noosa under a service level agreement arrangement to deliver the same level of services as the other destination desk managers. The Northern Destination Desk Manager will be required to contribute to the DMO on the same basis as the other destination desk managers.

Visitor Information Centre operating losses have at this stage been included in the DMO budget. That is, there is a possibility that the VIC review currently being completed may recommend that VIC services be taken out of Council and placed under the management and coordination of the DMO. This is a possibility rather than a certainty at this stage.

Funds to be distributed to Destination Desks

The DMO budget indicates the balance (after DMO operating expenses and regional marketing initiatives) to be applied to the destination desks being the balance of the regional tourism levy. The separation between the various destination desks reflects the percentage breakdown for the new destination desk boundaries and is based on the percentage of applicable commercial rate payers and levy collected in each of these areas.

Destination Desk Campaigns, Media and Promotions

For the 2010-11 financial year, being the first operating year of the DMO, the same or similar levels of levy distribution have been applied as the local tourism organisations have had for marketing and promotional initiatives in the 2009-10 financial year (Tourism Noosa, Central Area, and Caloundra Tourism).

This reflects the same amount available for campaigns, media and promotions for the Northern desk area and the Central desk area but a slight reduction occurs in the Caloundra desk primarily because the boundaries for the Caloundra destination desk area have been reduced, removing those properties west of the Bruce Highway and north of the Kawana shopping centre.

The balance of these funds has been applied to the Hinterland Destination Desk based on much of this area being part of the Caloundra LTO area previously.

Additional Funds able to be Applied to Areas under the DMO Model

The DMO draft budget indicates that an additional \$727,621 is able to be distributed to destination desk activity at the local level.

It is assumed that over time, the actual distribution of the tourism levy after funding for current campaigns and promotional spend may be able to be applied for additional regional joint venture partnering opportunities at the DMO regional level if destination desks approve this.

There is, however a requirement for the destination desk managers and the COO to reach collective agreement on what is spent at a regional level compared to specific local initiatives. This will achieve a far more coordinated and better managed approach to regional marketing and promotions and avoid the traditional problems of wasted resources, duplication, lack of synergies and lost opportunities which industry have been keen to see addressed in the region.

In addition, it is anticipated that a percentage of any additional funds may be able to be placed into a regional DMO special projects budget to enable any destination desk to access these funds which can be shown through a business case to generate far better returns.

Funding Implications Overall

The net effect of the new DMO model is the ability to offer a greater level of funding at the local level (destination desks). Importantly, the budget deliberately does not contain income which could be generated from the following areas:

- Cooperative marketing funds from industry partners;

- Additional grant funding from state or federal funding programs; and
- Sponsorship and other funding able to be applied either at the DMO level or at destination desk levels.

The budget therefore predominantly reflects the SCRC tourism levy funding and does not include income which the DMO and its destination desks are expected to raise through cooperative and joint venture funding from industry partners.

Sunshine Coast DMO (4 Destination Desks)
 Draft Profit and Loss Account

	New DMO entity (2010/11)	Existing TSC (2009/10)
INCOME		
SCRC Levy Distribution ¹	\$3,950,000	\$1,002,852
SCRC VICs grant ²	\$1,546,840	\$0
TQ operational grant ³	\$200,000	\$200,714
TQ marketing support (non-guaranteed)	\$300,000	\$0
State C&I funding (via TQ) ⁴	\$200,000	\$203,010
Membership Fees ⁵	\$100,000	\$12,000
Interest ⁶	\$10,000	\$6,000
Project specific revenue ⁷	\$0	\$585,296
other Council funding ⁸	\$0	\$35,000
Other income ⁹	\$0	\$138,188
TOTAL	\$6,306,840	\$2,183,060
EXPENSES		
Overheads/Admin + Core Services	\$1,152,673	\$946,419
<i>External accounting and audit fees</i>	\$6,050	\$6,500
<i>Salaries</i>	\$588,600	\$569,868
<i>Contractors</i>	\$110,000	\$93,600
<i>Office (including utilities)¹⁰</i>	\$46,000	\$77,250
<i>Board and director costs¹¹</i>	\$60,000	\$41,650
<i>Car Lease (incl FBT)</i>	\$18,000	\$18,666
<i>IT¹²</i>	\$14,793	\$38,183
<i>postage</i>	\$5,500	\$8,500
<i>Printing and Stationery</i>	\$9,900	\$12,500
<i>Cleaning</i>	\$3,300	\$4,020
<i>Bank Fees</i>	\$1,320	\$500
<i>Insurance</i>	\$10,450	\$15,828
<i>Photocopier - lease</i>	\$7,260	\$6,684
<i>C+I Bureaux</i>	\$200,000	\$0
<i>Subscriptions and fees</i>	\$2,420	\$1,500
<i>Memberships & representation at key industry events</i>	\$22,000	\$20,000
<i>Security</i>	\$605	\$670
<i>Telephone</i>	\$26,400	\$18,000
<i>Travel for meetings</i>	\$13,200	\$0
<i>Other¹³</i>	\$6,875	\$12,500
% of total income attributed to overhead expenses	18%	43%
Regional marketing and related benefits	\$585,000	\$0
<i>market research for all destination desks and region</i>	\$95,000	\$0
<i>special project funding</i>	\$150,000	\$0
<i>Strategic Marketing including suite of regional brands</i>	\$340,000	\$0
Cost of sales - projects	\$0	\$1,179,476
Destination Desk Managers	\$425,160	\$0
<i>Salaries¹⁴</i>	\$324,000	\$0
<i>salary on costs</i>	\$29,160	\$0
<i>Vehicle lease and running (incl FBT)</i>	\$72,000	\$0
Visitor Information Centres ¹⁵	\$1,546,840	\$0
<i>Noosa</i>	\$173,840	\$0
<i>Caloundra</i>	\$696,000	\$0
<i>Central Area</i>	\$577,000	\$0
<i>Hinterland</i>	\$100,000	\$0
TOTAL	\$3,709,673	\$2,125,895

Destination Desk funding

Destination Desk Campaigns, media and promotions¹⁶	\$1,869,546	\$1,869,546
<i>Noosa, Eumundi, Coolum, Cooloola / Northern Destination Desk</i>	\$709,953	\$709,953
<i>Maroochydore, Mooloolaba / Central Destination Desk</i>	\$566,593	\$566,593
<i>Caloundra / Southern Destination Desk¹⁷</i>	\$515,085	\$593,000
<i>Hinterland, Gympie Destination Desk</i>	\$77,915	\$0

Additional funds able to be applied to areas¹⁸

	\$727,621	\$57,165¹⁹
Northern Destination Desk (42%)	\$305,601	
Central Destination Desk (33%)	\$240,115	
Caloundra Destination Desk (22%)	\$160,077	
Hinterland Destination Desk (3%)	\$21,829	

Total Funds to be distributed to Destination Desks	\$2,597,167	\$1,926,711
<i>Noosa, Eumundi, Coolum, Cooloola / Northern Destination Des</i>	\$1,015,554	\$709,953
<i>Maroochydore, Mooloolaba / Central Destination Desk</i>	\$806,708	\$566,593
<i>Caloundra / Southern Destination Desk</i>	\$675,162	\$593,000
<i>Hinterland, Gympie Destination Desk</i>	\$99,744	\$0

NOTES

- 1 - Based on the Tourism Levy distributed to the four destination desks after VICs, events and economic development are excluded. TSC distribution based on core funding of 272k (Noosa), 366k (Central) and 195k (Caloundra) plus Marketing initiatives of 55k (Noosa), 75k (Central) and 40k (Caloundra).
- 2 - Based on historical funding of 677,000 to Central in 2007/08 and 696,000 to Caloundra in 2007/08. Noosa VICs and Booking Centre loss of \$174k have been added, although they were historically funded from the Levy Distribution
- 3 - TSC 2009/2010 budget
- 4 - TSC 2009/2010 budget
- 5 - TSC 2009/2010 budget
- 6 - TSC 2009/2010 budget
- 7 - From the project income in TSC cash flow budget. Assumed to be revenue from industry and government specific project funding
- 8 - TSC 2009/2010 budget
- 9 - TSC 2009/2010 budget
- 10 - Includes Rent, Electricity, Employee amenities, Newspapers etc. storage rental and repairs and maintenance as per TSC budget
- 11 - Includes Chairman costs, meeting costs and director expenses
- 12 - Includes maintenance and lease of computers
- 13 - Includes Administration recruitment, Fringe benefits tax, legal costs, etc.
- 14 - Staff costs breakdown
- 15 - VICs were previously separately funded by the Levy or direct from Council which wasn't operated
- 16 - As per historic spending within Levy contribution. For Central destination desk this is assumed as 10% higher than Caloundra
- 17 - Marketing expected to reduce due to the separation of Kawana and Hinterland from Caloundra
- 18 - Percentages based on the Tourism Levy Boundary Areas document provided by SCRC
- 19 - This figure is based on data advised from SCRC whilst the TSC 2009/10 budget indicates no surplus.

Preliminary 5 year cash flow (4 Destination Desks)

REVENUE	2010/11	2011/12	2012/13	2013/14	2014/15
SCRC Levy ¹	\$3,950,000	\$4,029,000	\$4,109,580	\$4,191,772	\$4,275,607
SCRC VIC Grant ¹	\$1,546,840	\$1,577,777	\$1,609,332	\$1,641,519	\$1,674,349
TQ operational grant ²	\$200,000	\$204,000	\$208,080	\$212,242	\$216,486
TQ marketing support (non-guaranteed) ²	\$300,000	\$336,000	\$376,320	\$421,478	\$472,056
State CAI funding (via TQ) ²	\$200,000	\$204,000	\$208,080	\$212,242	\$216,486
Attracted Federal funding ³	\$0	\$100,000	\$102,000	\$104,040	\$106,121
Membership Fees	\$100,000	\$102,000	\$104,040	\$106,121	\$108,243
Interest	\$10,000	\$10,200	\$10,404	\$10,612	\$10,824

Total Revenue	\$6,306,840	\$6,562,977	\$6,727,836	\$6,900,025	\$7,080,173
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EXPENSES	2010/11	2011/12	2012/13	2013/14	2014/15
DMO Overheads ⁴	\$1,152,673	\$1,176,079	\$1,190,851	\$1,206,090	\$1,221,834
Destination Desk Management	\$425,160	\$433,863	\$442,336	\$451,183	\$460,207
VICs ⁵	\$1,546,840	\$1,498,888	\$1,375,979	\$1,263,149	\$1,159,571
Regional Marketing and related benefits	\$585,000	\$596,700	\$608,634	\$620,807	\$633,223
Campaigns, media and promotions ⁶					
<i>Nossa, Eumundi, Coolum, Coooloolo / Northern Destination Desk</i>	<i>\$709,953</i>	<i>\$763,199</i>	<i>\$820,439</i>	<i>\$881,972</i>	<i>\$948,120</i>
<i>Maroodyare, Mooloolaba / Central Destination Desk</i>	<i>\$566,593</i>	<i>\$609,088</i>	<i>\$654,770</i>	<i>\$703,877</i>	<i>\$756,668</i>
<i>Caloundra / Southern Destination Desk</i>	<i>\$515,085</i>	<i>\$553,716</i>	<i>\$595,245</i>	<i>\$639,888</i>	<i>\$687,880</i>
<i>Hinterland, Gympie Destination Desk</i>	<i>\$77,915</i>	<i>\$83,759</i>	<i>\$90,041</i>	<i>\$96,794</i>	<i>\$104,053</i>

Total expenses	\$5,579,219	\$5,715,093	\$5,778,295	\$5,863,760	\$5,971,556
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Additional funds for Destination Desk Activity	2010/11	2011/12	2012/13	2013/14	2014/15
Destination Desk North					
Funds Distributed Destination Desk North ⁷	\$305,601	\$356,111	\$398,807	\$435,231	\$465,619
Destination Desk Central					
Funds Distributed Destination Desk Central ⁷	\$240,115	\$279,802	\$313,349	\$341,967	\$365,844
Destination Desk South					
Funds Distributed Destination Desk South ⁷	\$160,077	\$186,534	\$208,899	\$227,978	\$243,896
Destination Desk Hinterland					
Funds Distributed Destination Desk Hinterland ⁷	\$21,829	\$25,437	\$28,486	\$31,088	\$33,259

Total additional funds for Destination Desk Activity	\$727,621	\$847,884	\$949,541	\$1,036,265	\$1,108,617
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NOTES

- 1 - Council contributions increase per annum is 0%.
- 2 - Attracted additional state funding as a result of the new structure in Year 1 is 10% in Yr 2, 10% in Yr 3, 10% in Yr 4 and 10% in Yr 5.
- 3 - Attracted Federal Government funding as a result of the new structure in Year 1 is \$100,000
- 4 - DMO Overheads predicted to increase at half the rate of total revenue increases
- 5 - Due to VICs review, costs expected to reduce by 5% by yr 2, then 10% pa thereafter
- 6 - DMO distribution of Campaigns media and promotions to Destination Desks expected to increase at 5% pa
- 7 - Net surplus distribution to Destination Desk North is 43%, Destination Desk Central is 33%, Destination Desk South is 22% and Destination Desk Hinterland is 3%.
- 8 - Apart from membership revenue, this model only accounts for Government funding, reflecting on this preliminary stage of cash flow analysis.
- 9 - Inflation increase per annum is 2%.

Major Events (of Economic Significance)

The TTAB Charter Document states the TTAB responsibilities in implementing an events structure into this plan.¹³

TTAB sees benefit in the current major event sponsorship budget (which is derived from the Council collected tourism levy) being managed by Council. The rationale for this is as follows:

- The Major Events Budget is for sponsorship only, with no leakage possible for management or administration of this. There is no benefit transferring this fund to the DMO;
- The DMO should coordinate the event tourism marketing and leveraging activity which supports the major events;
- The administrative work (road closures, contracted obligations, planning, sponsorship application etc) required to manage major events should still remain with Council;
- Community based events should still be managed and marketed by Council separately;
- Business events (conferences, conventions etc) would still be marketed by the destination desks (as currently done by LTOs); and
- Activities associated with the Convention and Incentive Bureau funding will be managed by the DMO in tandem with a business events advisory panel. This should be made up of the major conference and convention venues in the region working in collaboration.

The concept of a Major Events Advisory Board was raised in the Major Events Strategy Report developed for SCRC in 2008 under a separate consultancy project. The purpose and scope of the Major Events Advisory Board was to be an independent and

¹³Section 3.1, (6) of the TTAB Charter Document states that The Board is accountable to designing and implementing a Transition Plan including "recommending a system that will enable ,planning and managing events at the local level, which will become the responsibility of the Local Bodies, unless otherwise agreed by a service delivery type arrangement"

focused body, providing SCRC with strategic direction and advice on all matters pertaining to the allocation of funding to support events. The scope was to include major, signature and developmental events.

A number of objectives were proposed for the Major Events Advisory Board including the overall aim to grow the value of the events industry across the Sunshine Coast through:

- Advice to Council on all matters relating to major events on the Sunshine Coast;
- Developing and implementing a Sunshine Coast Major Events Strategy that focuses on building the events industry, particularly current regional events, economically, socially and culturally;
- proactively supporting the attraction, creation and development of major events provide significant economic and tourism benefits to the area;
- Assistance in maximising the tourism potential of the Sunshine Coast through events;
- Working with tourism organisations to optimise the promotion and marketing of major events held in the region (noting that the Major Events Advisory Board would not be responsible for the marketing or leveraging of events as this would be the responsibility of the DMO as proposed by TTAB);
- To prioritise support to major events that provide measurable economic, social and cultural benefits to the Sunshine Coast or that have the potential to market the Sunshine Coast to attract future visitation;
- Prioritising support to major events that can be staged on a recurrent basis and/or those that are permanently based on the Sunshine Coast; and
- Working with Queensland Events to maximise support for major events on the Sunshine Coast.

TTAB notes that whilst SCRC has not endorsed all the recommendations from the independent Major Events Strategy Report in 2008, it wishes to establish the Major Events Advisory Board as a catalyst to achieving the objectives noted above.

Background

Council commissioned a review of its commitment to events in late 2008. The findings of that Review were not formally considered by Council. Council has requested that TTAB consider whether the DMO could play an active role in tourism event marketing.

It is evident there are three clear classes of events being:

- Major events of economic significance;
- Business events focussed on conventions, conferences and incentive travel; and
- Community events which cater mostly for the local market rather than visitors.

SCRC and the tourism industry are keen to grow the number of major events in order to generate greater economic benefit to local businesses and to offer a calendar of hall mark major events which can fill spare accommodation capacity and improve yields during shoulder and low season periods.

TTAB notes that currently the existing LTOs receive specific major event sponsorship funding as part of their existing tourism levy contributions (Noosa receives \$350,000, Caloundra \$150,000 and the Central Area \$750,000). These direct contributions help cover sponsorship costs for major events such as the Noosa Triathlon, the Australian PGA, the Caloundra Music Festival and the Coolum Kite Festival.

TTAB notes that SCRC and industry have still to finalise an agreed regional approach to major events. The desire to amalgamate the major event funding (\$1.5m for 2010/2011) and have this directly controlled by Council reflects SCRC's desire to:

- Finalise a regional approach to major event sponsorship and development;
- The need to honour existing contractual arrangements whilst finding better ways of leveraging future opportunities;
- To determine how much of the major event fund could – should be applied to pure sponsorship funding and how much may need to be applied to PR or related activity;
- Ascertain whether it is more cost effective for SCRC to coordinate major event PR and communications activity or have this undertaken by a third party (possibly the DMO and its destination desks);
- Determine how best to leverage more major events and whether through the guidance of a Major Events Advisory Board this is best handled by SCRC; and

- Make sure that it will be possible to gain commitment to longer term agreements for these major events to stay in the region which a Council committed approach may have greater chance of achieving.

Recommendations

TTAB recommends that:

- The Major Events Advisory Board of Council be serviced by Council to help minimise administrative costs;
- That the DMO takes responsibility for leveraging tourism marketing benefits off the major events;
- SCRC establishes a Major Events Advisory Board which would have amongst other professionals a DMO Board member on it along with the DMO COO in an ex officio capacity;
- That the administrative and contractual negotiations of major events would remain with Council but the DMO would need to liaise closely with relevant Council personnel to ensure tourism marketing initiatives were consistent with what Council had agreed to;
- That business events remain the responsibility of the DMO and the Destination Desk Managers where the business events are undertaken;
- The DMO would establish a business event advisory panel of up to 5 industry members representing the major conference venues to provide advice to the DMO on how to grow the convention and incentive opportunities and in tandem with the DMO Chief Operating Officer, to further the needs of the Convention and Incentive Bureau services which the DMO will provide; and
- Non tourism community based events would be managed and marketed by Council as their public good requirement.

Visitor Information Centres

Council commissioned a review of visitor information services on the Sunshine Coast in December 2009. The findings of that review, and any implications for the DMO won't be known till April 2010.

The following is provided based on interim findings only from the VIC Review. They inform how visitor information services coordination may be a role which the DMO could undertake in the interests of achieving a more coordinated and whole of region approach to support consumer information needs and industry needs and expectations.

The interim findings however do not include the findings of the consumer survey (n=500) currently underway nor the bulk of the industry survey interviews currently being conducted throughout the region.

Background

The TTAB Charter Document notes the TTAB responsibilities in assessing VIC operational models for this plan.¹⁴

There are a number of issues which will be addressed as part of the VIC review including:

- Determining the actual needs of the consumer-visitor in the provision of visitor information services for the future in the region;
- Determining the needs of the tourism industry and how best to deliver to them to meet their expectations for the future in the region;
- Recommending the most effective and efficient model to deliver visitor information services across the Sunshine Coast region that addresses the needs identified in the points above;
- Determining if there are benefits from centralising the management and operations of Visitor Information services and centres;

¹⁴Section 3.1, (1) (e) of the TTAB Charter Document states that The Board is accountable to designing and implementing a Transition Plan including "recommending models (strategic, location, structural, governance and operational models) for a more efficient and effective operation of Visitor Information Centres, taking into account best practice and industry views"

- Identifying the gaps and differences between the existing VIC's and the new model needed (which may include say using cafes, shopping centres, service stations etc as information centre outlets);
- Identifying processes to effectively link the Visitor Information Centres so that more effective synergies and cost savings can be made as well as information sharing;
- Determining the opportunity for reducing the number of VIC offices (currently 10 in the region with 8 run by Council and 2 run by Tourism Noosa); and
- Determining a transition process for moving the preferred model forward.

Preliminary Findings from the VIC Review

The following are the preliminary findings only based on:

- Comparative analysis has been undertaken with other VIC services nationally and internationally;
- Staff, volunteers and management interviews have been undertaken; and
- Industry and other stakeholder feedback gathered.

The industry interviews and feedback were conducted in February 2010 and the consumer survey is expected to be completed in the first week of March 2010.

The following are preliminary findings to help inform the transition process and to provide some guidance on how visitor information services might be enhanced and possibly integrated with DMO activity within the region in the future:

- There are 10 Visitor Information Centres (2 operated by Tourism Noosa and 4 operated by Council in the Central Area, 3 in Caloundra and 1 in the Hinterland). This compares with 2 Visitor Information Centres in the Gold Coast region. The majority of respondents covered so far have highlighted the need and benefits of rationalising the number of information centres to better meet consumer and operator needs;
- Some VICs operate primarily as visitor centres whilst others have a primary focus as a local community centre (Kawana) as well as offering visitor information services (there is not one uniform model);
- There is some but limited integration between VIC services throughout the region with booking services being available between some VICs and not others;

- Staff and volunteers generally comment that most stakeholders (including industry as well as Council) don't fully understand the importance of the role which VICs provide;
- From data provided by Tourism Sunshine Coast a relatively small percent (3% of the total overnight and day visitors into the Sunshine Coast region) actually visit a VIC during their stay in the region or when driving through the region;
- That the quality of VIC facilities is vastly different with major new facilities in the Glass House Mountains and Hastings Street Noosa compared to older and smaller facilities in Cotton Tree and Mooloolaba;
- Whilst some VIC staff are integrated into tourism marketing activity and encouraged to attend industry information nights, others no longer have this opportunity and struggle to gain sufficient industry understanding and knowledge; and
- All VIC operations operate at a loss (some at a minimum level whilst others incur larger losses).

Comparative research state wide, nationwide and internationally indicates that VIC activities are noted as an important requirement of destination information services but don't operate as profit centres. Whilst there are income generating opportunities these do not outweigh the operating costs. In spite of this, VICs in a number of locations have attempted to operate food and beverage outlets, art and craft galleries, internet cafes, general merchandise facilities as well as income derived from commissions for booking services associated with local accommodation, regional accommodation and visitor attraction tickets.

Initial industry feedback indicates a strong desire to have information services standardised across the region. This ideally would lead to standardised booking systems, ability to display brochures throughout the region and to provide a consistent level of service delivery.

Balanced with this is the realisation that more people are planning trips online and using web searches to pre-book accommodation, attractions and other forms of tourism experiences. Details from the consumer survey will hopefully verify the extent of pre trip planning and booking on line.

Whilst staff and volunteers argue that many people prefer to receive an objective assessment on accommodation and attraction options from a staff member or volunteer at a VIC, the low level of visitor use (as a percentage of total visitors into the region) indicates that the cost of providing this service may be significant. The VIC Review will need to ascertain whether these costs actually outweigh the benefits (in

some locations) of actually providing them. If the service had to be provided on a full cost recovery basis, would industry accept a higher cost per booking to cover this?

A number of stakeholders interviewed to date have also commented that information centres should ideally be at gateway entrances into the region (the Matilda Visitor Centre in the Gympie region which actually displays Sunshine Coast product as well as Fraser Island product).

Unfortunately, the SCRC has inherited a number of Visitor Information Centres and sites which were possibly optimal locations when they were first created under the separate Shire Council requirements prior to amalgamation, but are no longer so.

Interim Options for Consideration

For the interim however, consideration should be given to the following options:

- having VIC services potentially coordinated by the DMO in an attempt to better integrate Visitor Information services with tourism marketing activity at a local and regional level; or
- to retain visitor information services in Council but rationalise the number of VIC's although there has been little support for retaining them in Council from any of the stakeholders interviewed to date; or
- Council to consider tendering out visitor information centres to see whether there is a commercial operator with interest in taking these over. This may be challenging however, in view of the difficulty in generating commercial returns from them;
- to look at providing visitor services through a variety of mechanisms including using sites other than information centres (shopping complexes, petrol stations etc) and applying touch screen technology as well as manned booths during specific times of the day and week; and
- Feedback has also been received questioning the need-value of having VICs funded by Council at all. Some respondents have commented that if industry sees value in them they should fund them themselves.

A number of the options are not mutually exclusive; they can be combined.

Recommendations

For the interim, TTAB recommends that Council:

- Note the preliminary findings to date but also the further consultation and analysis which is yet to occur;
- Note that TTAB will discuss the draft findings of the VIC Review once these are made available and determine whether the DMO or another model is the most

appropriate entity to coordinate visitor information services in the region in the future (assuming VIC services continue);

- That the current provision of visitor services losses costs Council approximately \$1.55m per annum throughout the region and that consideration needs to be given to identifying ways to reduce the cost but not the benefits of visitor information services; and
- That based on the interim findings from the VIC Review, TTAB has indicated in its organisation chart for the DMO the option to appoint a VIC Coordinator for the purposes of coordinating and managing VIC services throughout the region and to create synergies between marketing and information supply.

Appendix 1 – Sunshine Coast Regional Council Service Agreement

DRAFT

**Service Level Agreement
Provision of Regional Tourism Services by the
Sunshine Coast Destination Management
Organisation**

2010 -2011

between

DMO Board

and

Sunshine Coast Regional Council

Service Level Agreement

Destination Management Services

Dated: 1 July 2010

Between

DMO Sunshine Coast (‘the Service Provider’)

And

Sunshine Coast Regional Council

ABN: ?

Appendix 2 - Tourism Noosa Service Agreement

DRAFT

**Service Level Agreement
Provision of Northern Destination Desk Services
Noosa /Coolum/ Eumundi / Cooloola**

2010 -2011

Between

DMO Board

And

Tourism Noosa

Service Level Agreement

Destination Management Services

Dated: 1 July 2010

Between

DMO Sunshine Coast

And

Tourism Noosa Inc (the Service Provider)

ABN: 45 097 924 199

Appendix 3 – Tourism Queensland Service Agreement

DRAFT

**Service Level Agreement
Provision of Regional Tourism Services by the
Sunshine Coast Destination Management
Organisation**

2010 -2011

between

DMO Board

and

Tourism Queensland

Service Level Agreement

Provision of Regional Tourism Services by the Sunshine Coast Destination Management Organisation

Dated: 1 July 2010

Between

Sunshine Coast DMO Board ('the Service Provider')

And

Tourism Queensland (TQ)

ABN: ?

Appendix 4 – Destination Desk Advisory Panel Charter

The Destination Desk Advisory Panels are volunteer representatives of industry established with a primary purpose of providing advice and guidance to the Destination Desk Manager. The specific requirements for the Destination Desk Advisory Panels are as follows:

- Panels are to comprise representatives from throughout the Destination Desk area wherever this is possible and thus provide a geographic representation of industry;
- Destination Desk Advisory Panel members should ideally represent the different forms of operators including small and large accommodation providers, transport providers, attraction and activity operators and major retailers;
- The size of a destination desk advisory panel should be no more than 11 members but preferably 7-9;
- Destination Desk Advisory Panels are allowed to elect one member to represent the Destination Desk Advisory Panel as an observer only for the first 12 month period on the DMO Board;
- Destination Desk Advisory Panel members should be selected through a democratic process through the membership as long as the criteria outlined in this charter is achieved;
- Destination Desk Advisory Panel members should be on the Advisory Panel for a 12 month period after which they can offer themselves for re-selection from the membership;
- Destination Desk Advisory Panel members must be members of the DMO to reflect commitment to the DMO and the Destination Desk outcomes;
- Destination Desk Advisory Panels should meet at the discretion of the Destination Desk Manager which is most likely to be monthly during the first 12 month period but may be for lesser periods dependent on the needs of the Destination Desk Manager;
- A key role for the Destination Desk Advisory Panel is to assist the Destination Desk Manager in developing a robust annual Business Plan. The time commitment for creation of the Business Plan is likely to entail greater commitment requirements from panel members during this specific period;
- The Destination Desk Advisory Panels are unpaid positions;
- Wherever possible, Destination Desk Advisory Panels should utilise the meeting room facilities of the DMO especially where assistance is required for secretarial and administrative support; and
- On a quarterly basis, the Chief Operating Officer of the DMO should facilitate with the Destination Desk Managers a forum session for all the Destination Desk Advisory Panel members to encourage shared ideas.