

Destination Networks

Driving Growth of the Visitor
Economy in Regional NSW



visitnsw.com
Destination NSW



Minister's Message

Whether you are a small or large tourism operator, a B&B or a local service-based business, your success is crucial to the success of the NSW economy. Our job as a Government is to support you to ensure you are empowered to meet your potential and get on with doing what you do so well.

I'm pleased that through our agency, Destination NSW, the reforms of regional tourism we are now implementing will ensure six new Destination Networks are established, more funding is guaranteed, governance is improved, and each of the new Networks, and the key destinations and regions they represent, can improve their effectiveness and destination management planning to attract even more visitors.

Destination NSW will also be working with each of the Destination Networks to market each region, showcasing the diverse range of destinations and experiences Regional NSW has to offer to potential visitors across NSW, Australia and to the world.

We are also strengthening our regional focus within Destination NSW to include a new Regional Tourism Division and establishing a new Regional Conferencing Unit.

NSW is by far the number one destination for visitors in and to Australia and is consistently growing. Regional tourism is crucial to that success. More economic activity in the NSW regions means more jobs in regional areas. This is my number one priority for regional tourism, ensuring your business and communities grow so we grow jobs and investment in this State.

I am proud of the progress that has been made in tourism and major events across Regional NSW, and the reforms we are now implementing with your support will ensure the foundations for future growth in our local communities.

A handwritten signature in black ink that reads "Stuart Ayres". The signature is fluid and cursive, with the first letters of the first and last names being capitalized and prominent.

The Hon. Stuart Ayres MP
Minister for Trade, Tourism and Major Events

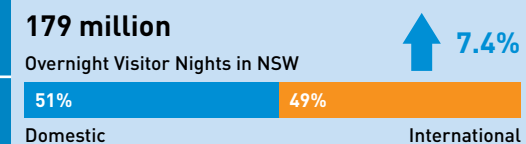
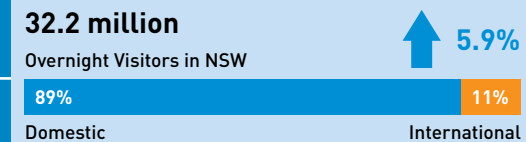
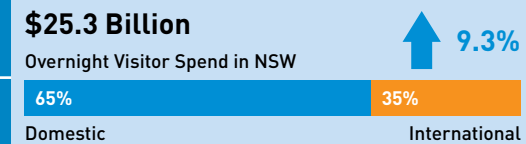
NSW Tourism at a Glance

- Number of Visitors: 32.2 million overnight visitors plus 56.6 million daytrip visitors
- Visitor Nights: 179 million nights
- Visitor Expenditure: \$25.3 billion in overnight expenditure plus \$6.1 billion in daytrip expenditure.

Highlights

- NSW has the highest share of Australian visitor spend (30%), 34% of all visitors in Australia and 31% of all visitor nights in Australia
- NSW receives 50% of all international visitors to Australia, 35% of their nights and 36% of their spend
- NSW is **Number 1** in Australia for visitors, visitor nights and visitor expenditure.

#1 Ranked State



Regional NSW Status Report

Visitors: 20.9 million ~ Up 5.9% on last year

Visitor Nights: 81.9 million ~ Up 7.2% on last year

Expenditure: \$10.5 billion ~ Up 2.8% on last year

Share of NSW Tourism

Regional NSW received:

70.5% of Domestic Overnight Visitors

20.0% of International Overnight Visitors.

Data Source: International Visitor Survey and National Visitor Survey, Tourism Research Australia, March 2016

Regional NSW Visitors

	2015	% YoY*	2016	% YoY*
Visitors ('000)	19,696	+4.2%	20,863	+5.9%
Nights ('000)	76,440	+3.3%	81,921	+7.2%
Expenditure (Billions)	10.2	+4.2%	10.5	+2.8%

* Year on Year

Regional Tourism Re-energised

Regional tourism will be re-energised through innovative reforms aimed at attracting more visitors to experiences and destinations in rural and regional areas across New South Wales.

The NSW Government has a goal of doubling overnight visitor expenditure by 2020. Regional tourism is vitally important in meeting this target. The regional visitor economy currently employs 73,900 people in Regional NSW and we know that it has potential for further growth.

As a result, in 2015 the Board of Destination NSW (DNSW), the NSW Government's tourism and major events agency, was tasked with reviewing the current model of NSW Regional Tourism Organisations (RTOs).

Extensive consultation was conducted with over 93 stakeholders including local Government, the tourism division of the NSW Business Chamber Advisory Council, key tourism industry associations, the NSW Office of Local Government and the RTOs themselves.

The review recommended:

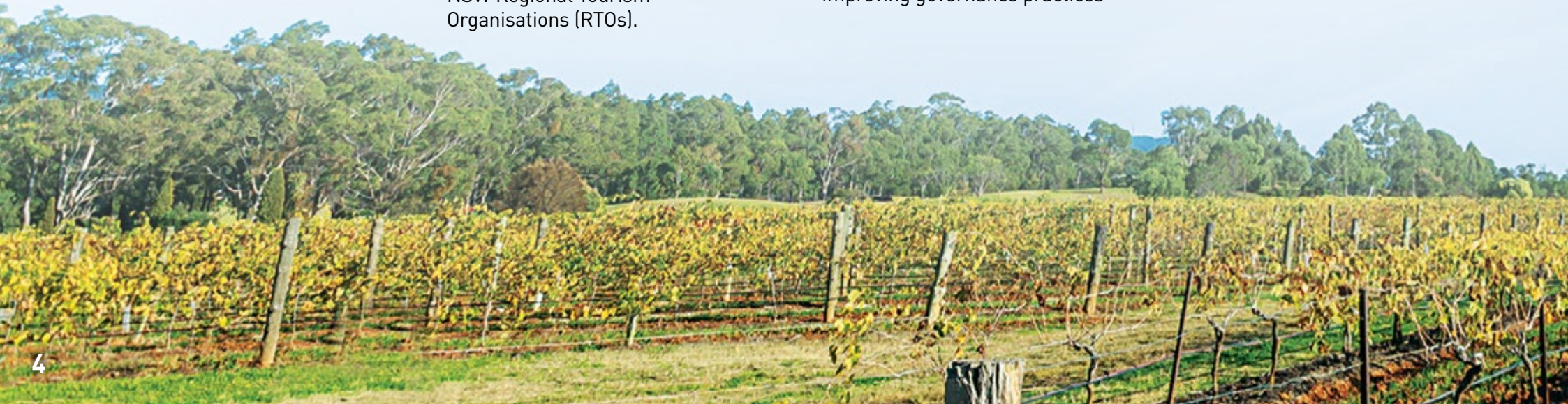
- **Urgent reform of RTOs**

- Addressing the long term operational funding issues
- Improving governance practices

- Improving RTO effectiveness and the value for money achieved from Government funding.

- **A new regional tourism model**

- Increasing the professional practices of regional tourism entities under new groupings
- Better aligning with the consumer experience and
- Introducing new structure, governance and accountability arrangements.



- **A redesign of regional visitor economy funding**

- Increasing the allocation of funding, streamlining the criteria.

- **New initiatives**

- Ensuring improved effectiveness of the new regional tourism entities and the growth of regional tourism, including development of a State-wide Destination Management Plan, creation of a new dedicated DNSW Regional Division and greater focus on destination management.

The changes proposed as a result of the review are anticipated to:

- Maintain NSW's position as Australia's pre-eminent destination for regional visitors by better responding to consumer needs
- Contribute to achieving the NSW Government's goal of doubling overnight visitor expenditure by the year 2020
- Ensure sound corporate governance across all regional tourism entities

- Ensure the best utilisation of both Government funds and industry investment to help grow local tourism economies and jobs
- Improve and streamline Government funding processes to reduce red tape
- Encourage regional self-sufficiency through skills based Boards and funding to attract experienced staff

- Achieve better outcomes for the attraction and return of visitors to Regional NSW.

These reforms will:

- Empower the regions
- Identify infrastructure and investment opportunities
- Cut red tape for funding applications and grow visitation
- Facilitate jobs growth
- Increase visitation to Regional NSW



New Destination Networks

The boundaries of the new Destination Networks (DNs) aim to reflect the consumer's approach to experiences and visitation patterns, and encourage the development of visitor economy initiatives within NSW.

To drive the growth of the visitor economy in Regional NSW, six new and professionalised regional tourism entities will be established. The new DNs will include:

- **Destination Riverina Murray**
- **Destination Southern NSW** (including the Snowy Mountains and the Far South Coast)
- **Destination North Coast** (from the Mid-Coast to Tweed Heads including Lord Howe Island)
- **Destination Country and Outback NSW**
- **Destination Sydney Surrounds North** (including the Blue Mountains, Central Coast and the Hunter)

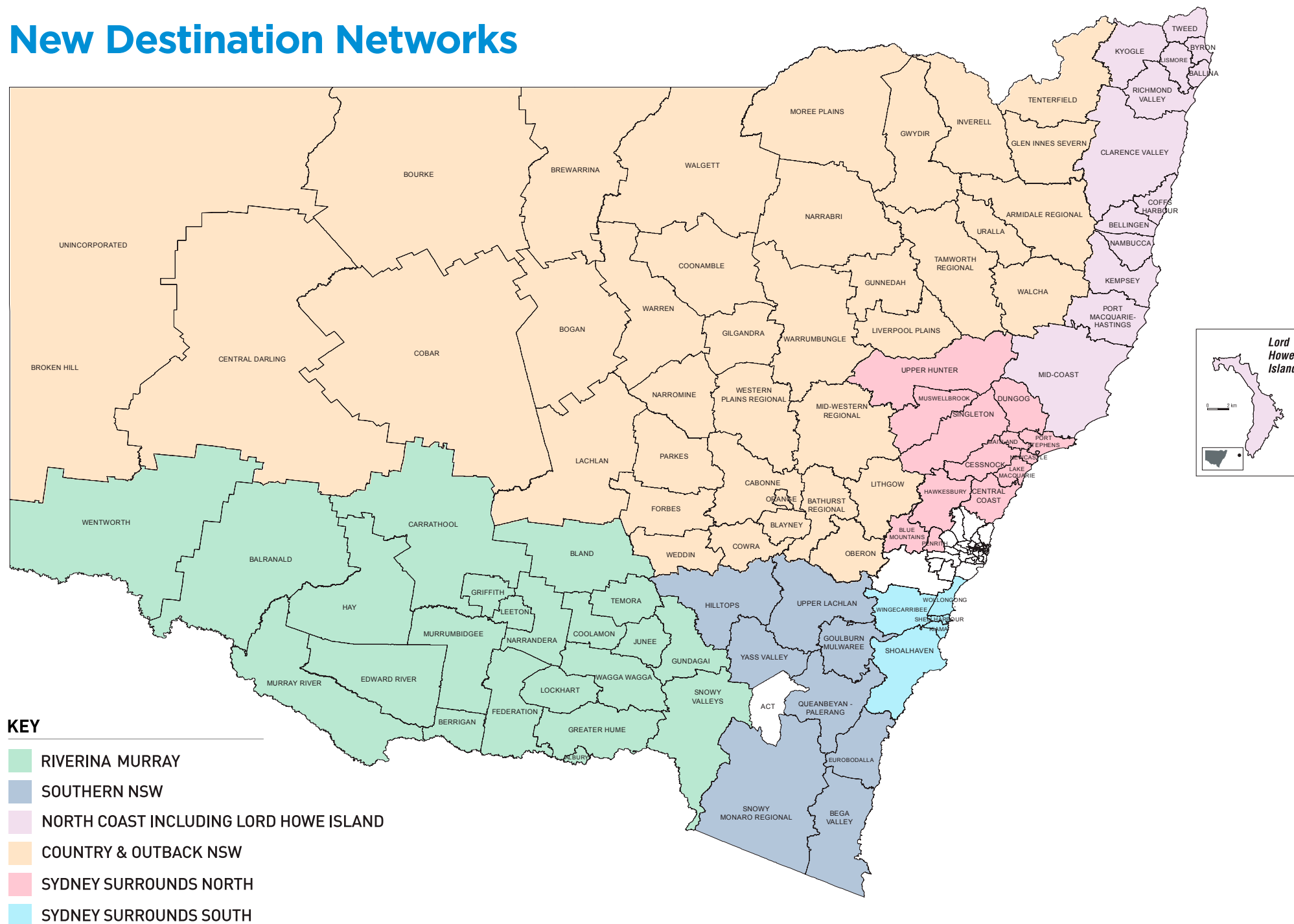
- **Destination Sydney Surrounds South** (including the Southern Highlands, Wollongong and Shoalhaven)

The DNs will replace the existing RTO (Regional Tourism Organisation) structure and be established as companies limited by guarantee.

These new entities will work with a new Regional Division within DNSW to advance the interests of growing tourism in NSW.



New Destination Networks



What Will The Destination Networks Do?

The role of the DN's will be to facilitate visitor economy growth at the local level, through representing and co-ordinating the region's tourism industry.

- DN's will predominantly be destination managers. Their core responsibilities will be:
 - Industry Engagement and Industry Development
 - Product Development
 - Training and Education
 - Preliminary Review of Local RVEF (Regional Visitor Economy Fund) Applications to ensure quality/compliance with guidelines.
 - Collaboration with DNSW on industry activities.

These activities will be undertaken in alignment with the region's local tourism industry, Local Tourism Organisations, Local Government, Joint Organisations and other local organisations.

Through active communication, DN's will act as a conduit for all other Government agencies, and commercial partners to engage with the regional tourism industry and vice versa.

In consultation and in collaboration with DN's, DNSW will undertake the development and implementation of domestic and international regional marketing strategy and campaigns.

Specifically, DN's will:

- Develop and implement the region's Destination Management Plan and Business Plan, in alignment with the NSW Destination Management Plan, and ensure alignment with local tourism and related plans
- Work with Local Government and industry on product development, including investment attraction.
- Work in collaboration with DNSW led marketing and communications activity for their 'hero' destinations, experiences, events and festivals and regional campaigns
- Work closely with the appointed DNSW Zone Manager
- Explore Industry Development initiatives (i.e. identify opportunities for growth) e.g. Conferencing, Field Study Tours, local industry education and training needs especially for small to medium sized tourism operators
- Oversee and/or prepare the DN's RVEF applications and provision of required KPI deliverables.
- Assist local industry to prepare RVEF applications and undertake initial assessments of the region's RVEF Contestable Fund applications, in collaboration with DNSW.



- Assist in the administration and implementation of regional conferencing projects for their region
- Assist and encourage local festival organisers to apply for Regional Flagship Event Program funding and, where applicable, Major Event Funding
- Conduct, commission and disseminate local tourism research, where applicable, to improve decision making and inform investment decisions, in collaboration with DNSW
- Keep DNSW updated on new and developing product
- Be the key point of contact for DNSW for information on any natural disasters and local issues that might impact tourism activities
- The existence of the DN will not prohibit other entities within a region from pursuing growth initiatives and applications for funding.

Contestable funding will continue to be accessible to local government, tourism and sector organisations and industry for marketing and product development activities.



Roles and Responsibilities

Destination NSW

- Renewing its focus on regional tourism with a new dedicated division
- Co-ordinating marketing campaigns in the regions with the DNs
- Providing operational funding to DNs and contestable funding to industry, LTOs and Councils and managing the Regional Flagship Events Program funding

Destination Networks

- Working as destination managers, not just destination marketers
- Developing visitor experiences and tourism product, promoting destinations and industry professional development
- Providing support, information, and coordinating services to industry, local tourism organisations and Councils
- Acting as a local conduit for DNSW to ensure information flows between the regions and DNSW, and ensuring campaigns are reflective of local tourism offering
- Reviewing RVEF applications and assisting operators in applying
- Updating and administering Destination Management Plans (DMPs)

Industry, Local Tourism Organisations and Councils

- Utilising the Destination Network as a source of information, support and as a coordinating force for the region
- Collaborating on product development, smaller scale marketing and promotional campaigns, seeking support through the RVEF (Regional Visitor Economy Fund)
- Running regional events, where applicable, supported by the expanded Regional Flagship Event Program
- Developing tourism infrastructure supported by Government regional infrastructure funding

Other Changes...

To facilitate growth and improve engagement between Regional NSW, the DNs and DNSW, **a new Regional Division will be created within DNSW**. This will be the point of contact for DNs and will be led by a new head of regional tourism. It will be responsible for developing the State-wide Destination Management Plan and will have dedicated resources

to further promote and develop key sectors such as Aboriginal tourism, Youth, Cruise and Food & Wine.

To strengthen communication and collaboration with the DNs, DNSW will also coordinate a **two-day, bi-annual workshop** with the DNs' Chairpersons and General Managers.

To better support growth and the effectiveness of the DNs, **funding for regional tourism will be increased and refocused**.

Specifically, DNSW will introduce multi-year guaranteed operational funding for the DNs. DNSW will also establish a Regional Conferencing Unit to support and promote regional conferencing.

In addition, increased funding has been allocated to the RVEF Contestable Funding program and the Regional Flagship Event Program.



How Will The New Funding Structure Look?

DNSW will guarantee **operational funding**, with no requirement to find matching dollar for dollar funding. This will be available for a period of four years, providing certainty and stability to the DNs to better plan for future growth.

It is envisaged that each DN will comprise:

- A General Manager
- A Business Development or Marketing Manager/Officer
- An Administrative Assistant.

An allocation will also be provided to each DN to pay Board Chairs and Directors. The level and certainty of funding will also ensure highly credentialed staff can be recruited.

- Additional funding will be provided to Destination North Coast to administer Lord Howe Island tourism activity.
- Funding for additional Board Directors will be provided to Destination Country and Outback NSW to account for its geographical diversity.

Regional Flagship Events Program

A stalwart of regional events growth for many years in NSW, the Flagship Events Program, will be expanded. The new program will include three sub-sections:

1. Incubator Program

To support new events in regional destinations (that meet set criteria)

2. Flagship Program

To provide marketing support to events that have been running for at least two years (against set criteria)

3. Development Program

To support events that have completed the Flagship Program but have a strategic plan for further visitor development (against set criteria).

The three funding categories provide a framework for a clear progression pathway for regional events – establishment, promotion and development.

Grants will be available within each section as follows:

■ Incubator Program

Establishment grant of up to \$20,000 for a maximum of two years

■ Flagship Program

Grants to support marketing activities

■ Development Program

One-off grants of up to \$50,000 per Flagship Event to support key event development initiatives.

Grants will be made on an annual basis, paid in accordance with milestone achievements and must deliver measureable outcomes that drive overnight visitation.

Details on the new grants program will be available on the Destination NSW website.



Regional NSW Conferencing Unit

One of the key recommendations of the Visitor Economy Industry Action Plan (VEIAP) was the promotion of Conferencing in regional NSW, including the establishment of a Regional NSW Conferencing Unit.

Destination NSW is establishing a Regional NSW Conferencing Unit.

The key activities to be undertaken by this Unit will be to:

- Build a Regional NSW Conferencing website and portal
- Develop a client database of Associations and Corporations with a propensity to meet in Regional NSW
- Assist industry with development of their bid document templates and responses to Request for Tenders
- Improve research on regional business conferences and their benefits to local communities
- Develop NSW Government and industry partnerships to nurture and realise regional conference opportunities
- Work with Business Events Sydney to grow visitation to the Regions.

The Regional NSW Conferencing Unit will work with the DNs to improve the information and visibility of business conference infrastructure and the services capability of Regional NSW and work with the DNs to identify infrastructure development needs.



Questions & Answers

What is a Destination Network?

A Destination Network (DN) is a Not-for-Profit Company, Limited by Guarantee, established to facilitate growth of the visitor economy in their respective NSW region.

Can the DNs only operate within their geographical boundaries?

DN boundaries are for administrative management purposes. Where destination, product and experience synergies exist the DNs are encouraged to work together co-operatively.

How many people will DNs employ?

This will be a decision for DN Boards, but it is anticipated the DNs will employ three full-time positions – a General Manager, Business Development Manager and Administrative Assistant.

Will DNs have Boards and if so, will they be paid positions?

DNs will have Boards comprising an independent Chair appointed by Destination NSW and five skills-based Directors (seven for Country & Outback NSW to account for geographic diversity).

The Chair and Directors are paid positions.

What will DNs do?

DNs will be predominantly destination managers, not solely destination marketers. Core responsibilities include destination management planning, industry engagement, product development, training and education, reviewing Regional Visitor Economy Contestable Fund (RVEF) applications, and garnering support for campaign activity in conjunction with Destination NSW.

What funding will be available to DNs and the Regional NSW tourism industry?

The NSW Government, through Destination NSW, will provide each DN with guaranteed operational funding for four years. Matched dollar-for-dollar funding is not required.

A range of tourism funding programs will be available to the regional NSW tourism industry including the Regional Visitor Economy Contestable Fund, the Regional Flagship Events Program and the Regional Event Investment Program. Announcements regarding these and other State Government regional tourism programs will be made in the coming months.



Questions & Answers (continued)

Will funding be available for current Regional Tourism Organisations in the interim?

Transitional funding will be provided by DNSW to current Regional Tourism Organisations to assist in completing current projects and winding up their respective organisations as quickly as possible. Funding will be determined on a case by case basis, with meetings with RTO Chairs in July and August 2016.

What are the arrangements in the short-term?

With the assistance of transitional funding, current RTOs will be required to complete current projects and wind up their respective organisations.

Some RTOs may consider operating as a local tourism organisation, funded by local government, membership fees, sponsorships and / or other means.

Local Government and Local Tourism and Sector Organisations will continue to play an integral role in ensuring that a destination's local region and experiences are well represented, plus ensuring in-region visitors are well serviced with visitor information and related services.

Local Government, Tourism and Sector Organisations will still be eligible to apply for Product Development and Marketing Activities through the Regional Visitor Economy Contestable Fund.

A stakeholder engagement plan will be established by each DN to ensure regular communications with regional stakeholders and greater synergies with State-wide visitor economy strategies and plans.

What is DNSW's role in relation to DNs?

- Destination NSW will be establishing the DN Boards and providing guaranteed operational funding to each DN for four years. DNSW will be required to have a senior observer sitting on each DN Board.
- DNs will be required to liaise with DNSW on a regular basis in relation to Board reporting requirements and annual Destination Management and Business Plan requirements.
- DN Chairs and General Managers will also attend two Workshops a year convened by DNSW.
- DNSW will lead marketing activities for Regional NSW, in collaboration with the DNs and key stakeholders.

When will the new DNSW Regional Tourism Division be established and what will it do?

A new Regional Tourism Division will be established at DNSW in the 2016 – 2017 financial year. The Zone Management and Sector Development structure and services will be further enhanced and a Regional Conferencing Unit will be included in the Division.

In the interim, DNSW will continue to promote the regions, assess the RVEF Contestable Fund and event funding applications and meet with industry organisations to discuss transition plans.



Timeline – First Six Months

- Run the Expression of Interest Process for Destination Network Chairs and Board Directors
- Appoint DN Board Directors in conjunction with DNSW
- Establish new Destination NSW Regional Division
- DN Chairs to attend a briefing with DNSW Board and Senior Management re: requirements for first six months
- Establish the DN Offices and Recruit Staff
- DNs to update / develop a Destination Management Plan, in consultation with DNSW, in alignment with DNSW's Statewide DMP
- Each DN to develop Annual Business Plan and Budget
- Each DN to develop Annual Stakeholder Engagement and Communications Plan
- Each DN to develop agreed reporting systems including operational and financial reporting
- DNs to commence partner meetings to identify and secure local regional funding for joint campaigns with DNSW
- DNs to develop a calendar of events and festivals and identify growth opportunities.



The Way Forward...

DNSW will allocate senior staff to each existing RTO to help manage the transition period and provide support.

Transitional operational funding will be provided to existing RTOs in 2016-17 to assist them to wind-up their respective organisations as quickly as possible.

DNSW will manage this on a case by case basis, (based on existing funding agreements) to allow RTOs to meet and then wind up commitments.

RTOs will not be required to match this funding. No further funding will be provided to existing RTOs after 2016-17.

Work to establish and resource the DNs will start in early 2016-17.

All DNs will be given information packs and an Induction to outline the DN roles and responsibilities, Board Code of Conduct and a Ministerial Statement of Expectations.

Two-day, bi-annual workshops with the DNs' Chair and General Managers will be held in the DNSW head office.

In under five years, the NSW Government has reversed a decline in tourism growth, but we know there is still more we can do. By providing a new structure, streamlined funding processes, professional governance, a clear road map and record funding, we are confident these new initiatives will deliver the results Regional NSW deserves.



