

Our ref: R91/0109-05 SUB-556
Further contact: Elizabeth Robertson

4 December 2018

Simon Draper
Secretary
Office of the Secretary
Department of Industry
GPO Box 5477
SYDNEY NSW 2001

Dear Mr Draper

Response to the review of the *Destination NSW Act 2011*

Thank you for the opportunity to comment on the review of the *Destination NSW Act 2011*. Local Government NSW (LGNSW) is the peak body for local government in NSW, representing NSW general purpose councils and related entities. LGNSW facilitates the development of an effective community-based system of local government in the State.

Local Government NSW (LGNSW) canvassed the views of councils to inform this submission, which remains in draft form until endorsed by the LGNSW Board. Any revisions made by the Board will be forwarded.

The role of local government in tourism and interaction with Destination NSW

Councils in NSW are drivers of the visitor economy through the provision of infrastructure, cultural facilities, events, visitor services and public spaces. Councils encourage the economic development of their local government areas through direct financial and in-kind support to tourism. The 2016 Australian Regional Tourism report 'Local Government and Tourism' shows that councils in NSW spent \$109 million on tourism in 2015/16.

The role of local government in tourism is also recognised in the new Visitor Economy Industry Action Plan which contains a direction for Destination Networks to work more closely with councils. Council staff, mainly those working in tourism or economic development, often have contact with Destination NSW (DNSW) through the Destination Networks, DNSW sponsored events, destination planning and grant funding opportunities.

Proposed changes to the *Destination NSW Act 2011*

The councils which responded to LGNSW's call for feedback generally agree that the *Destination NSW Act 2011* (the Act) could be updated. Key themes that arose include the need to:

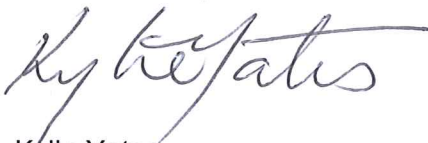
1. update the language used in the Act to reflect current structures and terminology;
2. shift the focus from 'Major Events' to sustainable events;
3. review the composition of the Board to reflect local government expertise;
4. be transparent about how decisions to fund destinations or events relate to Destination NSW's strategic direction or marketing plan.

Councils provided comments on the three consultation questions of the review, and these comments are summarised in Attachment 1.

LGNSW would welcome the opportunity to assist with further information during the process of this review to ensure the views of local government are considered.

To discuss these comments further, please contact Elizabeth Robertson, Senior Policy Officer on 02 9242 4028 or elizabeth.robertson@lgnsw.org.au

Yours sincerely

A handwritten signature in black ink, appearing to read 'Kylie Yates', written in a cursive style.

Kylie Yates
A/Chief Executive

Attachment 1

Review of the *Destination NSW Act 2011*

Council feedback on the three consultation questions

1. Is the original policy intent of the Act still valid?

The intent of the Act to 'constitute and confer functions to Destination NSW' is still valid.

2. Are the functions and objectives outlined in the Act broad enough and appropriate for Destination NSW to continue to deliver the NSW Government's objectives?

Regarding the objects and functions outlined in Part 3, Section 12 and 13 of the Act, councils recommended the following changes:

- Terminology of the Act should be updated to reflect current industry practice. For example changing references to 'tourism' to 'visitor economy' and clarifying whether intra-state visitors are included in the object.
- References to promoting NSW or providing benefits to NSW should be more specific to refer either to 'metropolitan and regional NSW' or 'across NSW'. This change would help ensure that benefits and support are spread between different regions of NSW.

LGNSW suggests that Section 13 (a-b) could be changed to '(a) to market and promote all regions of New South Wales as a tourist destination and as a destination for hosting of events', '(b) to promote travel to and within all regions of New South Wales'.

- The focus on 'securing major events' should be reconsidered. Instead, DNSW should look to support 'sustainable events' or 'viable events' which have a positive social and economic benefit in the area in which they are held. This change would acknowledge the range of tourism events that occur in NSW and that small scale events can have major impacts for the regions, particularly when products and workforce for the event are sourced locally. While DNSW's Incubator Event Fund and Flagship Event Fund do support the establishment of *new* events or marketing of *emerging* events, this function could be better reflected in the Act.
- The Act should include a function for DNSW to conduct sector development and capacity building. Additionally, councils recommend that there should be a function relating to supporting the development of tourism product and tourism experiences generally. As it is currently written the Act appears to focus on DNSW promoting NSW and developing tourism facilities. And does not acknowledge that there is a leadership role for DNSW.

- The Act currently allows DNSW to 'develop tourism ventures' and 'construct, establish, maintain and operate tourist facilities'. These functions may occur in competition with ventures produced by private operators, councils and tourism bodies. If DNSW is to establish and operate tourism ventures these should be distributed across NSW using a transparent process which acknowledges areas in need. Any allocation process should be supported by a strategic plan which allows competing stakeholders to understand the focus of DNSW and the decision making process for these investments.

Many areas of NSW that would benefit from investment by DNSW are outside the Sydney metropolitan area, where most state funded tourism facilities are located.

- In addition to the strategic plans and business plan required in Section 13 (f-g), DNSW should provide an annual Marketing Plan so that industry and government (including local government) stakeholders can use this direction to add value to marketing of their own tourism ventures.
- Regarding the function to 'carry out research in relation to tourism and major events', councils would like to see more research undertaken in regional NSW and at the local government area level. It is difficult for non-metropolitan areas to compete for DNSW funding if data relating to these areas is not available.

3. Do the provisions for the establishment, composition and powers of Destination NSW's Board and Chief Executive Officer reflect modern governance arrangements for Boards?

Regarding the management of DNSW as outlined in Part 2 of the Act, councils recommended the following changes:

- This section of the Act needs to be updated to reflect the current structure of tourism in NSW i.e. to include reference to the six new Destination Networks and their constitution and purpose.
- Diverse geographical and industry representation of those persons on the Board should be specified in the Act. Representatives should be drawn from different regional and remote areas of NSW and from diverse tourism backgrounds. This would help ensure fair dispersal of DNSW resources and marketing efforts.
- Councils strongly argue that at least one representative should have local government expertise.
- The voting rights of all Board members should be clearly stated in Part 2, Section 7 of the Act.

- There needs to be clarity in the Act between the role of DNSW as the agency which markets, promotes and establishes tourism and events, and the role of the Department of Industry in developing tourism strategy and policy.

Other comments:

The distribution of funding, while not specifically covered in the Act, is certainly a product of the functions of DNSW and was commented on frequently by councils. Issues for councils included:

- There is a need to review funding eligibility for councils on the fringe of the Sydney metropolitan area e.g. Sutherland, Wollondilly, depending on the focus/aim of particular grants. These suburban or semi-regional councils often do not benefit from the levels of tourism experienced in the Sydney CBD and should not be in-eligible for non-metropolitan grants.
- Distribution of funding and marketing resources across NSW should not rely on matched funding. Often areas in greatest need of the economic boost that tourism can provide will not have large marketing budgets. There needs to be greater fairness and transparent criteria as to how the DNSW marketing budget is dispersed across NSW.
- There should be a review of whether NSW Government departments/agencies can receive DNSW grant funding, such as the National Parks and Wildlife Service and the Office of Environment and Heritage. Similarly the eligibility of Destination NSW-owned tourism ventures, events or marketing campaigns for NSW Tourism Awards should be reviewed. Government agencies have other mechanisms to seek funding via NSW Treasury and State Budget processes.
- Two thirds (\$250M) of local government spending on tourism in Australia in 2015/16 was undertaken by councils located in regional and remote areas. Funding distribution to non-metropolitan areas needs to reflect the role of councils in providing this essential tourism infrastructure.