



3 August 2017

NOTICE OF ORDINARY COUNCIL MEETING

Your attendance is respectfully requested at the Extraordinary Meeting of Cabonne Council convened for **Tuesday 8 August, 2017** commencing at **12.45pm**, at the Cabonne Council Chambers, Bank Street, Molong to consider the undermentioned business.

PLEASE NOTE – Lunch will be served at 1.00pm prior to the Councillor Service Award presentations commencing at 2.00pm. A workshop will be held following the presentations to discuss the following items:

1. Resolutions Register

Yours faithfully

A handwritten signature in black ink, appearing to be "S J Harding", written over a light blue horizontal line.

S J Harding

GENERAL MANAGER

ORDER OF BUSINESS

- 1) Open Ordinary Meeting
- 2) Consideration of General Manager's Report
 - a) Orange Regional Tourism Limited



COUNCIL'S MISSION

“To be a progressive and innovative Council which maintains relevance through local governance to its community and diverse rural area by facilitating the provision of services to satisfy identified current and future needs.”

COUNCIL'S VISION

Cabonne Council is committed to providing sustainable local government to our rural communities through consultation and sound financial management which will ensure equitable resource allocation.

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ITEM 1 - APPLICATIONS FOR LEAVE OF ABSENCE

REPORT IN BRIEF

Reason For Report	To allow tendering of apologies for Councillors not present.
Policy Implications	Nil
Budget Implications	Nil
IPR Linkage	4.5.1.g - Code of Meeting Practice adopted and implemented.
Annexures	Nil
File Number	\\OFFICIAL RECORDS LIBRARY\GOVERNANCE\COUNCIL MEETINGS\COUNCIL - COUNCILLORS LEAVE OF ABSENCE - 859542

RECOMMENDATION

THAT any apologies tendered be accepted and the necessary leave of absence be granted.

ACTING GENERAL MANAGER'S REPORT

A call for apologies is to be made.

ITEM 2 - DECLARATIONS OF INTEREST

REPORT IN BRIEF

Reason For Report	To allow an opportunity for Councillors to declare an interest in any items to be determined at this meeting.
Policy Implications	Nil
Budget Implications	Nil
IPR Linkage	4.5.1.g - Code of Meeting Practice adopted and implemented.
Annexures	Nil
File Number	\\OFFICIAL RECORDS LIBRARY\GOVERNANCE\COUNCIL MEETINGS\COUNCIL - COUNCILLORS AND STAFF DECLARATION OF INTEREST - 2017 - 859543

RECOMMENDATION

THAT the Declarations of Interest be noted.

ACTING GENERAL MANAGER'S REPORT

A call for Declarations of Interest.

ITEM 3 - DECLARATIONS FOR POLITICAL DONATIONS

REPORT IN BRIEF

Reason For Report	To allow an opportunity for Councillors to declare any Political Donations received.
Policy Implications	Nil
Budget Implications	Nil
IPR Linkage	4.5.1.g - Code of Meeting Practice adopted and implemented.
Annexures	Nil
File Number	\\OFFICIAL RECORDS LIBRARY\GOVERNANCE\COUNCIL MEETINGS\COUNCIL - COUNCILLORS DECLARATION OF POLITICAL DONATIONS - 859544

RECOMMENDATION

THAT any Political Donations be noted.

ACTING GENERAL MANAGER'S REPORT

A call for declarations of any Political Donations.

ITEM 4 - ORANGE REGIONAL TOURISM LIMITED

REPORT IN BRIEF

Reason For Report	To provide background information following request for an extraordinary meeting.
Policy Implications	Nil
Budget Implications	Possible expenditure of \$64,141.60
IPR Linkage	2.2.1.a - Promote strategies listed in the Tourism Plan
Annexures	1. 20170523-Orange Regional Tourism report↓
File Number	\\OFFICIAL RECORDS LIBRARY\COMMUNITY RELATIONS\MARKETING\BRAND ORANGE - 859505

RECOMMENDATION

THAT Council consider the matter further.

GENERAL MANAGER'S REPORT

At the May Ordinary meeting Council considered a report regarding the funding of Orange Regional Tourism Limited. A copy of the report is attached for councillors information.

After considering the report the Council resolved as follows:

“That Council make application under s358 of the Local Government Act to the Minister for Local Government for approval to be involved in the formation of a corporation before further considering this matter.”

A joint application on behalf of Cabonne, Blayney and Orange Councils is being submitted by Orange City Council.

In their resolutions seeking Ministerial Approval under s358, Blayney and Orange Councils also committed themselves to funding. At a meeting with representatives of TDO Limited attended by the Deputy Mayor and Cllr Davison on 25 July 2017, a similar funding assurance was sought from Cabonne.

The recommendation made no commitment to funding pending the outcome of the request.

It is understood that this is the purpose for the request for the extraordinary meeting.

Should Council agree to the request, funding would be available from Council's reserve funds.

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ITEM 18 - ORANGE REGIONAL TOURISM LTD STRATEGIC PLAN**REPORT IN BRIEF**

Reason For Report	For Council to consider the level of financial commitment to a new Orange Regional Tourism Organisation proposed for Cabonne, Orange and Blayney Local Government Areas.
Policy Implications	Nil
Budget Implications	Possible contribution of \$110,000 per year to Orange Regional Tourism Ltd
IPR Linkage	2.2.1.a - Promote strategies listed in the Tourism Plan
Annexures	1. Orange Regional Tourism - Strategic Plan
File Number	\\OFFICIAL RECORDS LIBRARY\ECONOMIC DEVELOPMENT\REPORTING\COUNCIL REPORTS - 839231

RECOMMENDATION

THAT:

1. Council make a submission to provide an additional \$64,141.60 in its draft 2017/18 Operational Plan as a financial commitment to Orange Regional Tourism Ltd;
2. This financial commitment be made for an initial three years in the 2017/18, 2018/19 and 2019/20 Operational Plans; and
3. Savings of \$64,141.60 be achieved from Council's draft 2017/18 Tourism Development Budget.

ACTING ECONOMIC DEVELOPMENT MANAGER'S REPORT**BACKGROUND**

Since December 2016, Cabonne Council has been included in the development of a new regional tourism organisation incorporating Cabonne, Orange and Blayney Local Government Areas.

The new entity would be an evolution of Taste Orange, which was established in 2008 as an industry-led organisation to promote the Orange region focusing on food and wine.

Taste Orange is administered by Brand Orange Ltd, which has been funded roughly on a 50:50 basis by Orange City Council and industry, along with NSW Government contributions. Cabonne and Blayney councils have provided additional funding to various events conducted by Brand Orange.

Cabonne's major contribution is \$10,000 a year towards Taste Orange@Martin Place in Sydney, as well as a further \$13,000-\$15,000 a year to other Taste Orange promotions and Orange regional events, such as FOOD Week, Orange Wine Festival and the Banjo Paterson Festival.

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It is now proposed to establish a new tourism entity encompassing Cabonne, Orange and Blayney Councils that would “take the brand positioning of the Orange region to the next level”.

A new company TDO Ltd was formed as an interim organisation to facilitate the transition towards the new marketing body. The company’s board comprises four representatives from Orange City Council, four from Brand Orange Ltd, one from Cabonne Council, one from Blayney Council and one from the business and sports industry.

The board is:

- Peter Robson (Brand Orange) - chair;
- Philip Shaw (Brand Orange);
- David Hoskins (Brand Orange);
- Tony Cheney (Brand Orange);
- Cr John Davis (Orange City Council);
- Cr Jason Hamling (Orange City Council);
- Cr Jeff Whitton (Orange City Council);
- Garry Styles (Orange City Council);
- Cr Ian Davison (Cabonne Council);
- Cr Scott Ferguson (Blayney Council);
- Phillip Tudor (industry).

Cabonne Council, along with Orange and Blayney Councils and sections of the tourism industry, signed a Memorandum of Understanding to develop the new Orange Regional Tourism Organisation Ltd.

CURRENT SITUATION

On 8 May 2017, Cabonne Council received a draft Strategic Plan (attached as an annexure) for the proposed new entity. The plan proposes Orange Regional Tourism Organisation Ltd be formed on 1 July 2017 and become operational with staff from 1 January 2018.

The new organisation would be a not-for-profit company limited by guarantee with a pro-bono board. It is proposed the new board would be in place by 1 July 2017 and would consist of an independent chair (1), industry representatives (3) and representatives from Brand Orange Ltd (1), Orange City Council (4), Blayney Council (1) and Cabonne Council (1).

The aim is for five directors to be appointed for 18 months and the six remaining directors to be appointed for three years to enable continuity of experience.

The new entity’s Executive Officer would report to the board.

It is proposed that Council Tourism Officers would be responsible for continuing to manage their respective Visitor Information Centres and play a strategic role in liaison with the Executive Officer of Orange Regional Tourism Ltd to provide input and advice on regional destination marketing and advertising campaigns.

The Strategic Plan suggests the new entity be staffed by:

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1. Executive Officer (\$150,000 per annum);
2. Marketing Manager (\$90,000 per annum);
3. Online and Social Media Manager (\$80,000 per annum);
4. Finance and Administration Manager (\$70,000 per annum);
5. Part-time Village and Visitor Information Centre officer (\$48,000 per annum);
6. Events Manager (contract – unspecified amount); and
7. Information Technology/Website Development Officer ((contract – unspecified amount).

FUNDING IMPLICATIONS

A draft budget for the first year of the new organisation estimates income at \$1,152,004 and expenditure of \$1,147,778.

The breakdown is:

<u>Income</u>	
Orange City Council	\$450,000
Cabonne Council	\$110,000
Blayney	\$90,000
Members (at least 300 members for 2018)	\$108,037
Events	\$201,964
Govt Funding/Destination NSW	\$65,000
Trading	\$62,900
Other	\$64,103
Total	\$1,152,004

<u>Expenditure</u>	
Marketing and Events	\$332,000
Salaries (including on costs)	\$539,861
Administration	\$201,017
Trading	\$39,300
Property	\$35,600
Total	\$1,147,778

The draft budget assumes annual contributions \$110,000 and \$90,000 respectively from Cabonne and Blayney Councils, which previously have not directly funded Brand Orange Ltd's day-to-day operations. Orange City Council has provided funding of \$400,000 per annum to Brand Orange.

As stated earlier, Cabonne Council allocates \$23,000-\$25,000 per year to Brand Orange promotions and Orange regional events, including Cabonne's major contribution of \$10,000 a year towards Taste Orange@Martin Place in Sydney.

The funding proposal for new entity is asking Cabonne Council to commit an additional \$85,000-\$87,000 per year to tourism marketing, which has not been included in its draft 2017/18 Budget.

To achieve this, Council would have to find savings from its 2017/18 Tourism Development Budget in either or a combination of the following areas:

- a. Events Assistance Program (\$51,000 budgeted);

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- b. Tourism Plan Implementation (\$19,000 budgeted);
- c. Shire Promotion, including local brochures and publications (\$33,000 budgeted);
- d. Tourism Tradeshow (\$8,500 budgeted);

Any reduction in the above areas will have implications for promotion and marketing of Cabonne's villages and events.

The Events Assistance Program (EAP) is a perfect example. Many smaller local events would not be viable without financial assistance from the EAP.

To date in 2016/17, Council has allocated \$48,500 of the \$50,900 available under this program. A total of \$13,000 has been allocated to Brand Orange promotions or Orange regional events.

Major contributions have been made to larger Cabonne events, such as the Canowindra Hot Air Balloon Challenge (\$20,000) and NSW Masters Cycling Championships at Molong (\$5,000).

This means a further \$10,500 has been allocated to a variety of village events, including:

- a) Canowindra Airing of the Quilts;
- b) Canowindra Baroquefest;
- c) Yeoval Mulga Bill Camp Cooking Experience;
- d) Canowindra Make It Bake It, Grow It;
- e) Canowindra 100 Mile Dinner;
- f) Cumnock Long White Lunch;
- g) At The Vineyard Presents; and
- h) Eugowra Country Fair.

The Orange Regional Tourism Ltd Strategic Plan suggests the new entity manages a Festival Program, including advertising and listings. Events would include Orange FOOD Week, Orange Wine Festival, Banjo Paterson Festival and Canowindra Balloon Challenge.

The total amount allocated to this program in its draft budget is \$25,000. By contrast, Cabonne Council already provides \$31,000 to these events on its own. Of this amount, \$20,000 goes to the Canowindra Balloon Challenge, which injects more than \$1 million into the Canowindra and Cabonne economies each year. There may be a question mark about the ongoing viability of the Canowindra Challenge without this major sponsorship from Council.

FUNDING RATIONALE

There appears to be no rationale in the Orange Regional Tourism Ltd Strategic Plan to explain the proposed Council contributions, with an imbalance in the proportion of Local Government and industry funding for the new entity.

The budgeted income from Local Government and industry members is projected to be \$758,037, with \$650,000 coming from Local Government and \$108,037 from an estimated 300 industry members.

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This equates to an average contribution of \$360 (depending on the level of membership) a year for each industry member.

It could be argued this places an unfair burden on the ratepayers of the three Local Government Areas.

Because participants in the tourism, food and wine industries are likely to be the major beneficiaries of regional marketing, a more equitable distribution may be for Local Government and industry to meet the cost on a 50:50 basis.

This would require each sector to provide funding of \$379,018.50, which, if you used the same Council funding ratio, would reduce individual Local Government contributions to:

1. Orange City Council \$262,397.42
2. Cabonne Council \$64,141.60
3. Blayney Council \$52,479.50

In turn, individual contributions from each of the 300 members would increase to \$1,263.40.

The draft budget also proposes income of \$201,964 for events, but does not mention whether Councils will be expected to contribute funding towards these events on top of their annual allocation.

BENEFITS

While there is no doubt about the benefits of increased regional marketing for local and regional economies, there is little in the Strategic Plan to indicate that Orange Regional Tourism Ltd is much more than Brand Orange Ltd under a different name.

The marketing and promotion of Cabonne's towns and villages, natural attractions and village events will still fall to Cabonne Council, albeit with a reduced budget if the annual contribution to Orange Regional Tourism Ltd has to be found from Council's Tourism Development Budget.

Any Cabonne Shire tourism related business will be able to become a member of Orange Regional Tourism Ltd as they do now with Brand Orange Ltd.

Cabonne Council will have only one representative on the 11-person Orange Regional Tourism Ltd board of directors.

Of the estimated \$1,147,778 expenditure in Orange Regional Tourism Ltd's draft budget, only \$332,000 is earmarked for marketing and events.

A further \$539,861 would be spent on wages and \$201,017 on administration for a total of \$740,878 on salaries and administration.

CENTRAL NSW TOURISM

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While TDO Ltd is in the process of transitioning Brand Orange to Orange Regional Tourism Ltd, there is another proposal by Centroc to effectively take on the functions of Central NSW Tourism when the NSW Government's six new Destination Networks come into effect later this year.

Central West NSW, which currently represents this region as part of Destination NSW's operations, will be incorporated into a very large area to be known as Destination Country and Outback NSW.

Centroc's proposal would effectively create a sub-regional entity focusing on marketing the Central West region, including the Orange region and other areas such as Cowra, Parkes, Forbes, Lachlan and Hilltops.

Cabonne Council may have to consider the benefits and cost implications of belonging to two organisations which both undertake regional marketing and branding.

In its draft 2017/18 Budget, Council has allocated \$29,669 (including 15% overhead allocation) for Central NSW Tourism membership and marketing fees. These membership costs are based on all Centroc members remaining partners in Central NSW Tourism.

Should Council decide not to remain a partner in Central NSW Tourism, the membership and marketing fees could be redistributed towards Cabonne's contribution to Orange Regional Tourism Ltd.