



Surf Coast Shire

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During the past decade a number of funding formulas to gain contributions from the beneficiaries of Surf Coast's buoyant tourism industry.

During the mid 1990s, the newly amalgamated Surf Coast Shire council made a major decision to elevate the importance of their tourism industry, including substantially increasing its financial commitment to tourism and economic development.

It realised that it had to move away from the previous system of tourism administration and funding, based on fragmented town-based tourism associations. It established Surf Coast Tourism as a Section 86 committee of council and it became one of the first in Victoria to introduce a differential commercial rate to fund tourism.

By 1997 the system had evolved into a Tourism and Economic Development Levy (special rate and charge). It comprised a special rate used for tourism-related infrastructure developments and a special charge used for marketing purposes.

A particular feature of the new system was the introduction of a charge of \$40 per year on non-permanent home owners who commercially rented their home. The new scheme raised \$300,000 per year for the three years that it operated.

In July 2001 the Council decided to reformat the scheme, comprising:

- A Tourism / Commercial Rate (differential rate) on all tourism and commercial land used for commercial or industrial purposes, as well as for any major tourist establishment/ accommodation facility. It raised nearly \$500,000 per year.



- Tourism Special Charges : Holiday home owners were levied \$60 per year, while minor tourist accommodation (not already covered under the tourism/ commercial rate) were levied \$200 each per year. The special charges raised nearly \$200,000 per year.

The combined revenue generated approximately \$670,000 per year for Surf Coast Tourism, which its board invested back into the future of the industry.

By 2006, when the Council had been operating the system for eight years, the commercial/ industrial differential rate was 90% greater than the residential rate in the dollar, B&Bs were being levied \$200 per annum and holiday homes paid \$65 per annum.

The 2005-2006 budget projected revenue from the scheme of \$887, 234, of which about \$750,000 was earmarked to help meet its tourism expenditure.

However, the system had its problems.

Absentee home owners were able to contest the \$65 charge by simply completing a declaration. Council had identified 7,457 holiday homes, but only 1,500 were paying the charge.



The level of administration for the holiday home component was also considered to be excessive relative to the return. Even though B&B operators were not included under the commercial rate and were clearly frontline beneficiaries of tourism activity, the number of B&B operators paying the special charge of \$200 per year was steadily declining.

After ten years of operation, the Council abandoned the special charges in 2006 and adopted an new innovative system. The hybrid system retained the Differential Commercial Rate to capture revenue from commercial businesses, but instead of the Special Charges, businesses can now opt-into a membership scheme that provides them with specific local and regional marketing benefits.

Businesses who pay the commercial rate can now apply for part of their payment to be credited against a full membership in both the local and regional tourism organization (ie Surf Coast Tourism and Geelong-Otway Tourism). Administration of the membership, including invoicing, is undertaken by Geelong Otway Tourism, which has removed a considerable burden from council. Sixty per cent of the membership fee is returned by Geelong Otway Tourism to Surf Coast Tourism.

The remainder of the monies generated from the commercial rate are directed by Council to the development of the tourism industry, including operation of the visitor information centres.

Only businesses who apply for tourism membership are able to market their businesses through the V.I.C.s

Bed and breakfasts are not covered under the commercial rate and can apply directly to Surf Coast Tourism for membership. Fees and charges are collected by Geelong-Otway Tourism and a portion is returned to Surf Coast Tourism for local marketing and development, with the remainder retained by Geelong Otway Tourism for external marketing.

Surf Coast Shire's Tourism Coordinator, Simon Loone, says that the new scheme provides another incentive for businesses setting up on the Surf Coast. He says that not only do they receive the normal council services, they can also access the added power of local and regional tourism campaigns and networking as a bonus. He says that Surf Coast Tourism has fielded enquiries from around Victoria and interstate about the innovative scheme.

Key findings:

- *Tourism funding schemes need to be transparent and clearly articulate the purposes for which the monies will be used.*
- *Tourism funding schemes may need to be adjusted, including the introduction of new approaches, to suit the needs of the time.*
- *It is desirable for a council to be able to fund tourism activity from monies raised from the industry, as opposed to purely from residential rate revenue.*

