



ECONOMIC AND BUSINESS DEVELOPMENT FUNDING MODEL

December 2014

THE PURPOSE

The purpose of the Deniliquin Promotions Fund is to raise funds, from business, to promote Deniliquin in two separate market segments;

1. The Visitor Economy and;
2. Business and Economic Development;

The Deniliquin Promotions Fund will enable a strategic, targeted and co-operative approach to marketing Deniliquin as a fun holiday destination and a growing, Centre for Business Development.

For local businesses to prosper we need to meet our strategic goals to double the size of our visitor economy from \$24 million to \$48 million per annum and create 400 new jobs by 2018, adding 1000 residents to our population and \$13.3 million to our economy.

The fund will also provide an opportunity for Deniliquin business to leverage additional promotional funds through the Regional Visitor Economy Fund, administered by Destination NSW, which requires a minimum of \$50,000 in matching funds for approved projects.

Voluntary funding contribution models have been tried in the past and have proven to be ineffective, inequitable and unsuccessful.



THE VISION

Our vision is to double visitation, create 400 new employment opportunities, and encourage population growth and economic activity in Deniliquin through targeted, effective and coordinated strategic promotional campaigns.

THE MODEL

The Economic and Business Development Funding Model consists of a special rate variation on all business premises in Deniliquin.

The model will fund the Promotions and Marketing Plan developed by visitor economy and business development focus groups.

The amount of investment by the owner of each business premise through the implementation of the proposed special rate variation is \$195 / business premise / annum or \$3.75 / week. It is proposed that the special rate variation be levied for an initial period of three years.

The return on investment can be quantified in the following terms;

- 1) 400 new jobs at the minimum wage (\$640.90) will add \$13,330,720 to our local economy each year.
- 2) 400 new jobs will add up to 1000 to Deniliquin's population with flow on effects for business.
- 3) Doubling the size of the visitor economy from 68,000 visitations and \$24 million per annum to 136,000 visitations and \$48 million per annum

For \$89,850 invested each year over 3 years the total return on investment by 2020 will be \$37.3 million per annum.

(Please note: The figures quoted above are raw figures and have not been treated with any multipliers)

There will be annual reports to business and council and a review of the success and effectiveness of the model at the end of the three year period.

The advisory group will conduct public forums at least three times each year where businesses will be briefed on the progress of promotions and marketing activity and provided with the latest quarterly data on;

- 1) Visitor Numbers
- 2) Visitor nights
- 3) Spend per visitor
- 4) Spend per night
- 5) New job numbers

. This initiative will ensure regular and purposeful engagement with local business.

Council will decide, at the end of three years, after considering a report on outcomes achieved and submissions from business, whether a further submission will be made to IPART to continue with the Deniliquin Promotions Fund for a further three year period.

Currently there are 461 premises that pay business rates in Deniliquin.

The fund would raise a total of \$89,895 annually.

Business property owners will be required to contribute annually on each of their properties and will have the option to pay by instalment. However, where a property has remained vacant for a period of six months or more property owners, who can prove hardship, may apply to defer payments.

Other Models Considered

Variable Funding Model – Applying to businesses based on the number of employees

This model considered;

- a) A sliding scale of fees relating to the number of employees similar to the Swan Hill model. However, it became apparent that there was not a direct correlation between level of benefit received and the size of the company's workforce. This model would be difficult to manage and difficult to sell.

Funding Model – Applying to all ratepayers

- b) A special Rate variation on all Ratepayers (Excluding those who qualify for a pensioner rebate).
There are 2995 such ratepayers and the special Rate, of \$30 / rateable property, would raise \$89,850.

However, it is most likely that the initial benefits from the strategic promotions and marketing program will be reaped by local businesses.

If a fairness test was applied to this model, I believe that, the model would fail.

Funding model – Applying to all businesses and providing funds to Deniliquin Business Chamber.

- c) This model was considered because of a concern that if the Deniliquin Promotions Fund was applied that, businesses may not renew their membership of Deniliquin Business Chamber.

Further consideration also indicated that IPART may not support such a model because the funds raised would be used to financially support an independent organisation.

After careful consideration, a special rate variation of \$195 / business premise / annum was considered the most equitable model.

BENEFITS FOR BUSINESS PROPERTY OWNERS

The Deniliquin Promotion Fund is a cooperative funding model specifically designed to stimulate our local economy.

Currently there are a number of empty business premises in Deniliquin. This situation has been caused by the millennium drought, the Global Financial Crisis and more recently the increase in online shopping.

The Strategic Marketing Program funded by the Deniliquin Promotion Fund aims to return Deniliquin to positive population growth through creation of 400 new jobs and to further stimulate the visitor economy by promoting Deniliquin as a fun holiday destination for the whole family and the event capital of New South Wales.

By investing in the 'Promote Deniliquin Fund' businesses and landlords will benefit from a targeted and focussed promotions campaign aimed at;

- Stimulating the visitor economy by doubling visitor numbers and overnight stays.
- Stimulating the local and regional economy by increasing employment opportunities and;
- Achieving positive population growth

BUSINESS ENGAGEMENT

The Manager Business and Economic Development has ensured that the proposal has received fair coverage in the local press and on radio. Two forums were conducted at Deniliquin RSL by Deniliquin Council and all local businesses were invited, by email or by adverts in the press and on radio, to attend the forums.

Deniliquin business Chamber conducted a further two forums to provide advice about the proposal and to answer any specific questions and take further advice from attendees.

Following advice from a business owner that they had not heard the detail of the proposal or been invited to one of the previous four forums it was decided to hold a further four forums during January and February 2015.

Attendees were informed about;

1. The benefits of a promote Deniliquin Fund.
2. Who will administer the funds
3. How businesses will have input to the strategic planning process
4. The goals we hope to achieve;
5. How the actual outcomes will be measured.
6. That the Advisory Boards will report to businesses three times a year.

At every public forum the response was positive and unanimously in favour of the proposed special rate variation.

If council decides to apply to IPART to implement the proposed special rate variation, two further public meetings will be held on 28th January 2015 and 3rd February 2015 to engage, again, with the business community to explain the model, the process and receive further feedback.