

VANCOUVER ISLAND NORTH TOURISM

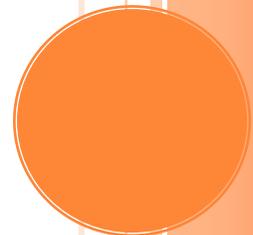
Progress Report to December 31st 2011

A report in partial fulfillment of contribution agreement terms for grant aid funding from the Island Coastal Economic Trust



Regional District of Mount Waddington

3/20/2013



Vancouver Island North Tourism

Progress Report to December 31st 2011

Introduction

As part of their support for the *North Vancouver Island Regional Tourism Plan* (2007) adopted by the Regional District of Mount Waddington and its municipalities, the Island Coastal Economic Trust (ICET) and Coastal Sustainability Trust II (CST) each agreed to financially support the start-up phases within a larger proposed funding scheme:

Funding Source*	Total Agreed Contribution	Income by December 31 st 2011*
ICET	\$137,500.00	\$123,750.00
CST	\$137,500.00	\$137,500.00
RDMW	\$74,000.00	\$74,000.00
UBCM Tourism 2	\$61,099.98	\$61,099.98
AHRT	65% revenue raised in 2010, 80% thereafter	\$193,641.30
Other/ CTO	N/A	\$26,981.25
Total		\$616,972.53**

*Leveraged stakeholder contributions raised through RDMW's service contract with Tourism Vancouver Island is addressed elsewhere as they are not local government revenues.

The purpose of this document is to report back to both parties on progress and use of their grant aid. RDMW hopes that the funders will agree that, so far, progress can be defined as highly successful in the context of challenging economic and institutional conditions.

History: early successes and obstacles

This project is borne of a long-held incapacity on the North Island to deliver regional tourism promotion that enhances opportunities and makes the region provincially, nationally and internationally visible as a destination for emerging markets.

Earlier attempts were scuppered by either deficiencies in terms of sustainable funding, communities "going it alone" or an overreliance on a small group of committed volunteers. The *North Vancouver Island Regional Tourism Plan* (Tourism Planning Group, 2007) was the outcome of the Community Tourism Foundations (CTF) program facilitating discussion in the communities to try to break these logjams. Given the consensus achieved, that a regional approach was both necessary and desirable, the Regional District of Mount Waddington, through its Economic Development Commission, agreed to be the proponent and locally accountable agent of delivery for the new tourism entity in at least the first few years.



2007 CTF Tourism Workshop where broad consensus was achieved in the Regional District

Despite a number of grants and funding agreements being secured early in 2008, it took over a year of hard work by RDMW and Tourism Vancouver Island (TVI) staff, particularly the tireless efforts of Ms. Bobbi Jean Goldy, to win over all five local governments regarding the creation and use of Additional Hotel Room Tax (AHRT) revenue for regional purposes. This factor, coupled with poor compatibility of grant aid cash flows, delayed the originally slated “project launch” to 2009. Some supporters and proponents of the plan had not understood that certain grant aid was contingent on AHRT bylaws being established. The plan itself had anticipated preliminary funds being released before AHRT bylaw establishment to partly show local governments and businesses what could be achieved with region-wide funding, but this phase-in approach was not supported by all the granting agencies given the risks involved. Supporters and proponents had also failed to recognize that, despite broad support for the plan, getting four local governments to agree to pass bylaws expeditiously and enter into MOUs with one another was quite a daunting prospect unless every single mayor, councilor and director had personally been involved in the plan’s inception since 2006 and understood the accommodation petition process.

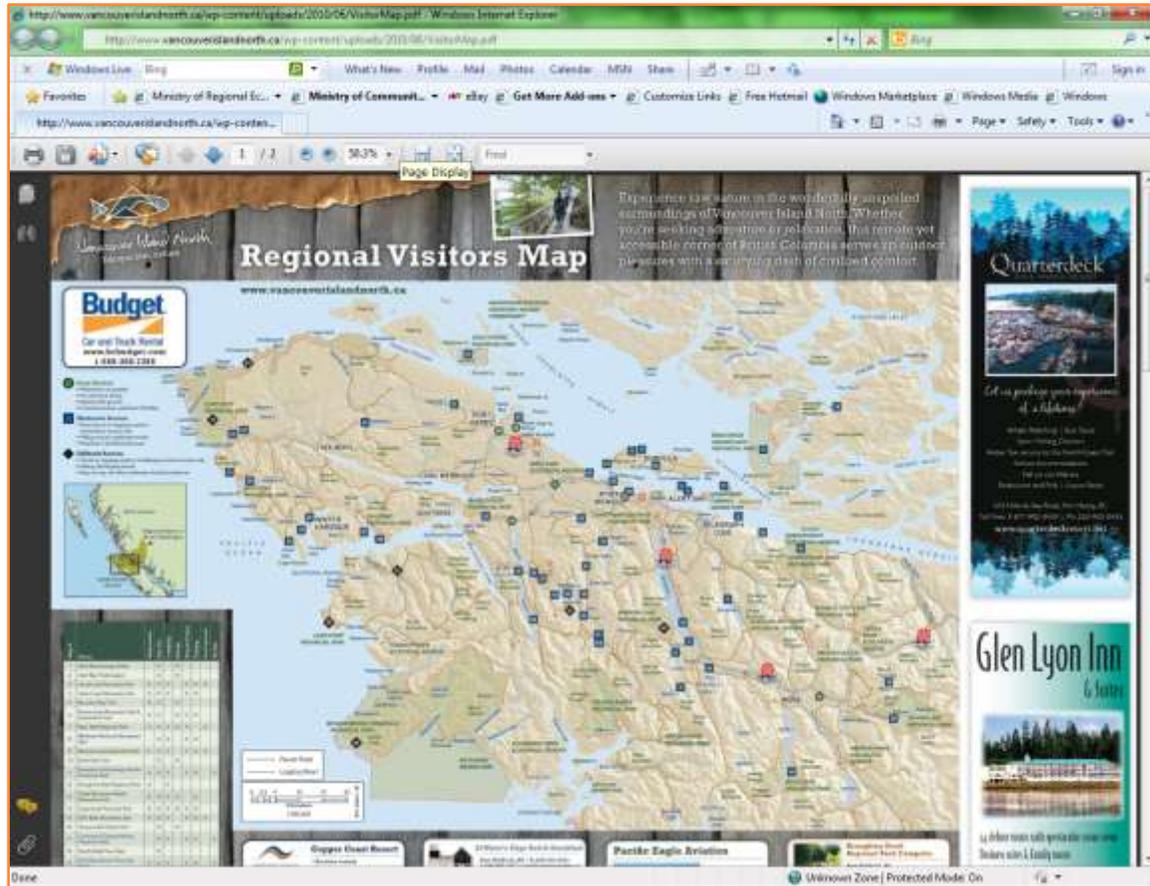
With new local government elections, the recession hitting and the subsequent announcement of HST (with the potential abolition of AHRT), very little happened until the summer of 2009, despite the Olympics being around the corner. The contracted service provider recommended against proceeding with major promotional activity without a hired coordinator and a coordinator could not be hired without funding certainty. Once reasonable, short-term certainty was established by September 2009, the project gathered

significant pace with a Tourism Coordinator hired, AHRT in place throughout the region and more grant aid funds available.

Project Scope

The key objectives of the North Island Tourism Plan's initial startup phase, the subject of the grant aid support, were largely achieved between 2009 and 2010. These included:

- Creation of a North Vancouver Island brand and identity;
- Operation of a North Vancouver Island tourism office;
- Appointment of a North Vancouver Island tourism coordinator;
- Provision of resources and training required to effectively implement regional tourism strategy and subsequent marketing tactics, including progressively more private sector contributions in leveraged promotions;
- Establishment of Vancouver Island North Tourism Advisory Committee (VINTAC) and facilitation of the development of annual marketing tactics by the committee;
- Annual product development and marketing plans.



The regional visitors map has become a popular brochure and is being applied to local signage in key highway corridors.

Delivery Model

The delivery model currently implemented evolved over the course of 2007-09, in response to changing local and contractual realities. Less emphasis was placed on a specific contracted service provider and more on regional input and leadership. Until alternative determinations are made, it is felt necessary to clearly underline that “Vancouver Island North Tourism” remains a function of the Regional District of Mount Waddington economic development service and must be treated like any other local government service contract. All internet domain names, graphic designs, brands and products paid for via the delivery contract are the property of the Regional District. At this time, there is no association, society or other entity to perform the function, although this could change. Tourism Vancouver Island has been asked to review the long term delivery model in 2011 and provide recommendations.

Revised 2009-2010 Vancouver Island North
Tourism structure.

The Committee

- Local operator-led membership
- Advises RDMW on plan
- Assess contractor performance
- Ensures business plan reflects regional priorities and input of the committee.
- Ensures cooperative marketing and advertising initiatives have local support
- Ensures that business plan reflects community needs and is not top-down.
- Approves subcontracts of over \$15,000.
- Approves staffing and office leases.
- Follows RDMW committee structure and conventions.

The Contracted Service Provider(s)

- Interpret committee's directions
- Prepares provisional plans and budgets
- Manages staff and office
- Manages cooperative marketing, private sector cashflow
- Manages product development and projects
- Manages the DMO Vancouver Island North
- Acts as Secretary to VINTAC
- Prepares VINTAC funding proposals for RDMW.
- Submits monthly activity report and all VINTAC minutes to RDMW.



Regional District

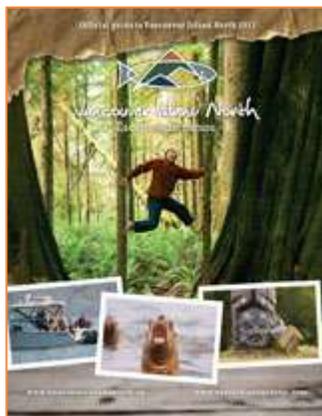
- Contract Management (AHRTs, grant aid, taxation requisition)
- Appoints VINTAC membership, prescribes Terms of Reference and approves annual plans
- Monitors deliverables and cashflow through the Economic Development Manager .
- Reviews VINTAC governance structure annually

Contracted service provider's activity report 2009-11



2009

- Regional tourism brand development – research, community workshops, stakeholder interviews, public short-listing, selection & launch event
- Go North Island, the first cooperative regional tourism marketing campaign, a mix of print, radio and contesting, targeting Island residents, had 6 stakeholders participate
- Vancouver Island North Tourism (VINT) Coordinator started August 10
- HD B-roll filming
- Tourism Vancouver Island (TVI) Outdoor Guide cooperative ad was targeted to have 6 stakeholders participate, this was exceeded by 3 stakeholders, ad size was increased and there was a total of 9 participants
- TVI Vacation Guide ad featuring VINT branding
- Go Camping BC cooperative ad was targeted to have 6 stakeholders participate, this was exceeded by 3 stakeholders, ad size was increased and had a total of 9 participants
- Cover design featuring VINT created for the Vancouver Island North Visitors Guide
- Design and installation of backlit sign at the Comox Airport
- Initiation of regional website, tourism brochure and visitors map



Slick, professional promotional tools have been created.



2010

- AHRT collection began January 1, 2010
- Development of a VINT press kit with a regional overview, story starters, community details and pre-written stories
- Creation of a tourism video from the HD b-roll library
- Media relations activities – TBC Follow the Flame filming and FAM tours for German media visitor, Frommers travel guide, Lonely Planet travel guide, Highway Magazine/Trailer Life
- B-roll footage transfer to TSN production crew for use in the LUMBERJACKS series, footage was included in 3 episodes, each aired multiple times on TSN and available on YouTube



www.vancouverislandnorth.ca web portal was designed, branded and filled with content and social media linkages – reclaiming the “North Island” moniker from central and south central Vancouver Island.

- Travel Trade activities – hosted German CTC Approved Canadian Travel Trade specialists, and communication of VINT operators and activities through the TVI network
- Times Colonist Discover cooperative ad achieved the target of 4 stakeholder participants
- Van Dop Arts & Culture Guide cooperative ad with 5 stakeholders
- 3 display banners created for consumer show and promotional display
- Represented VIN at the Vancouver Island Outdoor Expo consumer show
- Regional tourism brochure was targeted to have 16 stakeholders participate, this was exceeded by 4 stakeholders, for a total of 20 participants. The brochure highlights the three key tourism experiences of the region, Culture, Adventure and Nature Based with distribution on BC Ferries major routes, Visitor Centres and tourism businesses throughout the region
- www.vancouverislandnorth.ca regional tourism website launch, with 94 stakeholder listings, 20 who have opted to purchase an enhanced listings, displaying more information on their service
- Regional visitors map was targeted to have around 24 stakeholders participate, this was exceeded by 5 stakeholders, for a total of 29 participants. The visitors map displays locations and provides information on facilities available at parks/recreation sites throughout the region

- Island Parent Family Summer Guide cooperative ad achieved the target of 4 stakeholders



The Tourism Coordinator's office is based at Port Hardy Visitor Centre

- Search engine marketing campaign increased traffic to the regional tourism website
- Island Wide Print & Online cooperative campaign with 6 stakeholders, combined print ads, online landing page, online advertising and press release editorial component
- Bulk image purchase, of VIN locations and activities, to build a library for promotional purpose
- TVI Outdoor Guide cooperative ad was targeted to have 6 stakeholders participate, this was exceeded by 2 stakeholders, ad size was increased and there was a total of 8 participants
- TVI Vacation Guide cooperative ad achieved the target of 8 stakeholders
- Go Camping BC cooperative ad achieved the target of 9 stakeholders
- Vancouver Island North Visitors Guide, the key regional tourism publication, was dramatically improved with updated design, high-impact images, refreshed editorial, and the addition of community maps. The print run was nearly doubled and it is distributed on BC Ferries major routes, Visitor Centres, tourism businesses throughout the region, consumer shows and more

2011

- Of the 24 projects presented in the original marketing plan for the year, 19 of these projects were completed in 2011. One project was added in 2011: a cooperative ad was coordinated for the UK specialty publication
- Wild Travel, cost covered 100% by stakeholder participants.
- Overall stakeholder contributions did not meet the 2011 projections due to 3 of the cancelled projects including anticipated stakeholder support. Contributions towards the 11 completed stakeholder participation projects were higher than projected on some, and lower than projected on others. Looking at the 11 completed projects, stakeholder contributions were short \$4,000 of the 2011 projections.
- The overall investment into tourism marketing was \$140,849, approximately \$50,819 less than originally projected \$194,778 due to the cancellation of projects and lower than anticipated stakeholder participation in some projects.
- Stakeholders participated 175 times in 2011 marketing programs (106 unique Stakeholders, with some participating in multiple projects).

- 2011 marketing project highlights: 2012 Vancouver Island North Regional Visitors Guide; Tourism BC's Approved Accommodation Listing Partner Program; Tourism BC's Outdoor Adventure Guide Cooperative Ad; Search Engine Optimization of www.vancouverislandnorth.ca (Organic search optimization work ongoing to increase search engine ranking).

Regional Tourism Project: Stakeholder Leveraging 2009 – 2011

There are two different targets for stakeholder leveraging that the regional tourism project results can be measured against: the figures estimated in original North Vancouver Island (NVI) Tourism Plan, and the figures from the Vancouver Island North Tourism (VINT) Business Plan that were adjusted in 2009, 2010 and 2011 based on current circumstances. 2009 actual stakeholder contributions were \$14,959.

This figure appears short of the targets set in the NVI Tourism Plan and the VINT Business Plan. The discrepancy is due to two major cooperative projects, the brochure and visitors map that were part of the 2009 Marketing Plan, being completed in 2010. The reader will notice the \$15,041 showing as short of the NVI Tourism Plan target, and \$5,941 showing as short of the VINT Business Plan target, are both achieved and well exceeded in the target differences for 2010 stakeholder contribution. 2010 actual stakeholder contributions were \$88,926. This exceeded the NVI Tourism Plan target of \$50,000 by \$38,926, and the VINT Business Plan target of \$57,836 by \$31,090. Comments for 2009 explain the shift of stakeholder contributions from 2009 to 2010. The total contribution from 2009 and 2010 exceeds the combined target from those years.

The 2011 VINT Marketing Plan had an estimated stakeholder contribution of \$89,000, with an actual of \$74,257.

Projected/Actual Stakeholder Contributions



More specific breakdowns of stakeholder contributions are available from the contracted service provider upon request. RDMW neither manages nor audits the stakeholder contribution funds.

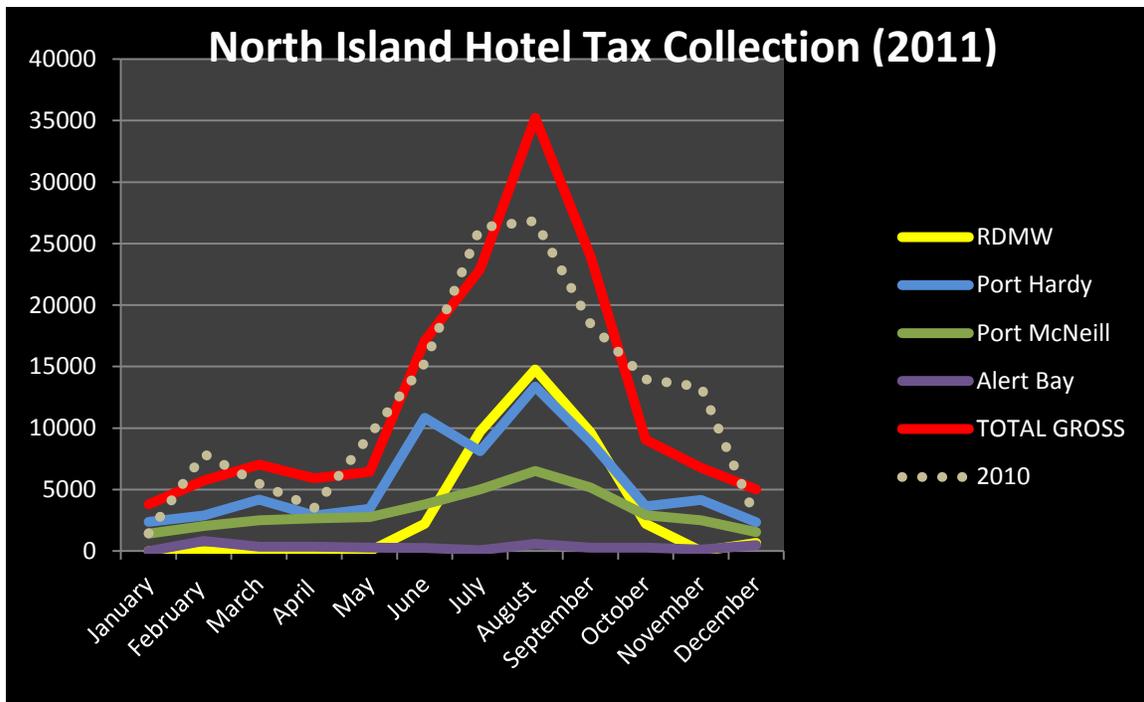


As **Forest Capital of British Columbia** in 2010, the Regional District of Mount Waddington leveraged the opportunity with forestry sector volunteers and the Tourism Coordinator to create a year of exciting, educational and entertaining events. The arguable pinnacle of the year was bringing an annual logger sports event back to Port McNeill. Vancouver Island North Tourism ensured that opportunities to publicise the event, including broadcast on TSN as a sanctioned event, were fully optimised and leveraged.

Impacts

After two full years of operation, it remains difficult to try and gauge the economic impact of Vancouver Island North Tourism. Significant stakeholder contributions should rightly be regarded as the most significant sign of success so far, indicating buy-in by the private sector and other parties. The Tourism Coordinator, Ms. Joli White, is to be congratulated for spearheading this success in a resource dependent region with a small tertiary sector.

Given the economic events since 2008, the region has barely returned to the levels of tourism activity previously enjoyed. AHRT statistics over time may well prove to be an excellent indicator of visitation levels and local economic impact from the visitor economy amongst other measures, but the debate over where the resource industries' use of accommodation facilities ends and the "tourism" industry begins will rage on until British Columbia moves from measuring a pure idea of "tourism" to measuring impacts of the "visitor economy", a more inclusive approach being utilized in other jurisdictions, including the City of London in preparation for the 2012 Olympics. AHRT revenue performance offers some clues as to where the region may currently sit in terms of its visitor economy.



As can be seen from the graph, the challenge to Vancouver Island North Tourism will be to slow and reverse the narrowing of the peak season that appears to be changing from a “hump” to a “point” and increase use of accommodations in the off-season generally. If AHRT revenue increases throughout the region year on year, the accommodation sector will be faring better as will the visitor economy overall. These statistics will be critical, but it is recognized that more promotional tracking will be required to gauge visitor impact. The project has also, of course, created one FTE in the form of the Tourism Coordinator and supports seasonal workers for regional promotion on board the BC Ferry to Prince Rupert.

Long-term sustainability

2010 was the first year of collection for Additional Hotel Room Tax (AHRT) the sustainability lynch pin of the plan. The local political process, combined with the uncertainty over AHRT’s future that emerged in 2009 made the sustainability of the plan doubtful for some time. However, current assurances from the Ministry of Finance indicate that the existing system will now remain in place.

Moving forward, it is clear that the four jurisdictional bylaw areas support one another in periods of revenue weakness and that there is no one dominant jurisdiction that raises the majority of revenue. It is also very clear from “off-season” trends in 2010 and 2011 that other industries and activities, not part of the tourism economy, generate critical regional accommodation revenues and AHRT. Based on an analysis of historic AHRT figures for the District of Port Hardy, there can be some level of confidence that \$100,000.00 per annum in revenue would be a typical conservative expectation of core funding in the immediate future, creating a solid foundation for regional promotion on an annual basis. Some key considerations for the future include:

- Lobbying the Ministry of Finance to assist the Regional District of Mount Waddington in its desire to ensure that all eligible accommodation businesses are registered to charge the 2% AHRT. It is known that Electoral Areas A, B, C and D are missing a number of key eligible properties that represent lost revenue and an unfair competitive advantage against registered establishments.
- Lobbying the Ministry of Finance to alter its administrative claw back function for rural areas with predominantly seasonal accommodation businesses with low occupancy capacity.
- All AHRT bylaw local governments within RDMW regularly review the need for a “community project” percentage of revenue that is retained. The retained portion at 20% is a significant amount of revenue that may one day be more effectively utilized as part of a larger regional tourism budget.
- Actively considering the retention of a percentage of stakeholder contributions for core funding (to augment AHRT).

As long as the Province and the local accommodation sector remain supportive of Vancouver Island North Tourism and AHRT, the outlook for sustainable regional tourism promotion is positive. It would be hoped that new, more specific partnerships would also be possible with the Island Coastal Economic Trust.

Continued support and future partnerships

Tourism Vision

“To create an accessible and attractive year round destination, with world class tourism experiences highlighting the region’s natural and cultural resources through quality tourism products and services. Tourism will be supported by the local governments, industry operators, First Nations and managed through a sustainable structure that collectively promotes the North Vancouver Island region for the benefit of all.”

The remaining grant aid resources are essential to continued success and operational cash flow as plans continue to be implemented. Once exhausted, Vancouver Island North Tourism must survive and succeed on its own core funding, although it is hoped that RDMW and partners can apply for support in future to help deliver specific niche products and initiatives. Without the assistance of ICET and CST, this project would not be here today.

Integrated Regional Tourism Strategy for Northern Vancouver Island

Period: January 8th 2008 – December 31st 2011

Project Expenditures

2008 Contracted Service Provider Fees	\$ 49,795.52
2009 Contracted Service Provider Fees	\$112,171.98
2010 Contracted Service Provider Fees	\$167,617.87
2011 Contracted Service Provider Fees	\$162,596.35

All invoices packages to 31-12-10 submitted to ICET for approval. 2011 can be sent upon request.

Total Expenditures **\$492,181.72**

Income

Funding Source*	Total Agreed Contribution	Income by December 31 st 2011*
ICET	\$137,500.00	\$123,750.00
CST	\$137,500.00	\$137,500.00
RDMW	\$74,000.00	\$ 74,000.00
UBCM Tourism 2	\$61,099.98	\$ 61,099.98
AHRT	65% revenue raised in 2010, 80% thereafter	\$193,641.30
Other/ CTO	N/A	\$ 26,981.25
Total		\$616,972.53**

*December 31st 2011 is not the end of the project, but a reporting period benchmark for the grant-holding agencies. Any surplus is revenue for 2012 activities and beyond.

** 2011 remittances for AHRT and other grants received after December 31st 2011 are not recorded here.

I hereby certify that this statement accurately represents all project expenditures and all sources of project funding to December 31st 2011.

Financial Officer

Date

Project Manager

Date