



THE STRUCTURE OF PUBLICLY FUNDED TOURISM AGENCIES IN B.C.

Prepared for: Ministry of Tourism, Arts and Culture

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EXECUTIVE SUMMARY

The Terms of Reference¹ indicate: “The purpose of this review is to examine the RDMO funding model including roles and responsibilities, tools and resources, and current provincial investments in tourism to determine an appropriate funding formula and associated deliverables for the RDMOs within the broader tourism system.”

Background

In 2018/19 the provincial government invested about \$135 million in tourism. That public investment is provided through a complex set of public funding sources that are used by a wide range of provincial, local government and not-for-profit agencies, part of which is used to leverage private sector marketing spending.

The main publicly-funded tourist organizations in the tourism system include:

- The Ministry of Tourism, Arts and Culture (MTAC), responsible for establishing tourism policy, providing funding, and administering some tourism programs;
- Destination BC (DBC), a provincial Crown corporation funded by MTAC responsible for developing and maintaining the provincial tourism brand, marketing B.C. as a destination, supporting local tourism marketing and destination development strategic planning;
- Regional Destination Marketing (Management) Organizations (RDMOs), not-for-profit organizations partially funded by DBC that play a role in supporting DBC marketing and coordinating tourism system activity in five tourism regions;² and
- Community Destination Marketing (Management) Organizations (CDMOs), not-for-profit organizations funded by provincial taxes collected on hotel and motel accommodations in designated areas under the Municipal and Regional District Tax (MRDT).

In addition to these entities, the tourism system includes an estimated 19,000 businesses with a significant proportion of their business related to tourism, as well as many other stakeholders with a direct and indirect interest in tourism ranging from local governments to conservation groups to industry associations.

Tourism is not a defined industry for statistical purposes because businesses that cater to tourists provide a wide range of goods and services and most have customers who are residents as well as tourist customers. It is these businesses that generate the economic activity and most of the jobs associated with tourism.

Many governments at the national and sub-national level support tourism. Traditionally, government support for tourism has been focused on marketing the jurisdiction as a destination to increase tourist demand and thus the economic activity and jobs created by providing goods and services to tourists. Governments play a role in destination marketing because fragmented tourism industries are ill equipped to market countries or provinces as destinations and because destination marketing has a significant impact on the jurisdiction's external reputation and

¹ See Appendix A for the full Terms of Reference.

² There are six tourism regions, Cariboo Chilcotin Coast, Kootenay Rockies, Northern BC, Thompson Okanagan and Vancouver Island represented by RDMOs and Vancouver, Coast and Mountains represented directly by DBC.

brand. DBC and its predecessor Crown corporation, Tourism BC, were both founded largely to maximize the economic benefits of tourism by driving demand through provincial level destination marketing.

Tourism marketing takes place at a number of levels, from international campaigns directed at increasing tourism demand from abroad and from long-haul markets to marketing of regional and local destinations to marketing by individual businesses and by industry sectors.

In recent years there has been an international shift in tourism public policy objectives from “destination marketing” to “destination management.” Destination management reflects a broadening of the public policy objective from the economic benefits of tourism to also include the social and other benefits that tourism brings while recognizing and mitigating the various negative impacts that tourism can have. For example, facilities and activities that are attractive to tourists enhance the livability of places for residents, generating social benefits. On the other hand, unless well managed, tourism can have environmental and sustainability impacts associated with the use of natural resources and with the carbon footprint of tourism activities. In addition, over-tourism can have negative impacts on residents and can affect, for example, housing affordability.

Over the past few years B.C. began to implement a destination management approach through strategic planning processes aimed at taking a balanced approach to managing tourism in 20 defined destination development areas. This activity was focused on enhancing the tourism product available in each area. DBC was given responsibility for managing the 20 strategic planning processes. To date, 18 of the 20 strategic plans have been concluded.

MTAC has taken the move to destination management to the next level with the March 2019 release of “Welcoming Visitors – Benefiting Locals – Working Together – A Strategic Framework for Tourism in British Columbia 2019 – 2021.” The framework states that the government’s vision is:

Our vision is to build a strong, sustainable tourism sector that benefits all British Columbians. Our new strategic framework is built on a foundation of sustainability which calls for consideration of the benefits of the sector along with its economic, sociocultural and environmental impact.

The strategic framework sets out goals in the following areas which cover the social and economic benefits of tourism and its potential negative impacts:

Supporting People and Communities

- A strong and diverse tourism workforce
- Support for communities
- Reconciliation through tourism
- Make tourism more inclusive and accessible

Sustainably Growing the Visitor Economy

- Build a better and sustainable tourism destination
- Drive demand to ensure B.C. remains a top travel destination

Respecting Nature and the Environment

- Sustaining Super, Natural British Columbia
- Support tourism viability in B.C.'s natural spaces

This strategic framework represents a clear government commitment to destination management at the provincial, regional and local levels. Effectively, the purpose of this review is to consider what structure will best enable B.C. to implement this strategic framework to guide destination management at the provincial and local levels.

The Issue

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Centralized vs. Decentralized

In essence, this dispute is about how centralized or decentralized the various functions should be.

The tourism system has moved toward the centralized end of the centralized/decentralized spectrum over time, especially over the past eight years. A tourism Crown corporation, Tourism BC, was created in 1995 to develop and maintain the B.C. brand and to market B.C. as a destination, an intrinsically central function. Alignment of local destination marketing and business marketing with the provincial brand was dealt with at that time in a relatively decentralized way involving RDMOs. In 2010 Tourism BC was dissolved and its functions absorbed by the ministry responsible. In 2013, on the advice of the tourism system, a new Crown corporation was created, Destination BC, transferring virtually all of the tourism resources from the ministry to DBC.

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Options

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Recommendations

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Next Steps

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ISSUE AND PURPOSE

The provincial government invests considerable public money to develop and promote a strong provincial tourism brand and industry. That public investment is done through a complex set of public funding sources that are used by a wide range of provincial, local government and not-for-profit agencies, and some of which is used to leverage private sector marketing spending.

Within this complex system, key publicly funded roles are played by the Ministry of Tourism, Arts and Culture (MTAC), Destination BC (DBC) a provincial Crown corporation and five Regional Destination Marketing Organizations (RDMOs) together with a large number of Community Destination Marketing Organizations (CDMOs). The RDMOs and CDMOs are not-for-profit entities with inclusive stakeholder membership.

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The Terms of Reference indicate: “The purpose of this review is to examine the RDMO funding model including roles and responsibilities, tools and resources, and current provincial investments in tourism to determine an appropriate funding formula and associated deliverables for the RDMOs within the broader tourism system.”

CONTEXT

Tourism refers to activities that are undertaken by visitors to a place where they do not reside (i.e., non-residents). The internationally accepted definition³ of a tourist refers to a visitor whose trip is for at least one night but less than a year, and who is not visiting for the purpose of working⁴ in the place they are visiting. There are many reasons why tourists visit a place including recreation or leisure activities, business, medical reasons and many others. It may seem that “tourism” should really just refer to visits for leisure and recreation purposes, but there are good reasons for classifying trips for all purposes as tourism. Visitors utilize many of the same services and facilities and participate in some of the same activities, regardless of their purpose. All trips contribute to demand from visitors and are thus considered tourism under the standard international definition.

The following describes the various types of entities that currently make up what is sometimes called the “tourism eco-system” (but is referred to in this review simply as the “tourism system”), which is a complex system of public and private organizations.

Private Sector Tourism Business Activity

The private sector part of the tourism system is complex and fragmented when compared to most industries. In fact, tourism is not so much an industry as a classification of the extent to

³ UN World Tourism Organization, The conceptual framework for tourism statistics - International Recommendations for Tourism Statistics 2008 (IRTS 2008).

⁴ Work means being employed in the place being visited, which is distinguished from visiting for business purposes, associated with the person’s employment elsewhere.

which businesses in many industries provide services to visitors. The vast majority of tourism businesses also do business with customers who are local residents, as distinct from tourists. A wide variety of businesses provide a vast array of goods and services to tourists.

From a statistical perspective, the economic impact of tourism is measured by estimating the tourism proportion of business in all of the industries that supply goods and services to tourists. In B.C. it is estimated that there are about 19,000 businesses that do a significant proportion of their business with tourists.

Tourism businesses include accommodation service providers, food and beverage businesses, transportation and tour providers, tourist attractions, leisure and recreation services such as ski, golf, eco-tourism, hunting, fishing, mountain biking, boating and numerous other activities as well as retail sales. Many businesses that serve tourists do not consider themselves to be in the tourism business, sometimes even when tourists are a majority of their customers. For example, it is only relatively recently that industries like wine producers and craft breweries began to consider themselves to be tourism industries, and relatively few food and beverage businesses consider themselves tourism businesses.

Ministry of Tourism, Arts and Culture

The B.C. *Tourism Act* establishes a role for the Minister responsible for tourism that includes:

Duties, powers and functions

- 1 (1) *The duties, powers and functions of the minister include the following:*
 - (a) *encouraging development of the tourism industry in British Columbia;*
 - (b) *providing information services for tourists;*
 - (c) *promoting tourism;*
 - (d) *reflecting tourism interests in land and resource use and management decisions;*
 - (e) *encouraging the development of the motion picture industry in British Columbia.*

The Act makes it clear that the Minister's responsibilities include establishing policy and standards related to tourism, as well as promoting tourism, and subsection (d) makes it clear the Minister is expected to work with other B.C. government ministries and agencies to ensure tourism interests are reflected in government decision-making.

The Ministry is responsible for DBC, administers the Municipal and Regional District Tax (MRDT) with the B.C. Ministry of Finance and the Ministry administers the Resort Municipality Initiative (RMI), a program that provides funding to 14 municipalities designated as resort municipalities and runs the Tourism Events Program, which provides grant funding based on applications to support events such as festivals and sporting events, based on a formula-driven proportion of MRDT revenue.

Destination Marketing Organizations

There is a long tradition of tourism stakeholders working together to market destinations. These Destination Marketing Organizations (DMOs) exist at many different scales with different organizational structures and relationships among public sector, private sector and not-for-profit stakeholders.

These organizations have arisen as mechanisms for those with an interest in attracting additional tourists to a given geographical area (destination) of pooling marketing resources. DMOs increase the efficiency and effectiveness of developing and marketing a destination brand to existing and potential markets. Individual businesses rarely have the ability to effectively market a destination and, even if they did, they would be reluctant to benefit their competitors within the destination at their own expense. Governments and other public sector stakeholders cannot effectively market a tourism product without including the businesses that actually deliver the product. DMOs exist because they can bridge that gap.

In Canada there is a hierarchy of DMOs based on the scale of the destination in question, from Tourism Canada, which is a federal Crown corporation that markets Canada as a destination, to provincial government DMOs to regional and local DMOs. The following discusses the various types of B.C. DMOs:

Provincial DMO – DBC is the provincial DMO, created by the *Destination BC Corp. Act* in 2013. The Act specifies the purposes of DBC as:

Purposes of corporation

- 4 *The purposes of the corporation are the following:*
 - (a) *marketing British Columbia domestically, nationally and internationally as a tourist destination;*
 - (b) *promoting the development and growth of the tourism industry in British Columbia to increase revenue and employment in, and the economic benefits generated by, the industry, including, without limitation, by*
 - (i) *providing support for regional, sectoral and community tourism marketing,*
 - (ii) *providing industry leadership in tourism marketing,*
 - (iii) *promoting training and development in relation to tourism marketing,*
 - (iv) *providing support for visitor centres, and*
 - (v) *conducting tourism-related market research;*
 - (c) *providing advice and recommendations to the minister on tourism-related matters;*
 - (d) *enhancing public awareness of tourism and its economic value to British Columbia;*
 - (e) *administering and performing agreements assigned to it by the minister;*
 - (f) *purposes prescribed by the Lieutenant Governor in Council.*

The statutory purposes of DBC are focused on marketing, including references to regional and community marketing that clearly refer to other DMOs in the system, and are focused on the economic, fiscal and employment benefits to be gained from a healthy and growing tourism industry.

Regional DMOs – In B.C. there are six tourism regions.⁵ Five of the regions are represented by not-for-profit societies each of which has a board elected by a broadly defined inclusive stakeholder group comprised of private, not-for-profit and public sector stakeholders with an interest in tourism. The sixth region, Vancouver, Coast and Mountains is effectively part of DBC, with no separate DMO.

The five RDMOs provide marketing support services to DBC on a fee-for-service contractual basis, including services related to travel trade, travel media and content development. RDMOs also receive discretionary funding from DBC to cover administrative overhead, provide coordination across the regional tourism system and business advisory services, participate in destination development and market local driving tourism routes, known as tour and explore tourism. RDMOs also perform other regional functions that are partially funded by other partners, including emergency preparedness and response (funded by the Province), supporting indigenous tourism (partially funded by Indigenous Tourism BC (ITBC)) and increasing accessibility in tourism (partially funded by Spinal Cord Injury BC). Some RDMOs also provide services directly to CDMOs and other partners on a fee for service basis.

Community DMOs – The B.C. tourism system includes a significant number of CDMOs, which take a number of forms. In general, CDMOs play a role in coordinating and facilitating collaboration within the tourism industry in a defined area based on local government boundaries. Most CDMOs are not-for-profit societies with a broad, inclusive stakeholder member base, similar to the model used by RDMOs but applied across a smaller area. Some CDMOs are departments within local governments.

There are 57 MRDT recipients. The MRDT is a tax of up to 3% on short-term accommodation sales in participating areas.⁶ that is applied by the B.C. government and remitted to the designated authority. In many cases the designated authority to which the revenue is paid is a municipality or regional district, which either operates the CDMO directly or passes some or all of on to a CDMO society. In other cases, a CDMO society receives the tax revenues directly as the designated authority. There are also CDMOs in non-MRDT communities that are funded from other sources.

THE ROLE OF GOVERNMENT IN TOURISM

In order to address the issues that have been posed for this review and in particular to propose a structure for the roles of publicly funded tourism agencies in B.C., first it is important to understand what government's objective is in relation to tourism. Before looking at the

⁵ The regions are: Cariboo Chilcote Coast (CCCT), Kootenay Rockies (KRT), Northern BC (NBC), Thompson Okanagan (TOTA), Vancouver Island (TVI) and Vancouver, Coast and Mountains (operated by DBC).

⁶ In addition to hotels, motels and other traditional short-term accommodation associated with tourism, accommodation sales include lodging provided in residential dwellings and those listed through online accommodation providers (e.g., AirBnB). See Provincial Sales Tax (PST) Bulletin 120 for a full list of taxable and exempt accommodations.

specific situation in B.C., the following is a general discussion of why so many governments take an interest and spend public funds on tourism.

The traditional answer is that governments care about tourism because it has a significant economic impact. Visitor spending, whether from those visiting from outside the jurisdiction or from residents traveling within the jurisdiction, has a positive economic impact. Long-haul, international visitors have the biggest average impact, especially those traveling for recreational purposes. In B.C., tourism accounted for about 3.6% of GDP and 5.6% of employment in 2015.⁷

But other industries also account for significant proportions of GDP and employment without attracting significant government investment. Why is tourism different?

From an economic perspective, at least part of the reason is related to two characteristics of tourism marketing:

1. A jurisdiction's brand, as a tourism destination, is an important part of that jurisdiction's international reputation and visibility. Reputation on the world stage has an impact well beyond the tourism sector in terms of a jurisdiction's perception to others as a place to do business and the ability of the jurisdiction to have external influence and presence.
2. The tourism sector is a complex set of businesses which virtually all provide service to both residents and visitors. These businesses vary in size from major international corporations to small businesses and solo operators. The services provided vary greatly from clearly tourism related ones like accommodation and tour services to those that often don't consider themselves in the tourism businesses, like retail sales.

It is difficult, and often impossible, to coordinate this fragmented business sector into a coordinated, efficient and effective purely private sector branding and marketing effort for a destination, whether that is a country, a state or province, a region or a local area.

Thus, virtually every national and sub-national government invests in tourism branding and marketing of the jurisdiction as a destination to control its brand and to make sure it is used effectively to attract tourists and generally bolster the jurisdiction's reputation.

There is also another important public policy reason for governments to take an interest in and spend money related to the tourism sector – tourism has implications, positive and negative, that go well beyond the GDP and employment impacts of the sector. Governments around the world are increasingly aware of the importance and value associated with managing these non-economic impacts. These impacts include:

- **Livability**, especially in rural areas. The existence of recreational facilities and opportunities together with services that would not exist without business brought by visitors but that are important to residents, contribute to making communities attractive and livable. Examples range from the existence of accommodation and food and beverage services to community trails, tourist attractions, ski, golf and other facilities and many others. Parks are an especially important example of publicly provided facilities

⁷ Source: Statistics Canada Labour Force Survey, CANSIM table 379-0030, BC Statistics Tourism GDP and Employment

that create benefits by attracting tourists and providing valuable services to residents, but the conservation benefits of parks can be negatively impacted by overuse.

- **Economic diversification and resiliency.** Especially in locations where the economy is dominated by a single employer or industry, which is common in much of rural B.C., enhancing local tourism can have a significant impact locally, even if it represents a small impact on the level of provincial tourism, dominated as it is by the three major destinations, Vancouver, Whistler and Victoria.
- **Sustainability.** Tourism can both enhance sustainability and detract from it, depending on the activity in question and how it is conducted.
- **Affordability.** Tourism can impact housing affordability, primarily through creating additional demand for residential properties used as short-term rentals by visitors.
- **Over tourism.** Impacts caused by conflicts between the interests of visitors and residents where there is lack of capacity to handle tourist demand reduces livability, due to over tourism. Examples include Vancouver's increasing lack of hotel capacity, cruise ship crowding in downtown Victoria and overuse of Joffre Lakes Provincial Park.

The bottom line is that governments have a legitimate interest in managing tourism and tourist destinations that goes well beyond maximizing the economic benefits of the tourism industry but also maximizes the social benefits associated with tourism activity while minimizing its damaging and detrimental aspects. That is referred to as destination management.

Destination Management

B.C. has evolved toward destination management in recent years. B.C. initially focused on marketing of the province as a destination and building the B.C. tourism brand. Over the past five years that was augmented by a focus on destination development, strategic planning to develop local tourism product throughout the province.

In March 2019 with the release of "Welcoming Visitors – Benefiting Locals – Working Together – A Strategic Framework for Tourism in British Columbia 2019 – 2021" the B.C. government further embraced the principles of destination management as the basis for tourism public policy.

The framework states that the government's vision is:

Our vision is to build a strong, sustainable tourism sector that benefits all British Columbians. Our new strategic framework is built on a foundation of sustainability which calls for consideration of the benefits of the sector along with its economic, sociocultural and environmental impact.

The strategic framework sets out goals in the following areas:

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- Support for Communities
- Reconciliation through tourism
- Make tourism more inclusive and accessible

Sustainably Growing the Visitor Economy

- Build a better and sustainable tourism destination
- Drive demand to ensure B.C. remains a top travel destination

Respecting Nature and the Environment

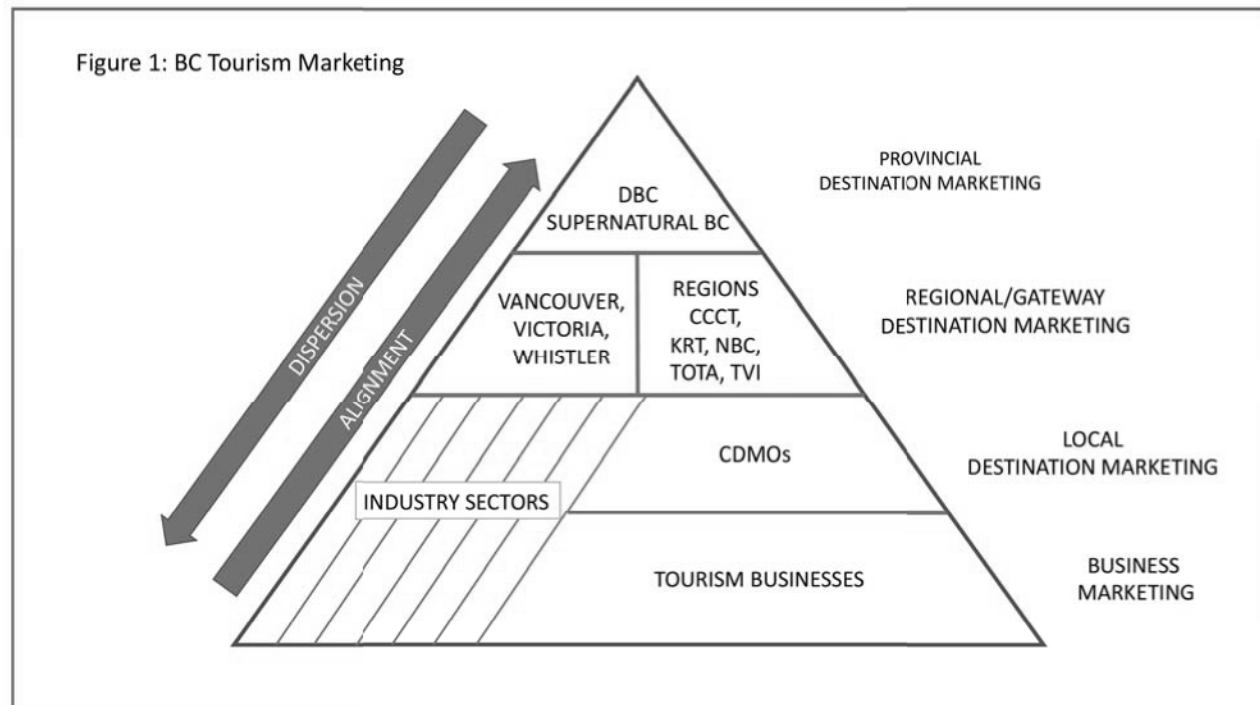
- Sustaining Super, Natural British Columbia
- Support tourism viability in BC's natural spaces

These demonstrate a government commitment to destination management at the provincial, regional and local levels. Implementation will require a structure for publicly funded roles within the tourism system that is consistent with the strategic framework.

In considering what the best structure would be, it is first important to look a little more closely at the publicly funded functions related to tourism, particularly destination marketing and destination development, and how they relate to destination management.

Destination Marketing

Marketing has been the traditional focus of public sector support for the tourism industry, with the objective of increasing demand for tourism-related goods and services and thus the economic activity of businesses that supply the tourism products. Tourism marketing can be looked at as a triangle, shown in Figure 1.



Establishing, promoting and protecting the brand for the Province as a whole is at the pinnacle of the triangle. DBC has primary responsibility for that function, fulfilling it in two ways:

- DBC directly manages provincial level destination marketing campaigns, focusing on the marketing of B.C. in long-haul jurisdictions, places inside and outside Canada and the US that are relatively distant from B.C.
- DBC also conducts marketing in partnership with other tourism system participants that engage in marketing. That provides DBC with the ability to influence these disparate marketing efforts to align them with the B.C. brand and DBC's marketing campaigns. These include co-op marketing programs under which DBC matches external funding and creation of system-wide tools and infrastructure such as DBC's emerging platform for data-driven social media marketing and DBC's central content library.

The next level of the triangle is regional and gateway destination marketing. In B.C. there are three destinations that stand out from the rest of the province in terms of being internationally and domestically recognized as major tourist destinations, often referred to as the "golden triangle" of Vancouver, Victoria and Whistler. Each of these CDMOs have a high degree of marketing capacity largely due to the level of MRDT funding arising from the high number of visitors in these areas.

The five RDMOs have traditionally played an important role in coordinating marketing at a regional level through co-op funding flowed from DBC to the RDMOs, but they currently have no role in co-op marketing and their marketing role is limited to some regional road-trip based tour route marketing funded from their discretionary funds.

The third level of the triangle is local destination marketing. This is undertaken primarily by CDMOs, especially those with MRDT funding. They are eligible to participate in DBC co-op marketing, which allows them to leverage their funding, provided they partner with at least two industry sectors or other CDMOs.

The base of the triangle is marketing by tourism businesses. Businesses primarily market to increase their own business, whether that is a ski resort, a hotel, a restaurant or any of the myriad types of business that cater to tourists as at least part of their clientele. That distinguishes their marketing from the destination marketing in the other three layers.

In the diagram, industry sector organizations have been shown as vertical sections that cross the two bottom levels of the triangle. There are 15 sector organizations that are eligible for DBC co-op marketing funding:

- Backcountry Lodges - Backcountry Lodges Association of British Columbia
- BC Ale Trail - BC Craft Brewers Guild
- Camping & RVing - Camping & RVing BC Coalition
- Fishing (Freshwater) - BC Fishing Resorts and Outfitters Association
- Fishing (Saltwater) - Sport Fishing Institute
- Gardens - Gardens BC
- Golf - BC Golf Marketing Alliance
- Guest Ranches - BC Guest Ranchers' Association
- Guide Outfitters - Guide Outfitters Association of BC
- Mountain Bike - Western Canada Mountain Bike Tourism Association
- Power and Sail Cruising (Ocean Boating) - BC Ocean Boating Tourism Association

Scuba Dive - Dive Industry Association of BC
Snowmobile - BC Snowmobile Federation
Ski - The Canada West Ski Areas Association
Wine - BC Wine Institute

The industry sector organizations are membership-based, dues-funded organizations, with the proportion of the industry that are members varying across industries. The sector organizations are a mix of organizations that have traditionally marketed their industry (such as the ski and golf industries) and organizations that have traditionally played an industry association/advocacy role with little or no pre-existing industry-wide marketing capacity (such as mountain biking). Some sectors are based on a relatively homogeneous set of businesses while others primarily represent users rather than businesses. All co-op funding applications that are locally focused on a recognized sector must be made through the sector organization, as well as applications focused more widely on the activities covered by an industry sector.

There are two arrows in the diagram. The “alignment” arrow indicates that the overall effectiveness of the provincial brand and marketing campaigns supporting that brand depends on the extent to which local destination marketing and tourism business marketing “align” with and support that brand. One of the main goals of co-op marketing programs is to promote alignment.

The other arrow denotes dispersion. This is the concept of increasing tourist demand in areas outside the main, internationally recognized tourist destinations to other less prominent destinations. Dispersion is an important part of destination management, both increasing the economic impact of tourism by extending the length of visits and reducing the negative impacts of over-tourism by dispersing activity to local destinations with unused capacity.

Destination Development

Where marketing is focused on increasing tourism demand to a business or destination, destination development is about enhancing the “supply” of tourism product. Essentially, destination development is a process of strategic planning and plan implementation related to a defined tourist destination, which includes open engagement of the broad tourism stakeholder community in the destination to develop tourism product.

Destination development can be thought of in marketing terms, as improving products that can then be more effectively marketed and ensuring that a destination is able to deliver on the promise made by marketing. It can also be thought of in terms of implementing destination management – identifying and addressing strategic issues to enhance the economic and social benefits of tourism in a destination and to mitigate the negative impacts.

In 2015, DBC was tasked with developing destination development strategies for the province. The province was divided into 20 planning areas for the purpose and a process of developing strategic plans for each area was undertaken. To date, 18 of the 20 area destination development plans have been completed.

Appendix B lists the 20 destination development planning areas. As shown on the DBC website, the planning areas have been grouped by tourism region. Several of the planning

areas are corridors or geographical areas that cross regional boundaries and do not fit neatly into tourism regions.

The plans cover a wide range of issues and, unsurprisingly given the diversity and complexity of the tourism system, a wide range of participants would need to be involved in implementation including:

- Provincial public policy issues that apply across most or all of the destination development areas and would require action by one or more provincial ministries or agencies,
- Specific provincial government projects that apply in specific destination development areas such as physical infrastructure projects owned or funded by the provincial government through an agency outside MTAC and DBC, which require both prioritization by the responsible ministry and allocation of funding through the annual budget process;
- Provincial tourism policy issues that are within the jurisdiction of the ministry or DBC either at a provincial or local scale;
- Local government responsibilities at the regional district or municipal level, including local infrastructure and areas of local jurisdiction such as land use planning or funding for activities such as trail building, some of which could be eligible for grant funding from the federal or provincial government or from one of the provincially-chartered regional trusts;
- Regional level activities of provincial government agencies related, for example, to specific land use decisions for Crown land; and
- Issues that can be addressed by the tourism stakeholders within a region or destination development area, some of which could also be eligible for grant funding.

To date, the emphasis on destination development in B.C. has been on completing the 20 strategic plans and rolling those plans up to provide an overview of the implications of the plans for the provincial government, which is a responsibility that has been assigned to DBC. s.13

s.13; s.17

Other Tourism-Related Functions

While the discussion related to destination management has focused on the marketing and destination development functions, there are several other tourism-related functions, some of which have emerged relatively recently:

- **Sustainability** – internationally destination management is usually discussed in the context of sustainability, largely in response to climate change in conjunction with the

adoption of the 17 Sustainable Development Goals by the UN General Assembly in 2015.⁸ In B.C., the Thompson Okanagan Tourism Association (TOTA) has been the leader in applying the principles of sustainability to tourism, having engaged in strategic planning that is largely built around sustainability with strong regional buy-in from tourism stakeholders. TOTA has been internationally recognized for its work. Sustainability is a principle underlying destination development plans and other RDMOs are increasingly focusing on sustainability as a guiding principle.

- **Human resources** – availability of labour throughout B.C. has been an issue for the B.C. tourism industry and many other industries for many years, especially the availability of trained and experienced workers as the industry continues to grow, with housing affordability often cited as a significant cause. DBC has a specific human resource mandate and provides province-wide training opportunities in emerging areas, generally stepping back as other public and private training providers begin offering the content. Recent events related to human resource services, especially services related to matching workers with jobs, formerly provided by go2HR in conjunction with administering the Serving Right certification, may leave a gap in this area;
- **Indigenous tourism** – Indigenous Tourism BC (ITBC) is a provincially supported agency dedicated to developing indigenous tourism. Most of the RDMOs have a memorandum of understanding with ITBC under which jointly funded staff provide regional services focused on supporting indigenous tourism;
- **Accessibility** – most of the RDMOs have entered into a memorandum of understanding with Spinal Cord Injury BC to provide shared-cost accessibility coordinators for the tourism industry in the regions;
- **Emergency preparedness and response** – spurred by the 2017 fire season and reinforced by 2018, RDMOs have developed emergency preparedness and response capacity for the tourism industry in each region to facilitate the ability to manage visitors in the event of an emergency. This function was initially developed by CCCT and has been extended to all of the RDMOs based on specific funding provided for the purpose by MTAC. There has also been a marketing response to the media coverage of fires in bad fire years, led by DBC.

Public Tourism Funding

The following four tables provide a picture of provincial and related tourism funding.

As shown in Table 1, in 2018/19 there was about \$135 million government funding of tourism-related activity. s.17

s.17

⁸ UN World Tourism Organization, Guidelines for Institutional Strengthening of Destination Management Organizations (DMOs), 2019

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WHAT I HEARD

Appendix C provides a list of those participating in this review along with their affiliations.

DBC

DBC has provided extensive background information about the B.C. tourism system, how it works and is funded and has co-operated fully with this review. It has explained its operations and how and why they have changed over time, and its plans for the future.

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RDMOs

The RDMOs have also fully co-operated with the review and have provided full access to information and responded promptly to all requests for information and clarification.

s.16; s.17

The RDMOs indicated that their value arises from their ability to lead collaboration and innovation at the regional level. They believe effective alignment of tourism system marketing efforts generally requires effective RDMOs with the ability to do what is required in their own region to get the system to align as much as possible to the provincial brand. They also believe that regional destination management, including destination plan implementation needs RDMOs with a mandate to do that, in accordance with established government policy and priorities.

RDMOs feel they bridge the gap between the local community level and the provincial level. In many locations, the tourism community is too small and has too few resources to be effective in terms of either marketing or management but can be effective when working together. ^{s.16}

s.16; s.17

s.16; s.17

Both parties agree that RDMOs are best placed to deliver this function s.16
s.16; s.17

s.16; s.17

Tourism products created or improved through destination development require local level marketing, and that, like all tourism marketing, should be aligned with the provincial brand. Such marketing needs to be sensitive to market readiness and destination development implementation success.

s.16; s.17

CDMOs & Sector Organizations

While there was a range of opinions expressed by CDMO and sector organization representatives who participated in the review, there were some common themes that arose:

- There was almost universal agreement that DBC is a highly effective organization that is especially skilled in terms of the international marketing of B.C. as a tourist destination and in building and maintaining the B.C. provincial brand.
- Outside the major markets, there is also broad agreement among CDMOs about the value of RDMOs within the B.C. tourism system in terms of providing regional coordination, facilitating collaboration and sparking innovation. s.16

s.16; s.17

- There was universal agreement that implementation of destination development plans requires a long-term effort that involves broad ongoing stakeholder engagement at the local level and that RDMOs are best placed to undertake that activity, at least outside the major markets.

s.16; s.17

DISCUSSION

s.16; s.17

History

The question of centralized vs. decentralized has arisen over at least a quarter-century of history.

Tourism BC was created in 1995 as a tourism marketing focused Crown corporation. It used RDMOs as a way to coordinate local activity and leverage business marketing activities through

government funded co-op marketing programs. The RDMOs were originally dues-paying member driven industry associations. As tourism marketing evolved, the RDMO structure evolved to the current regional boundaries and the current stakeholder governance with no dues to ensure broad cross-system representation. Generally speaking, the structure was relatively decentralized.

In 2010, Tourism BC was dissolved and the funding, programs and mandate of Tourism BC were absorbed into the Ministry. s.17

s.17

Destination Development Implementation

s.13; s.16; s.17

s.13; s.16; s.17

Marketing

The purpose of marketing is to increase demand. That happens at the level of the province as a destination, at the level of gateway destinations and major attractions and at the local level. National and sub-national jurisdictions everywhere manage marketing of the jurisdiction as a destination in a centralized way for several good reasons, including the fact that tourism marketing is an important element in the jurisdiction's international brand and reputation and the fact that it is much more efficient to market the jurisdiction internationally and to domestic long-haul visitors centrally than to try to coordinate it across a diverse industry.

It is generally agreed that DBC is very effective in building, maintaining, promoting and marketing the provincial tourism brand. There is no disagreement that this should be a centralized role.

s.16; s.17

s.13; s.16

Options

s.13; s.16; s.17

s.13; s.16; s.17

Level of Centralization

The strategic framework published by the Ministry in March 2019 provides a specific destination management public policy context for provincial tourism activities. The subtitle of the framework sets the tone: “Welcoming Visitors – Benefiting Locals – *Working Together.*”

s.13; s.16; s.17

RECOMMENDATIONS

s.13; s.17

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Withheld pursuant to/removed as

s.13; s.17

APPENDIX A – TERMS OF REFERENCE



TERMS OF REFERENCE **Regional Destination Marketing Organization Roles and Funding Review**

Date: May 28, 2019

Background

The five Regional Destination Marketing Organizations (RDMOs) are contracted by Destination BC (DBC) to deliver marketing and destination development initiatives in BC's regions. These agreements range in value from approximately \$600K to over \$1M annually. The agreements have been in place for decades with no funding formula to determine the regional allocations or clear rationale for the discrepancies. The funding allocations have not been reviewed or amended to reflect recent changes in the tourism system including the evolution of the RDMO roles in destination development and emergency management, as an example. In addition, the province currently invests more than \$145 million in tourism annually through Destination BC and programs such as the Tourism Events Program (TEP), Resort Municipality Initiative (RMI) and Municipal Regional District Tax (MRDT). There is an opportunity to look at the roles of the RDMOs and the broader provincial investments in tourism to ensure resources are being utilized effectively and provide the best return on investment.

The Task

The purpose of this review is to examine the RDMO funding model including roles and responsibilities, tools and resources, and current provincial investments in tourism to determine an appropriate funding formula and associated deliverables for the RDMOs within the broader tourism system.

s.13; s.17



Ministry of
Tourism, Arts
and Culture

s.13; s.17

Terms of the Assignment

The review will be conducted by Dan Perrin, Perrin, Thorau and Associates Ltd, who will report to Shauna Brouwer, Deputy Minister, Tourism Arts and Culture. The Tourism Branch will provide information and assistance to the review.

Both the RDMOs and DBC will be consulted in undertaking the review.

The review is expected to begin in early June 2019. The reviewer will provide regular verbal progress reports, a draft report by September 15, 2019 and a final report by October 15, 2019.

APPENDIX B - DESTINATION DEVELOPMENT PLANNING AREAS

Cariboo, Chilcotin, Coast

Chilcotin Central Coast

Gold Rush Trail

Interlakes

Sea-to-Sky Corridor

Kootenay Rockies

Columbia Valley

Highway 1 Corridor

West Kootenays and Revelstoke

Northern BC

Haida Gwaii

Northeastern BC

Northwestern BC

Thompson Okanagan

North Thompson & Nicola Valleys

Okanagan Valley

Shuswap-North Okanagan

Interlakes

Highway 1 Corridor

Highway 3 Corridor

Gold Rush Trail

Vancouver, Coast & Mountains

Metro Vancouver

Fraser Valley

Sea-to-Sky Corridor

Sunshine Coast

Gold Rush Trail

Highway 3 Corridor

Vancouver Island

Greater Victoria

North Island

South Central Island

APPENDIX C – PARTICIPANTS

Individuals from the following organizations were interviewed:

Region	Affiliation
CCC	Soda Creek Indian Band & Aboriginal Affects Consulting
CCC	Corbett Consulting
CCC	Danfor Developments
CCC	Aboriginal Affects Consulting
CCC	Cariboo Chilcotin Coast Tourism Association
KRT	Kootenay Rockies Tourism Association
KRT/Ind.	Resorts of the Canadian Rockies & The Canada West Ski Areas Assn.
KRT	Tourism Golden
KRT	Tourism Revelstoke
NBC	Tourism Smithers
NBC	Northern British Columbia Tourism Association
NBC	Tourism Prince George
TO	Big White Ski Resort
TO	The Royal Kelowna
TO	Thompson Okanagan Tourism Association
TO	Tourism Wells Gray
TO	Delta Hotels by Marriott Kamloops
TO	Thompson Okanagan Tourism Association
VCM	Tourism Vancouver
VI	RCA Consulting
VI	Merridale Ciderworks Corp.
VI	Tourism Association of Vancouver Island
VI	Prince of Whales Whale Watching
VI	Tourism Greater Victoria
VI	Tourism Ucluelet
DBC	Destination BC
Ind.	BC Ale Trail & BC Craft Brewers Guild
Ind.	Tourism Industry Association of BC
Ind.	Mountain Bike Tourism Association
Ind.	BC Wine Institute

Note: "Ind." denotes a province-wide industry group

