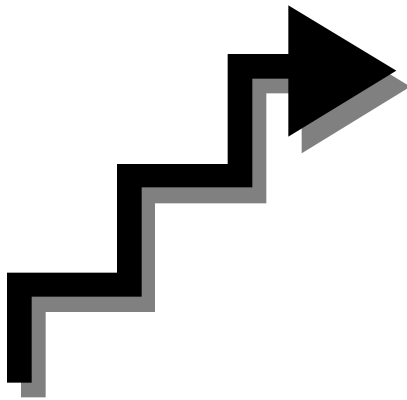


SCTP Sustainable Funding Study

Final Report

Prepared for the Sunshine Coast Tourism Partnership,
Sunshine Coast Community Economic Development Society
and Community Futures Development Corporation of the Sunshine Coast

August 30, 2004



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Executive Summary

The *Sunshine Coast Tourism Partnership Sustainable Funding Study* was commissioned by the Sunshine Coast Tourism Partnership (SCTP) to research sustainable funding sources appropriate to the Lower Sunshine Coast to support the organization's tourism development work, identify marketing partnerships suitable for industry stakeholders, assess the level of financial participation that industry stakeholders may agree to, and to identify a working committee within the tourism industry that will implement the strategy.

A regional approach to community economic development and tourism development is seen as the most effective way to serve the visitor because visitors do not readily distinguish a destination by political boundaries, but rather by the attraction base and access to and around an area. If an investor or visitor makes a purchase in one community or another, the economic benefits ripple out to the larger community where everyone makes use of the transportation network, the increased goods and services, the natural resources, recreation opportunities, and the employment opportunities. A regional approach is the most effective way to serve the visitor and it is also an efficient use of a community's financial and human resources.

Sustainable funding is defined as a tax-based funding source, at a predictable level, for at least a five-year initial time horizon with the prospect of being renewed for successive years after start-up, on review of performance. Based on the extensive research of the *SCTP Business Plan*, a target budget of \$167,000 has been posed for the establishment of a destination marketing organization for the Lower Sunshine Coast.

The structure of our taxation system limits the ability to provide an equitable solution for a sustainable funding supply for tourism development that captures all tourism businesses. Based on an analysis of the current situation relative to the potential funding source options, it is recommended that the implementation of a 2% additional hotel room tax (AHRT) should form the foundation of the Lower Sunshine Coast's sustainable funding strategy. The institution of an additional hotel room tax is a mechanism that will allow the tourism industry to have control over the investment of the tax levy. The implementation of this tax would also demonstrate that the tourism sector (through their customers) is contributing substantially to the promotion of its own industry, which will make a better case for other sources of taxation revenue to be invested in the development of the industry. This method does not rely on the electorate at large or on other business sectors to agree to the taxation, however, this source is not sufficient by itself.

Research indicates that the AHRT could yield in the range of \$77,000 towards the target budget of \$167,000 for the operation of a destination marketing service. The balance of the required funds, \$90,000 per year, could be obtained from the establishment of a tourism economic development service.

It is also recommended that the SCTP build agreement among tourism operators located in all areas of the Lower Sunshine Coast to become marketing partners by making a financial contribution that will partially support the operation of a community destination marketing office as well as participating in marketing partnerships. And, because of the inequities that exist in

current taxation methods as they apply to tourism sectors, it is recommended that the SCTP approach key sectors, such as the Bed and Breakfast sector, to contribute towards tourism marketing in a way that will supplement the contribution of accommodations subject to the proposed additional hotel room tax.

These funding goals will require concerted effort during a transition period. There is currently an opportunity for a regional economic development project coordination function with Community Futures Development Corporation (CFDC) of which tourism could be a part. It is recommended that the SCTP approach both of the municipalities of Gibsons and Sechelt to contribute \$10,000 each, to be partnered with the CFDC economic development function, to fund work to be done during a tourism development transition period from September 2004 to March 2005. In addition, the SCRDC should be approached for funds to support this strategy during the transition period.¹ Under the guidance of the SCTP, key tourism development tasks that the proposed transition period staff should complete include: conducting a cost-benefit awareness campaign for a 2% additional hotel room tax, building support for a regional tourism economic development service, and coordinating cooperative marketing projects.

This strategy is seen as the most appropriate combination of possible funding options that will assist the community to overcome challenges and to realize sustainable tourism economic development. While not within the scope of this research to resolve, it is evident that the challenge of capturing non-hotel based accommodation through the existing taxation options creates an inequity in the tourism sector.

Additionally, this research highlights that there are mechanisms available to certain communities such as Greater Vancouver and mountain resort communities that greatly assist them in tourism marketing funding (refer to Appendix A for more information). It is recommended that the Sunshine Coast tourism sector bring these issues forward to Vancouver Coast and Mountain tourism region and to the Council of Tourism Associations of British Columbia (the policy advocate for the tourism industry) with a view to bringing these inequities in funding mechanisms to the province for possible legislative changes.

¹ It is unknown whether discretionary funds are available through the SCRDC for this purpose.

Introduction

Background

The Sunshine Coast Tourism Partnership (SCTP) is a working committee of the Sunshine Coast Community Economic Development Society. The SCTP is made up of eighteen non-governmental organizations that have a stake in the tourism sector on the “Lower Sunshine Coast”, a geographic area from Port Mellon to Earl’s Cove including the Town of Gibsons, District of Sechelt, and the rural areas of Pender Harbour and Egmont, Maderia Park and Roberts Creek (population 25,559²).

Only forty minutes by ferry from the Greater Vancouver metropolitan area, this region is included in the territory of the Vancouver Coast and Mountains (VCM) destination marketing organization (DMO). If resources permit, the Sunshine Coast can take advantage of a multitude of marketing opportunities and services that are offered by VCM.

The Lower Sunshine Coast also has the benefit of sharing the Sunshine Coast region with Powell River, sometimes referred to as the Upper Sunshine Coast. Both areas of the Sunshine Coast have a mutual interest in attracting visitors, either drawing on the large volumes of tourists in the VCM region or in encouraging travellers to drive the circle tour between the Upper and Lower Sunshine Coasts, Vancouver Island, and Greater Vancouver. This geographic association lends itself to beneficial marketing partnerships for the Sunshine Coast as a region.

Formed in 2000, the SCTP has operated with the assistance of the Community Futures Development Corporation of the Sunshine Coast and the volunteer energy of the partnership participants. Several initiatives have been undertaken to plan for and implement community tourism marketing, such as the development of a five-year business and marketing plan, electronic inventory of tourism businesses, and the creation of marketing projects such as the Sunshine Coast Recreation Map and the Sunshine Coast web portal (www.sunshinecoastcanada.com currently under development).

Sunshine Coast Tourism Partnership Participants

- ⇒ Capilano College, Sunshine Coast
- ⇒ Coast Cultural Alliance
- ⇒ Community Futures Development Corporation of the Sunshine Coast
- ⇒ Gibsons & District Chamber of Commerce
- ⇒ Gibsons Economic Development Partnership
- ⇒ Gibsons Landing Business Association
- ⇒ Pender Harbour and Egmont Chamber of Commerce
- ⇒ Pender Harbour Growth & Development Partnership
- ⇒ Pender Harbour Tourism Partnership
- ⇒ Roberts Creek Business Association
- ⇒ Sechelt & District Chamber of Commerce
- ⇒ Sechelt Downtown Business Association
- ⇒ Sechelt Economic Development Partnership
- ⇒ Sunshine Coast 2010 Olympic Committee
- ⇒ Sunshine Coast B&B and Cottage Owners Association
- ⇒ Sunshine Coast Community Services Society (Sechelt Visitor Information Centre)
- ⇒ Tourism Powell River
- ⇒ Vancouver Coast & Mountains Tourism Region

² Stats Canada, 2001 Census.

While much has been done through project funding and volunteer work, the SCTP now requires information on potential sources of sustainable (tax-based) funding to enable a sustained community tourism development program to be conducted, through the establishment of a destination marketing office, and thus have commissioned the *Sunshine Coast Tourism Partnership Sustainable Funding Study*.

Objectives of the SCTP Sustainability Study

The specific objectives of this study are:

- to research sustainable (tax-based) sources of funding to support tourism development and marketing;
- to recommend a blend of any potential local, regional or provincial government funding streams for the SCTP that is appropriate for the Lower Sunshine Coast.
- through consultation with Sunshine Coast tourism industry stakeholders, to identify a range of marketing partnerships and to assess the level of participation and preferred direction of participation in coordinated destination marketing; and
- to identify a Working Committee within the tourism industry that will implement the *SCTP Sustainable Funding Strategy*.

Tourism in the Context of Economic Development

This study is predicated on an understanding of tourism and economic development as parts of an interconnected system. Tourism development is a specialized strategic business unit among a range of activities that can be classified as community economic development. Because tourism development activities, such as tourism marketing and visitor fulfillment, often operate in different buildings and sometimes under the control of different organizations, they may not be perceived as the economic development activities that they are. A healthy and growing tourism industry positively affects not only the hospitality industry, but also the building trades, financial services, real estate sectors, and local tax revenues of a community. Conversely, tourism activities are affected by other business and industrial sectors such as the general health of the economy, exchange rates, and the extraction of natural resources affecting the scenic qualities of an area.

Therefore, in order to see tourism in the context of general economic development, the following sections will clarify commonly used terms, highlight the wider implications of tourism development, and clarify the roles of public and private development agents.

Community Economic Development

Community Economic Development (CED) is a grassroots approach to economic development that embodies the principles of equity, fairness, environmental compatibility, and quality of life. As noted in a recent economic development plan for the Sunshine Coast, “Economic development is important to the local economy and a local policy on economic development does matter because development policy will increasingly affect local taxpayers, both directly

and indirectly. Evidence from across North America suggests that development programs are working and providing the benefits they set out to achieve.”³

Visitors and the Need for Market-Driven Strategies

A visitor, or tourist, is anyone who is a non-resident of the community, who may have an interest in the community for the purposes of business/investment, relocation, education, health or leisure travel.

In the context of community economic development it is important to identify a tourism development strategy that not only meets the expectations of the visitor, but also meets the needs of the host community.

A regional approach to community economic development and tourism development is seen as the most effective way to serve the visitor because visitors do not readily distinguish a destination by political boundaries, but rather by the attraction base and access to and around an area. Therefore, marketing and communications must reflect the boundaries that a visitor will typically experience, tailored to the visitor’s purpose whether it is for tourism, business investment, or relocation.

When a destination is a region such as the Sunshine Coast, rather than a single geographic location such as one municipality or one resort, the most successful strategy is one that promotes the whole region.

Development of Community Tourism

When a community embarks on an economic development path, ideally stakeholders will understand the need to promote orderly development through strategic planning, which reflects the values of the people in the community. The level of organized planning and management of the sector depends on the strength of leadership that exists to proactively develop the community.

Planning and management, at all levels, be that in the area of product development, promotion of the use of existing attractions and resources, or defining limits to growth, is central to the long-term sustainability of tourism. Sustainable development provides a balance between positive and negative impacts socially, economically, and environmentally within the community. The impact of tourism is most apparent at the community level where jobs are created and where the tourists visit. Many communities now realize they need to be more responsive and proactive in their approach to tourism. Responsive communities have realized that, no matter what the nature of their tourism attractions, they find themselves in competition with scores of other communities and if they do not conduct some form of external marketing their region will be less visible in the marketplace. In addition, the most proactive communities are concerned over what is actually developed, how it is promoted, and the impacts tourism development may have.⁴

³ *Community Economic Development Strategic Plan Lower Sunshine Coast*, Lions Gate Consulting 2002
www.communityfutures.org/sccedp

⁴ *The Tourism Development Handbook*, Godfrey/Clarke 2003 pg. 6

Historically tourism marketing at the local level in smaller British Columbia communities has been conducted in a reactive way as a byproduct of fulfilling information requests, typically made to a visitor information centre. Community tourism marketing today has evolved with financial and human resources dedicated to conduct proactive external marketing actions to persuade targeted prospective visitors to visit the community.

Tourism development today includes marketing, but simply marketing, by itself, is not effective for the long-term sustainability of the industry. Tourism development must also consider the quality and availability of the mix of tourism products, access to and transportation within the region, customer service, visitor services, cooperation and collaboration amongst stakeholders, communication within the local community as well as external communications with the target audience. Tourism plays a major role in most economic development strategies in British Columbia communities since the vast majority of potential new investors or residents would have some form of a visitor experience with the community, if not in person then at least through communications such as the Internet or the responses from travel counselors at a local visitor information centre.

The components that make up a tourism destination (infrastructure, superstructure, hospitality of the people, transportation systems and natural resources) are not exclusive to the tourism sector, nor do tourism stakeholders control them. Some aspects of the industry, such as information and infrastructure, are often the direct responsibility of local government. In addition, many non-profit and voluntary groups may affect tourism through their own activities, such as conservation and preservation work done by community groups, or by running local festivals and community events. Therefore, while the private sector may play a role in tourism, it is not alone and should not act alone. Research suggests that the best destination development plans are those that involve non-profit organizations, local government, and the private sector. Success in local tourism flows from collaboration and cooperation, not internal competition and division. Organization and coordination of tourism economic development are key.⁵

Tourism development requires an approach that includes more than just the promotion of a destination area. It requires a comprehensive view of development, which considers the development of other industries, markets, products, communications and destination planning. In this report, tourism marketing and visitor fulfillment (responding to visitor inquiries) are seen as part of a continuum of tourism development that together are important components of a community's overall economic development.

Roles of Government and the Private Sector in Tourism Development

In community development, the government plays an important role, which is to oversee the healthy development of tourism activity so that it benefits the entire community. The main role of the private sector is to serve the needs of the visitor. The following guidelines for the roles of government and the private sector have been adapted from Volpe and Burton:⁶

⁵ *The Tourism Development Handbook*, Godfrey/Clarke 2003 pg. 6

⁶ *Tourism New Realities a Canadian Perspective*, Volpe/Burton 2000 pg. 145

Governments are able to:

- establish development and tourism policies;
- provide research, business advice, and planning assistance;
- work with other government jurisdictions to facilitate tourism development in the community, region, province, and country;
- channel resources to promote tourism at the provincial, national, and international levels (as done by Tourism BC);
- engage in public-private partnerships for the development of new products;
- encourage foreign investment and trade to assist the economy of a region;
- maintain a focus on economic, environmental and social benefits of tourism activity; and
- operate public sector tourism attractions or parks.

The role of the private sector is to:

- own, operate, develop and manage individual tourism businesses;
- cater to the needs of the travelling public;
- promote their individual businesses or properties; and
- lobby and advocate for tourism initiatives.

Sustainable Funding Definition

Sustainability has social/cultural, environmental, and economic dimensions. Economic sustainability applies to communities as well as to the organizations that lead tourism development. Sustainable funding for the SCTP organization is defined as a tax-based funding source, at a predictable level, for at least a five-year initial time horizon with the prospect of being renewed for successive years after start-up, based on review of performance.

Development is a long-term commitment to effecting change. Time is needed to see the results of developmental actions such as an annual marketing program or to participate in the shaping of policy and infrastructure development in a community. A minimum five-year funding horizon for the start-up of a tourism development organization is needed to allow time to see a return on investment.

Being sustainable also means being accountable to the tourism community and the community at large. With the requirement of a performance review at agreed-upon intervals, the community has a way of gauging the return they are receiving on their investment in tourism economic development by way of a community destination marketing service.

Study Methods

The methods used to prepare the *SCTP Sustainable Funding Strategy* included both primary and secondary research within the Lower Sunshine Coast as well as external research outside the study area.

Internal research included:

- literature reviews;
- an online survey of tourism stakeholders from the Lower Sunshine Coast;
- administration of an email questionnaire to the Sunshine Coast Tourism Partnership participants;
- interviews with Sunshine Coast Tourism Partnership participants; and
- attendance at the presentations of the *Bottom Line Business Retention and Expansion Program*, *District of Sechelt Draft Investment Attraction Strategy*, *Gibsons and Electoral Areas E and F Community Economic Development Strategic Plan*, *Gap Analysis* June 24, 2004.

External research included:

- internet research and interviews with key informants from various communities in BC engaged in economic development and tourism development;
- internet research and telephone interviews with local and regional governments of the Sunshine Coast and the Province of BC;
- attendance at a presentation of the *Tourism Vancouver Island Stakeholder Model*, April 7, 2004; and
- attendance at the Vancouver Coast and Mountains Tourism Region Marketing Committee Meeting June 10, 2004.

Relationship with Other Plans

Over the past ten years, several economic development planning exercises have been conducted on the Sunshine Coast. Coincident with the latest economic development strategy were the SCTP Business and Marketing plans.

August 2002	<i>Sunshine Coast Tourism Partnership Business Plan and Strategic Marketing Plan</i> , Explorer's Research in association with Simone Carlyse-Smith Business Consulting www.communityfutures.org/sctp_bp.html
September 2002	<i>Community Economic Development Strategic Plan: Lower Sunshine Coast</i> , Lions Gate Consulting Inc. www.communityfutures.org/sccedp
June 2004	<i>DRAFT Gibsons, Areas E and F Community Economic Development Strategic Plan</i> , Economic Growth Solutions Inc. in association with Gardner Pinfold Consulting Inc.

June 2004

Investment Attraction Strategy, Draft Version presented June 24, 2004
Prepared for the District of Sechelt by Frances Warner, Warner
Architecture and Planning and Jane Davies, Consultant

The *SCTP Sustainable Funding Study* builds upon the 2002 *Community Economic Development Strategic Plan: Lower Sunshine Coast*, which found tourism to be among the top opportunities for economic growth based on responses from an extensive community consultation process.⁷ The *CED Strategic Plan* focused on tourism product development —actions recommended to grow the tourism sector by building on strengths, developing infrastructure, and special event development.

This study also builds upon the *SCTP Business Plan and Strategic Marketing Plan*, which together provide a “roadmap” for establishing a destination marketing service for the Lower Sunshine Coast. These documents provide detailed strategies and budgets that form the base case of the *SCTP Sustainable Funding Study*’s projections regarding what would be required to operate a community destination marketing service with sufficient financial resources. The present study is a continuation of previous work, but it has a single focus, which is to identify sustainable core funding to operate a destination marketing organization. In the earlier studies, \$157,000 is cited as core operating funding for a community destination marketing service as this reflects what is required for a similar proposal of services in other comparable-sized community marketing organizations in the province. The budget accompanying the *SCTP Business Plan* indicates a target of \$167,000 to account for the administration costs involved in obtaining sustainable funding through tax-based sources. This study’s online survey of the Sunshine Coast tourism sector rounded the target budget up to \$170,000 per year as an estimate of required funds.

Both the District of Sechelt and the Town of Gibsons have demonstrated leadership in taking steps towards economic development. While the municipalities’ plans are currently in draft form, it is anticipated that these initiatives will reveal areas where several organizations’ overlapping interests can be advanced through mutually beneficial marketing partnerships between the municipalities and the SCTP.

Why Invest in Tourism Development?

Tourism development only represents one sector of the economy. By no means should it dominate a community’s economic focus. The Sunshine Coast holds great potential for tourism, however, without destination marketing it becomes less and less visible in the marketplace, due to increased competition from other communities across the province investing in tourism development. Tourism is strongly supported by the Sunshine Coast community at large as indicated by the community survey done in 2002.⁸ The local tourism industry supports programs already in place by the organizations that make up the Sunshine Coast Tourism Partnership. Yet, the community lacks a dedicated regional approach to tourism marketing and development.

⁷ Consultation included 77 participants in focus groups, 10 key informant interviews and a survey administered to every household from which 900 responses were obtained. (Source *2002 Sunshine Coast Community Economic Development Strategy* Executive Summary pg. 6)

⁸ *2002 Community Economic Development Strategic Plan: Lower Sunshine Coast, Lions Gate Consulting Inc.*

Potential Economic Impacts as a Result of a Destination Marketing Service

The economic impact of tourism on the Sunshine Coast was established through a survey of the industry in 2002 as part of the SCTP's *Business and Strategic Marketing Plans*. The operating costs of the destination marketing office would be approximately \$157,000 annually, which is outweighed by the benefits of 195 new jobs and \$5.4 million annually in payroll.⁹

There are other quantitative and qualitative benefits that could accrue to the community from this type of development such as:

- Local governments would see increased tax revenues from both property and business licence sources.
- Further diversification of the tax base would occur from tourism sector and growth would lessen the burden on the residential taxes.
- Increased social and community stability could arise from more employment and may translate into lower policing and social service costs.
- More opportunities would be created for tourism service workers and for local youth to enter the labour force.

Refer to Appendix B for more information on the economic impact of tourism development.

What Does the Community Think?

In June 2002, as part of the *Sunshine Coast Economic Development Strategy*, Lions Gate Consulting surveyed all households on the Lower Sunshine Coast, receiving 901 responses to a questionnaire on residents' opinions and desires regarding economic development. These findings provide insight into the sentiments of the local community. The survey results showed a high level of support for economic development with the majority of respondents favouring local government assistance for the implementation of a Sunshine Coast economic development strategy. The survey results also reflect the findings of the Sunshine Coast Regional District's *Regional Growth Strategy* survey conducted earlier in 2002. There was little difference in support expressed by municipalities versus regional district residents. And, 65% of respondents ranked tourism as having excellent economic potential, well ahead of residential growth as the next closest sector showing promise of growth. The survey results are summarized in Appendix C.

Trends and Best Practices in Tourism Economic Development

Tourism as an Economic Development Strategy

Communities throughout British Columbia, other parts of Canada, and around the world are looking to tourism to diversify and strengthen their economies. However, not all communities are well positioned to attract tourism markets despite their desire or commitment of funds to do so. The shaping of any development strategy needs to be conscious of local history, context, and political will. It is also prudent to examine current trends and existing best practices in order to take advantage of the development knowledge available from other communities.

⁹ *SCTP Business Plan, Explorer's Research with Lions Gate Consulting, 2002 Appendix 7*
www.communityfutures.org/sctp_bp.html

Refer to Appendix D for information on key trends, best practices, and case studies of communities in British Columbia.

Situation Analysis

When sufficient groundwork has been put in place through strategic planning for economic development and tourism development, there comes a time in the planning process where the next step of commitment of funding elevates the community to a level that will allow it to meet the objectives it has set out to achieve. Throughout all the Sunshine Coast's strategy work to date, it has been recognized that the communities form a part of the Sunshine Coast region and that what benefits one community will also benefit the others. Economic development and tourism development are not limited by political boundaries because of the interconnectedness of the Lower Sunshine Coast's economy. This can be seen in the pattern of local spending where people who live or work in one part of the coast often shop in another part. It is also true that visitors attracted by one Sunshine Coast community may spend their money in another community once they are visiting on the coast. Therefore, it is recommended that the approach to tourism economic development be from a regional perspective.

The needs of the target markets must be kept foremost in the minds of the individuals who will steer the tourism marketing strategy forward to implementation. The Sunshine Coast has an island-type geography in the sense that the area is primarily accessed by BC Ferries and, once on the Sunshine Coast, there is only an 84-kilometre distance between Langdale and Earl's Cove. As a result of the linear nature of the coastline and the presence of only one main highway, the visitor is not limited by one political boundary or another, whether their interest is for leisure purposes, to invest in property, or start a business. This is the crucial link in understanding the necessity to market the Sunshine Coast as a region, and to continue partnering with all stakeholders in regional development in a way that recognizes the individual needs of each community, while understanding it is their combined value that makes the Sunshine Coast a desirable place to live, work, and play.

The Sunshine Coast's community economic development planning groups and organizations are motivated, organized, and successful on various levels. However, the groups have reached a plateau regarding what they can achieve as volunteer organizations operating on intermittent project funding. There are three community economic development partnerships (Sechelt, Gibsons, and Pender Harbour) that, along with the Sunshine Coast Tourism Partnership, form part of the Sunshine Coast Community Economic Development Partnership. Strategic plans have been drafted for economic development, including tourism development, for the municipalities of Gibsons (including Electoral Areas E and F) and the District of Sechelt from an investment attraction perspective. Many challenges to achieving tourism economic development goals on the Sunshine Coast have been examined in the creation of this tourism funding strategy, which are detailed in Appendix F.

The following strategy is seen as the best combination of possible funding options to help the community to overcome the challenges and to realize sustainable tourism economic development. While not within the scope of this research to resolve, it is evident that the challenge of capturing non-hotel based accommodation through the existing taxation options

creates an inequity in the tourism sector. Additionally, this research highlights that there are mechanisms available to certain communities such as Greater Vancouver and mountain resort communities that greatly assist them in tourism marketing funding (refer to Appendix A for more information). It is recommended that the Sunshine Coast tourism sector bring these issues forward to Vancouver Coast and Mountain tourism region and to the Council of Tourism Associations of British Columbia (the policy advocate for the tourism industry) with a view to bringing these inequities in funding mechanisms to the province for possible legislative changes.

Tourism Funding Strategy

The establishment of an economic development service and a tourism development service are not dependent on one another, but rather they work in tandem and complement each other. The following funding strategy is recommended to fulfill the objective of the SCTP to identify sources of core funding to establish a destination marketing organization for the Lower Sunshine Coast.

Sustainable Funding Sources & Recommendations

Detailed research on the known potential sources of sustainable (tax-based) funding that are being employed in British Columbia for the purpose of tourism development is contained in Appendix A of this document. The ideal sustainable funding source for tourism economic development would be equitable across the industry, relatively simple to administer, be delivered by one umbrella government agency, and impose a taxation level that the community can afford. No single source of funding was found that satisfies these objectives.

Funding sources from the municipal, regional, and provincial government mechanisms that have been explored include:

- Establishment of a Business Improvement Area
- Vancouver Tourism Levy
- Businesses Licences
- Additional Hotel Room Tax
- Establishment of a Tourism Economic Development Service

Among these sources, the first two are not seen to be viable mechanisms for the Sunshine Coast region.

Establishment of a Business Improvement Area

The establishment of a Business Improvement Area, targeting tourism businesses, could, in theory, address some of the criteria and objectives of a sustainable funding source by selecting tourism businesses as a separate class of businesses. In practice, it is presently limited to municipalities in the Sunshine Coast, it is cumbersome to administer, and may possibly be open to challenge regarding what constitutes a tourism business.

Vancouver Tourism Levy

The *Vancouver Tourism Levy Act* was created to suit the needs of Tourism Vancouver in response to negotiations surrounding the expansion of the Vancouver Trade and Convention Centre. While of interest for its approach to the problem of finding funding solutions, this

legislation was enacted to meet the circumstances related to a major economic development project and there are no plans to allow other tourism organizations to have similar powers to tax the public in the near future.¹⁰

Businesses Licences

For the purpose of applying a levy specifically to tourism businesses, the business licence system would seem to be a useful mechanism. Within business licencing, tourism businesses can be classified as a type of business and identified on a schedule for the assessment of a particular licence fee. Bed and breakfast operations, which are not assessed through the additional hotel room tax, are required to have business licences within the municipalities. It is possible to assign different business licence rates for different types of businesses. And, in municipal organizations, the administrative resources to levy business licences already exist.

This mechanism could allow municipalities to levy a higher rate of business licence fee on bed and breakfast operations. Although local governments are not able to assign a business licence fee directly to the service of economic or tourism development, local government can assign funds from general revenue for this purpose.

While the Sunshine Coast Regional District does not presently have a business licence system, since it is possible for a regional district to institute business licencing, this mechanism could be used to bring some parity to the way that businesses are taxed across the Sunshine Coast Region.

Recommended Funding Sources

Based on an analysis of the current situation relative to the potential funding source options, it is recommended that the implementation of a 2% additional hotel room tax should form the foundation of the Lower Sunshine Coast's sustainable funding strategy. Sustainable, autonomous funding is only possible in the case of the additional hotel room tax. This core budget could then be leveraged with additional financial support from the municipalities and the regional district. Research indicates that this source could yield in the range of \$77,000 towards the target budget of \$167,000 for the operation of a destination marketing service.

The balance of the required funds, \$90,000 per year, could be obtained from the establishment of a service for the purpose of delivering tourism economic development that is funded through local area taxation.

Research from throughout BC has indicated that the majority of funding from local and regional governments comes from "general funds" and that these services are a line item in the annual budgets. Recognizing that businesses pay business licence fees and, either as property owners or through their rents as tenants, businesses pay property taxes, it is evident that businesses do contribute to local government general revenues. Allocation of funds for tourism development is not unreasonable based on the businesses' contribution to general revenues of the two municipalities.

¹⁰ Conversation with Francesca Wheeler, Project Manager, Corporate Initiatives Branch, BC Ministry of Small Business and Economic Development, June 7, 2004.

Additional Hotel Room Tax

The province's primary recommendation to communities seeking funds to support tourism development is to make use of the ability to levy an additional hotel room tax of up to 2% over the 8% tax that is charged on accommodation, as specified in the *Hotel Room Tax Act* and *Hotel Room Tax Regulations*, which includes roofed accommodation in establishments with four or more rooms.

Of all the funding mechanisms under consideration, the institution of an additional hotel room tax is the mechanism that allows the tourism industry to have the most control over investment in its own sector. This method does not rely on the electorate at large or on other business sectors to agree to the taxation. The implementation of the tax requires the local industry to approve a five-year business plan for the use of the funds. Stakeholders would have the opportunity to be represented on the proposed destination marketing office's Board of Directors, thereby being able to influence how the funds are allocated.

If the accommodation sector were to agree to an accommodation tax, based on the room revenues of \$3,882,000 for the year 2002, the application of a 2% additional room tax would yield \$77,640 in additional hotel room tax.¹¹ Thus, the estimated amount that can be yielded from the Sunshine Coast accommodation sector is somewhat less than half the targeted amount for the tourism marketing budget.

Although this funding source cannot provide the total amount of funding needed, it is a source that would provide tourism stakeholders the greatest autonomy in the development of their own industry. The implementation of this tax would also demonstrate that the tourism sector is contributing substantially to the promotion of its own industry, which would make a better case for other sources of taxation revenue to be invested in the development of the industry.

Establishment of a Tourism Economic Development Service

The *Local Government Act* provides regional districts with the ability to provide for a service to particular electoral areas or, with agreement from its member municipalities, to provide a service across the entire regional district¹². This mechanism is recommended as a supplementary source of funding for tourism economic development that, in combination with an additional hotel room tax, could provide sufficient funding for the creation of a tourism economic development service.

This mechanism has already been employed to provide the economic development service that exists for the Sunshine Coast Region. In June of 2003, the Sunshine Coast Regional District adopted Bylaw 1050, which amended the previous economic development bylaw such that it only applies to Electoral Areas of Egmont/Pender Harbour, Elphinstone, and West Howe Sound

¹¹ Source: BC Stats for the Sunshine Coast for the year 2002. (N.B. actual funds yielded to the community are somewhat less due to administration charges applicable to the procurement of the tax.)

¹² The *Local Government Act* is a complex document that is amended on an ongoing basis. While every effort has been made to provide an accurate interpretation of the legislation in this report, at the time of implementation of the strategy, it is advisable to seek further guidance from provincial government staff, and, additionally, local government staff may wish to seek legal advice prior to the implementation of any funding strategy.

as participating areas for an economic development service. In the preferred scenario, a bylaw that authorized the collection of funds for tourism economic development would apply across all areas of the Regional District including the municipalities.

To establish a tourism economic development service, it would be necessary to assess taxes on all property classes in the areas for which the service is to be provided. If whole electoral areas participate in the service and if there is no borrowing is undertaken to provide the service, then the electoral area directors can consent to the establishment of the service on the behalf of their electors. Therefore, a service could be created without having to hold a referendum or obtain sufficient petitions in favor of the service.¹³ If the Regional District led the establishment of a tourism economic development service for the whole Sunshine Coast, a requisition would be sent from the regional district to the municipalities for the portion of the funding that is to be obtained from each other local government.

This could happen if the level of political will for a tourism development service is sufficiently strong across the Sunshine Coast. However, if regional district directors and municipal officials are not broadly supportive of the service because they are not yet convinced of the benefits and value of the service to the community or because they may be unsure of community support, the establishment of the service may require elector approval through either a referendum or an alternative approval process.

A challenge for the Sunshine Coast as a region is that, although the community survey in 2002 documented residents' support for economic development and tourism development, outside of the municipalities, only selective areas of the Regional District are presently contributing to economic development funding. Depending on political will, it may be that the tourism economic development budget could be obtained solely from the electorate by way of a property tax assessment. However, if this is not the case, the implementation of the additional hotel room tax, which is a component of this strategy's recommendations, could help build agreement for part of the necessary funding coming from the establishment of a tourism economic development service.

Tourism Funding Strategy Composition

The tourism funding strategy composition is proposed to include five partners:

- The tourism industry through the 2% additional hotel room tax
- Town of Gibsons
- District of Sechelt and
- Sunshine Coast Regional District
- The tourism industry through voluntary partnership contributions (These funds would leverage the core funding budget and are not quantified for the purposes of this report.)

Based on the \$90,000 annual contribution to be shared by the local and regional governments, the funding composition reflects the approximate geographic distribution of

¹³ Communication with Don Sutherland, Approvals Branch, B.C. Ministry of Community, Aboriginal, and Women's Services.

tourism businesses on the Lower Sunshine Coast: 32% in the Town of Gibsons, 30% in the District of Sechelt, with the balance of 38% located in the Regional District.¹⁴ The approximate composition of the total number of registered businesses on the Sunshine Coast are 449 in Gibsons,¹⁵ 763 in Sechelt¹⁶ with 1,257 making up the balance in the Sunshine Coast Regional District and the Sechelt Indian Government District. Of the 2,469¹⁷ businesses, the tourism business composition is approximately 110 in Gibsons, 120 in Sechelt and 140 in Pender Harbour.¹⁸

Table 1 – Contribution from each partner.

Annual Funding Composition by Partner	
<i>Partner</i>	<i>Contribution per year</i>
Additional Hotel Room Tax (AHRT) at 2%	\$ 77,000.00
Town of Gibsons	\$ 27,000.00
District of Sechelt	\$ 29,000.00
Sunshine Coast Regional District	\$ 34,000.00
<i>Sub-total Core funding</i>	\$167,000.00
Tourism Industry Partnerships	To be determined
Total Budget	To be determined

In order to justify the proposed tax-based funding sources, it is recommended that the tourism industry also contribute to the costs of conducting community tourism marketing in a broader way than just through a 2% additional hotel room tax. Tourism businesses of all types should be encouraged to contribute financially as marketing partners towards some part of destination marketing operations as well as towards specific marketing projects, thereby leveraging the core funding of tourism economic development.

There is particularly a need for a partnership between the thriving bed and breakfast and vacation rental sector, which supplies approximately one-third of the room inventory on the Lower Sunshine Coast. This weighting of accommodations creates a unique situation on the Sunshine Coast relative to other communities. In the face of inadequate or not yet developed tax-based mechanisms that can be used to collect a more equitable funding stream for tourism economic development, the SCTP should lead the community in building voluntary financial participation within the tourism sector towards industry development.

It is also clear that there are opportunities for businesses that are not typically thought to be within the tourism industry to form marketing partnerships. Marketing funds from retail businesses, gas stations, and certain personal services could be leveraged through coordinated cooperative marketing to prospective visitors.

¹⁴ SCTP 2003 Recreation Map, business counts by area classified by the eight sectors of tourism, Tourism BC.

¹⁵ Town of Gibsons Business Licence Master List as of June 22, 2004

¹⁶ District of Sechelt Business Licence Master Detail List as of June 14, 2004

¹⁷ Statistics Canada, BC Stats. December 2003 Number of Establishments

¹⁸ SCTP 2003 Recreation Map, business counts by area classified by the eight sectors of tourism, Tourism BC.

Transition period: Fall 2004 for the 2005 Local and Regional Government Budget Cycle

The 2% additional hotel tax process can take up to a year or more before cash flow would be realized to the DMO. As a result, a transition phase to implement the funding strategy would need to commence immediately possibly through a Job Creation grant from Human Resources Development Canada to hire an administrative assistant. There is currently an opportunity for a regional economic development project coordination function with Community Futures Development Corporation of which tourism could be a part. Ideally the CFDC project coordinator would assist the SCTP with the implementation of the funding strategy and marketing partnerships, therefore it is recommended the SCTP explore this opportunity in preparation for CFDC board approval in September.

It is also recommended that the SCTP approach both of the municipalities to contribute \$10,000 each for the tourism development transition stage for the period September 2004 to March 2005. This would allow adequate time for the SCTP to conduct a cost-benefit awareness campaign for the 2% additional hotel room tax within the accommodation sector and to engage in a communications strategy to ensure that the community is aware of the benefits of investing in tourism development.

It is understood that currently both the Town of Gibsons and the District of Sechelt each have \$25,000 in their economic development budgets that are unallocated for 2004. Sunshine Coast Regional District Areas E and F currently have \$3,000 each remaining in their economic development budgets. It is unknown what discretionary funds may be available from the other areas of the SCRDC for a contribution during the transition period, however it's recommended they be approached for \$3,000.

Sustainable Funding Five Year Horizon

If the accommodation sector supports the 2% Additional Hotel Room Tax (AHRT) and the local and regional governments pass bylaws to provide a tourism economic development service, the DMO will have a predictable and sustainable source of funding with which to embark on a multi-year tourism development plan.

The challenge in some communities is that annual grants through the local government budget cycle may hinder the advanced planning and commitment of funds required to be effective in the marketplace. Ideally, organizations should operate "at arms length from government" with a five-year plan, overlapping the three-year political election cycle.

Following the provincial guidelines for a five-year renewal process for the AHRT tax system, it is recommended the SCTP produce a five-year budget plan. This plan should be up-dated annually, in tandem with the strategic business and marketing plan to support the reporting requirements for the accommodation tax, to satisfy the information needs of tourism stakeholders affected by the tax, and to be accountable to local governments.

Table 2 Timeline and Proposed Composition of Financial Contributions.

Recommended funding composition to establish a destination marketing organization with a target core budget \$167,000. Additional leveraging with tourism businesses would occur through cooperative marketing programs and government grants as programs become available.

Funding Sources	Base Contribution	Leverage with:	Total budget:
<i>Transition period: Fall 2004 for 2005 local and regional government budget cycle.</i>			
<i>Sept. 2004 to March 2005</i>			
Sunshine Coast Regional District	\$ 3,000		
District of Sechelt	\$ 10,000		
Town of Gibsons	\$ 10,000		
Tourism Industry (AHRT 2% tax)	\$ 0		
Sub-Total		\$ 23,000	
CFDC-SC Regional EDO Projects (partially for tourism projects)		\$ 20,000	
HRDC – Job Creation Grant (1 year labour)		\$ 18,000	
WEPA - Tourism Projects / Planning		TBD	
Sub-Total Core Leveraged Budget			\$ 61,000
Marketing Partnerships		TBD	TBD
<i>Sustainable Funding Five Year Horizon Annual Contributions</i>			
<i>2005 to 2010</i>			
Sunshine Coast Regional District	\$ 34,000		
District of Sechelt	\$ 29,000		
Town of Gibsons	\$ 27,000		
Tourism Industry (AHRT 2% tax)	\$ 77,000		
Sub-Total Core Budget		\$ 167,000	
Marketing Partnerships		TBD	TBD
Total Leveraged Core Budget			TBD

Summary of Key Actions (expanded comments in Appendix G):

- The SCTP remain a working committee partner in the Sunshine Coast Community Economic Development Partnership (SCCEDP).
- Create a stand alone not-for profit society for the Sunshine Coast Tourism Partnership (SCTP)
- Restructure the SCTP board to incorporate local tourism business owners
- Establish a regional economic development function within Community Futures Development Corporation with regional tourism projects as the top priority (product development, industry development and marketing)
- Launch an awareness campaign of the cost and benefits to establish a funded tourism organization (with core funding being established as a partnership between local governments and the tourism sector for the 2005 budget cycle)
- Strengthen partnerships with the SCTP partners to ensure resources are leveraged in the new model
- Confirm regional partnerships to provide content for the new regional web portal www.sunshinecoastcanada.com which services the needs of the visitor regardless of their motivation for visiting the coast (business, leisure, relocation)

- Confirm regional partnerships to develop print materials to support both economic development and tourism development
- Confirm marketing partnerships that can be implemented in the short-term as well as the long-term through stakeholder participation
- Implement the sustainable funding strategy
- Communications – Internal / External

Tourism Development Opportunities – Funding as part of a Regional Economic Development Strategy

This strategy has considered the current activities taking place at the community level to create an economic development service in the communities of Gibsons and Sechelt. The strategy has also considered the long-term strategy for funding economic development, tourism and visitor services together as this represents the "bigger picture" in which tourism development must fit, each service requiring their own distinct budget. Visitor services are currently in local government budgets and economic development activities are line items in recent local government budgets.

The Regional District through the *Sunshine Coast Regional District Economic Development Service Establishing Bylaw No. 1050, 2003* has the ability to collect tax for economic development, which could include marketing and visitor services. Funding derived through this bylaw has the capacity to support a portion of both the tourism development costs and economic development costs if indeed a partnership was formed between the Regional District and the municipalities for both initiatives.

Consider the following regional scenario: A budget of \$175 invested on its own by any one business per year for business development is not likely to make any measurable impact. If the estimated 2,500 businesses on the Sunshine Coast collectively contribute the equivalent of \$175 per business this would amount to a core budget of \$437,500 per year, an ample sum for regional economic development (including a film commission), destination marketing, and visitor services. A typical economic development office budget as stated in the Community Economic Development Lower Sunshine Coast strategy is \$160,000, and the DMO budget is \$167,000, which leaves approximately \$110,000 for visitor services from this budget scenario. In order to implement this strategy, tourism development will need to be considered in the overall economic development funding strategy, which also requires financial support from the tax base to establish the service in an effective way.

The extent to which this scenario could be implemented depends upon political vision and will. The SCTP, through an awareness campaign, needs to communicate the value of tourism economic development in order to build political will, both within all sectors of the industry and with the general public.

Next Steps

Leadership and timing will be key to move the strategy forward to implementation. The following table provides a guideline for next steps, which would need to begin immediately.

Description	Timing 2004	Estimated Costs
Establish an informal working relationship with CFDC to explore the opportunity to have tourism included in a regional economic development function for the lower Sunshine Coast.	Sept	Volunteer time SCTP
Apply for a one year Job Creation Program grant with CFDC through HRDC to hire an assistant for the implementation stage of the plan	Sept	SCTP volunteer time with CFDC
Conduct focus groups for adoption of the strategy, recruitment of tourism stakeholders for the SCTP board and marketing partnerships	Sept	Room costs & facilitator (3) sessions Andestad & Associates
Establish working committees of tourism businesses (resulting from focus groups/or in-depth interviews)	Sept	Volunteer time SCTP
Make a presentation to the CFDC-SC board to secure a regional partnership for economic development projects, where tourism is a priority.	Sept	SCTP Chair
Establish a MOU between CFDC-SC and the SCTP for the role and function for the tourism projects for the regional economic development project coordinator position and Job Creation staff person.	Sept	SCTP with CFDC
Determine support for the accommodation tax to form part of the core funding for the DMO	Sept	Volunteer time SCTP
Identify SCTP projects that fit WEPA criteria and form partnerships	Sept	SCTP volunteer time with CFDC
Determine a partnership strategy for approaching local and regional government for core funding with consideration of the Gibsons and Sechelt community plans for economic development	Sept	SCTP volunteer time
Launch awareness campaign within the business community and general public of the strategy	Sept for business community Oct for general public	Advertising – The Reporter \$500 Media releases/web site, meetings, SCTP web site, newsletter and broadcast email Volunteer time SCTP
Secure support through the required methods by the province of BC for the 2 % additional hotel room tax	Sept	SCTP Volunteer time
Establish a society for the Sunshine Coast Tourism Partnership	Sept/Oct	SCTP volunteer time with CFDC regional economic development coordinator \$130 registration costs; \$500 legal advice
Secure financial support from the Town of Gibsons & The District of Sechelt for \$10,000 each.	Oct	SCTP Chair

Taste of the Coast – 2 nd Annual Tourism Industry Networking Event West Coast Wilderness Lodge, Egmont Tourism Industry Workshops: Marketing Partnerships/ Funding Strategy / Website launch / Recreation Map Second Edition Final proof	Monday October 04	SCTP Volunteer Event Coordinator and Sechelt Chamber of Commerce
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Conclusion

The Sunshine Coast Tourism Partnership has reached a plateau in its development. While volunteerism will still be required to support a funded destination marketing service for the lower Sunshine Coast, sustainable core funding is now required for this organization to realize the benefits that the tourism can bring to the whole region. Communities throughout British Columbia are embarking on structured community economic development planning processes that are supported by local and regional government budgets, often in tandem with industry participation through the levy of an additional hotel room tax. Unprecedented opportunity for exposure of small communities will be available as the 2010 Olympics approach. The Sunshine Coast has great tourism economic potential but lacks the resources to compete as a destination. With a sustainable core funding source obtained from a 2% additional hotel room tax and a local tax for a regional tourism economic development service, leveraged by marketing partnerships from businesses across the Sunshine Coast, the Sunshine Coast Tourism Partnership will have the funding as well as the research and expertise to establish a destination marketing for the benefit of the entire Sunshine Coast region.

APPENDICES

Appendix A - Sustainable Funding Sources

Tourism Development Funding in BC

One of the objectives of the *SCTP Sustainable Funding Strategy* was to explore all ways that tourism development funding could be derived from tax-based sources and to assess those opportunities relative to the circumstances of the Lower Sunshine Coast. Five funding mechanisms that were researched include:

1. Establishment of a Business Improvement Area
2. The Vancouver Tourism Levy
3. Businesses Licences
4. Additional Hotel Room Taxation
5. Establishment of a Tourism Economic Development Service

Establishment of a Business Improvement Area

Business Improvement Areas are commonly created in municipalities to fund business promotion schemes, which may include such activities as making reports or studies, improving or beautifying the streets and sidewalks, or activities that encourage business^{19, 20}. A local service area is established by a bylaw that describes what properties are affected and what taxation will be applied to the property to fund the improvement activities. Elector approval, consisting of agreement with the service by at least 50% of the property owners who represent at least 50% of the total assessed value of the lands in the business improvement area is required in order to establish the service.

This taxation tool is frequently used to conduct improvements in a community's downtown area, and on the Lower Sunshine Coast, the District of Sechelt has a Business Improvement Area in place for the downtown. The use of this method of taxation over the wider area of the whole Sunshine Coast to capture all of the tourism business sector would be a complex initiative.

Sections 210, 215, and 216 of the *Community Charter* gives municipalities the authority to create a local area service that may be delivered by a corporation, or other organization, and that is paid for by local area taxes, although, part of the costs of a local service may be paid by any other source of municipal revenue. (The latter suggests that this mechanism could be combined with some other source of funds for the same purpose.)

¹⁹ Province of BC, *Community Charter*, Section 215.

²⁰ Tourism economic development activities would fall under the category of a business improvement scheme.

Given this authority, the municipality must pass a bylaw to establish the service, but may only do so if the service and the ways in which the service costs are to be recovered have been:

- a) proposed by a successful petition from the property owners in the service area²¹; or
- b) proposed as a council initiative that has succeeded after being subject to a petition against the service.

In addition to describing the service, cost and, if applicable, any other sources of money for the service, the establishing bylaw must define the boundaries of the local service area. (It is assumed for the purposes of this discussion that the business improvement area would be focused on businesses that have been classified as tourism businesses by some criteria such as that used to assemble the Lower Sunshine Coast Tourism Product Inventory.)

While some tourism businesses may be sited close together, the tourism business sector as a whole is located on properties that are often noncontiguous with each other. This could require a legal description for each tourism business's location because the authority to tax for the purpose of a business improvement area, as prescribed in section 216 of the *Community Charter*, is tied to either, or both, a property value tax or a parcel tax, or a tax based on any factor imposed only within the business improvement area.

Regardless of whether the legal description is discrete for each known location of a tourism business (which could require a bylaw with perhaps a hundred or more separate legal addresses to be documented), or whether the legal description can be stated in more general terms (such as "any business classified as a tourism business operating within the bounds of the municipality," which would then require a schedule to the bylaw defining what constitutes a tourism business²²) there remains a significant administrative task of coding the tax roll for perhaps hundreds of businesses to capture the designated tourism businesses. The tax roll would also need to be continuously updated to add or remove taxation to account for new tourism businesses and for not taxing properties that no longer have tourism businesses operating on them. The administration of this could be even more involved if different types of tourism business activities are taxed at different rates, such as a fifty-room resort paying a higher rate than an annual festival run by a non-profit society.

The advantage of creating a local service area for a business improvement scheme is that, according to section 216(2) and section 216(3)(a)(i) of the *Community Charter*, with appropriate definition in the establishing bylaw, it could conceivably be used to capture the whole range of tourism businesses, including bed and breakfast and vacation rental

²¹ Any petition must meet the requirements to Section 212 of the Community Charter which, among other requirements, must be signed by the owners of at least 50% of the parcels of land included in the area and those parcels must represent at least 50% of the assessed value of land and improvements of the area.

²² Using a schedule to the bylaw giving the business categories to be taxed would save the actual bylaw from having to be amended each time the geographic locations of tourism businesses changed, but the schedule would still have to be amended.

operations that are typically located on land that is within Property Class 1 [*residential*] areas. This advantage is, however, outweighed by the previously mentioned administrative considerations.

In addition to the administrative complexity of tourism business improvement area, a disadvantage of this method is that it would require all local government jurisdictions to enact parallel bylaws. While it is clear that the District of Sechelt and the Town of Gibsons have the authority to create business improvement areas, it is not clear that other local governments have this authority.

As of January 1, 2004, under section 797.1(3)(b) [*Specific regulatory and other powers*] of the *Local Government Act*, a regional district may give grants to an applicant for a business promotion scheme under section 215 (*business improvement areas*) of the *Community Charter* in relation to a mountain resort. Additionally, according to section 800(2)(h) of the *Local Government Act*, a regional district has the authority to provide a grant to a mountain resort without creating an establishing bylaw for a business promotion scheme. Section 804(2) of the *Local Government Act* states how costs of a business improvement service must be apportioned if it is in relation to a mountain resort. Clearly, a regional district has a wide authority to administer the taxation of a mountain resort business improvement area. However, the *Local Government Act* is silent on a regional district's ability to establish any other type of business improvement area in parallel with what a municipality is able to do.

In summary, the establishment of a Business Improvement Area, targeting tourism businesses, could, in theory, address some of the objectives of a sustainable funding source by selecting tourism businesses as a separate class of businesses. In practice, the mechanism is presently limited to municipalities in the Sunshine Coast, it is cumbersome to administer, and may possibly be open to challenge regarding what constitutes a tourism business.

Vancouver Tourism Levy

The desire of the tourism business sector to tax itself presents considerable difficulties, as noted in the preceding section. Recently, new provincial legislation in the form of Bill 14-2004, the *Vancouver Tourism Levy Act* was created to address a unique situation facing Vancouver's destination marketing organization, Tourism Vancouver.

As part of the negotiations surrounding the assembly of financing for a new trade and convention center in Vancouver, Tourism Vancouver, as the tourism industry representative, was required to commit money to that project. In order to continue with their core business of providing marketing services, Tourism Vancouver asked for an ability to tax a broader spectrum of the industry than simply the accommodation sector, which already contributes the majority of the marketing organization's revenue through the 2% additional hotel tax.

Provincial staff found that there was no existing provincial legislation that could be amended to suit the needs of Tourism Vancouver in response to the convention centre negotiations. As a result, the *Vancouver Tourism Levy Act* was created. This legislation was enacted to meet the circumstances related to a major economic development project and there are no plans to

allow other tourism organizations to have similar powers to tax the public in the near future.²³ It remains to be seen how Tourism Vancouver will define the businesses that are to be included in the levy and what democratic process they will use to gain consent for the levy among the various tourism sub-sectors, as required by the legislation, as there are currently no provincial regulations associated with this act.

Business Licences

Authorized under section 15 of the *Community Charter (licensing and standards authority)*, business licensing is a tool used by the local governments in most municipalities to regulate business. Business licence fees in the District of Sechelt are in the range of \$100 to \$125 and the Town of Gibsons are in the range of \$200 (there are variable licence fees in Gibsons). Fees such as these are not so onerous that business operation is discouraged.

Consultation with provincial government staff has revealed that regional districts also have the ability to institute a system of business licensing, although it is rarely done.²⁴ No business licence system exists within the Sunshine Coast Regional District, although Areas E and F are currently considering one.

For the purpose of applying a levy specifically to tourism businesses, the business licence system would seem to be a useful mechanism. Within business licencing, tourism businesses can be classified as a type of businesses and quite readily identified on a schedule for the assessment of a particular licence fee. Bed and breakfast operations, which are not assessed through the additional hotel room tax, are required to have business licences within the municipalities. It is possible to assign different business licence rates to different types of businesses. And, in municipal organizations, the administrative resources to levy business licences already exist.

Although municipalities are not able to assign the money that is obtained from business licences to a specific service such as tourism economic development, local government can assign funds from general revenue for this purpose. And, since it is possible for a regional district to institute a business licence, this mechanism could be instituted to bring parity to the way that businesses are taxed across the Sunshine Coast Region.

Additional Hotel Room Taxation

The province's primary recommendation to communities seeking funds to support tourism development is to make use of the ability to levy an additional hotel tax of up to 2% over the 8% tax that is charged on accommodation, as specified in the *Hotel Room Tax Act* and *Hotel Room Tax Regulations*, which includes roofed accommodation in establishments with four or more rooms.

²³ Conversation with Francesca Wheeler, Project Manager, Corporate Initiatives Branch, BC Ministry of Small Business and Economic Development, June 7, 2004.

²⁴ Conversation with Deidre Wilson, Ministry of Community Aboriginal and Womens Services. In 1995 the Central Okanagan Regional District instituted a business licence fee with the approval of cabinet.

The additional hotel room tax (AHRT) is promoted because it is seen as a tax that is most targeted towards visitors and because it is a user-pay system of funding tourism development. Where it can be difficult to judge to what degree the patrons of restaurants or retail stores are tourists, even though undoubtedly in many instances tourists make up a substantial part of the business in restaurants and retail stores, it is almost a certainty that the patron of a hotel or motel is a tourist. Therefore, taxing accommodation is seen as a way to obtain a “purely” tourist business levy, and, because it is the user of the tourist product who pays, the tax is not perceived as a tax on the business owner.²⁵

Of all the funding mechanisms under consideration, the institution of an additional hotel room tax is the mechanism that allows the tourism industry to have the most control over investment in its own sector. This method does not rely on the electorate at large or on other business sectors to agree to the taxation. The implementation of the tax requires the local industry to approve a five-year business plan for the use of the funds. Stakeholders would have the opportunity to be represented on the proposed destination marketing office’s Board of Directors, thereby being able to influence how the funds are allocated. The funds can flow directly to the destination marketing office through the local government transfer.

The process for obtaining an AHRT is for a local government to pass a bylaw requesting the province to impose an AHRT specifying the rate of tax to be charged, the geographic area in which the additional tax will apply, the purpose for which the funds will be used,²⁶ and the date when the tax is to become effective. Permission to levy the tax must be obtained from the BC Ministry of Finance and Corporate Relations. In the process of creating the bylaw, a municipality must consult with their regional district and, similarly, a regional district must obtain the agreement of municipalities within their region in regards to the imposition of an additional hotel tax in areas within the regional district.

This information, along with evidence that the accommodation sector supports the imposition of a hotel tax forms part of the application to the province for an AHRT.²⁷ The minimum level of support from the accommodation sector is agreement by at least 51% of the accommodation properties that constitute at least 51% of the total number of rooms. Applications that do not solely rely on the AHRT for tourism development funding are given preferred consideration.

If an application for an AHRT is approved, the Lieutenant Governor in Council authorizes the collection of the additional tax by the Consumer Taxation Branch on behalf of the

²⁵ Conversation with Francesca Wheeler, Project Manager, Corporate Initiatives Branch, BC Ministry of Small Business and Economic Development, June 7, 2004.

²⁶ The additional hotel room tax is intended to help municipalities and regional districts to finance new tourist facilities and tourism promotion.

²⁷ In British Columbia, all tourist accommodation with four rooms or more that rent for periods not exceeding one month in duration, and at a daily rate of \$20 or more are required to remit an 8% accommodation tax based on the room purchase price. Currently, 1.65% is used to fund Tourism British Columbia, the special operating unit that conducts tourism marketing for the whole province. The balance of the tax goes into the province’s general revenues. The *Hotel Room Tax Act* [RSBC 1996] Chapter 207 is the provincial legislation governing the application of this special tax. More information on this process may be obtained from the BC Ministry of Provincial Revenue.

applicant, which could be a municipality, a regional district, or an eligible entity such as a destination marketing organization.

Appendix Table 1 shows the date and name of municipalities that have an additional hotel room tax in place. Starting in 1999, after a gap of eight years with no new AHRT approvals, there is once again a tendency for communities to use the AHRT as a source of funds for tourism development.

Appendix Table 1. Additional Hotel Room Taxes in BC
Source: BC Ministry of Provincial Revenue

Year	Municipality (tax rate)	Number of Communities
1988	Whistler (2%), Vancouver (2%)	2
1989	Victoria (2%), District of Oak Bay(2%)	2
1990	District of Saanich (2%), Smithers (2%), Prince Rupert (2%)	3
1991		0
1992		0
1993		0
1994		0
1995		0
1996		0
1997		0
1998		0
1999	Richmond (2%)	1
2000	Chilliwack (2%), Parksville (1%), Qualicum Beach (1%)	3
2001	North Vancouver (2%)	1
2002	Rossland (1%), Surrey (2%)	2
2003	Abbotsford (2%)	1
2004	Kelowna (2%), Burnaby (2%), District of Wells (2%) (Merritt is in progress with the approval for a 2% tax, Powell River is currently pursuing the tax.)	3+2

The tax is implemented for five-year periods and can be extended for further five-year periods, indefinitely, by application to the Ministry of Finance and Corporate Relations. (A service fee is charged by the Taxation Branch for the collection and distribution of the tax revenues.)

This taxation strategy is most applicable in areas where accommodation in the form of hotels, motels, lodges and inns make up a significant amount of the tourism industry. The yield from the tax is also more substantial when the inventory of taxable accommodation is of a sufficient quality to charge higher room prices, since the tax revenue is a percentage of the room price.

According to BC Stats, the accommodation inventory on the Sunshine Coast is in the order of 457 rooms based in 27 properties and yielding \$3,882,000 in room revenue.²⁸ The properties on the Sunshine Coast that meet the criteria for the application of the AHRT are a mixture of older accommodations, of which some are managed as holding properties, with the majority of the inventory being vacation accommodation and full service resorts that are actively seeking a tourism market.

If the accommodation sector were to agree to an additional hotel room tax, based on the 2002 room revenues of \$3,882,000 the application of a 2% additional room tax would yield \$77,640 in revenue less administration fees required by the ministry.²⁹ Thus, with the present inventory the estimated amount that can be yielded from the Sunshine Coast accommodation sector is somewhat less than half the targeted amount for the tourism marketing budget.

Although this funding source cannot provide the total amount of funding needed, it is a source that would give tourism stakeholders the greatest autonomy in the development of their own industry. The implementation of this tax would be consistent with the actions of many other communities around British Columbia who require tourism development funding and it would also demonstrate that the tourism sector is contributing substantially to the promotion of its own industry. This would make a better case for other sources of taxation revenue to be invested in the development of the tourism sector.

Summary of process steps:

1. Obtain agreement from a broad base of the tourism sector, in general, in addition to specific agreement from local accommodation sector, by being able to show that at least 51% of the affected accommodation establishments representing at least 51% of the total number of rooms are in favour of the tax being levied.
2. Local government passes a bylaw that requests the province to impose an additional accommodation tax over a defined geographic area, giving the rate of tax requested (up to 2% permitted) and stating the purpose for the funds and the proposed effective date for the tax.
3. Local government may apply for the additional hotel room tax. If the applicant is a regional district, it must have the authority to use the funds for the intended purpose either through statutory authority or Letters Patent. (This authority currently does not reside with the Sunshine Coast Regional District.) The applicant may also be an eligible entity such as a destination marketing organization.
4. Apply to the Tax Branch of the provincial Ministry of Finance and Corporate Relations.
5. If approved, funds are remitted to the applicant on a monthly basis.

²⁸ Source: BC Stats for the Sunshine Coast for the year 2002. www.bcstats.gov.bc.ca

²⁹ Source: BC Stats for the Sunshine Coast for the year 2002. (N.B. actual funds yielded to the community are somewhat less due to administration charges applicable to the procurement of the tax.)

Establishment of a Tourism Economic Development Service

The *Local Government Act* provides regional districts with the ability to provide for a service to particular electoral areas or, with agreement from its member municipalities, to provide a service across the entire regional district.³⁰

This mechanism has already been employed to provide an economic development service that exists for the Sunshine Coast Region. In June of 2003, the Sunshine Coast Regional District adopted Bylaw 1050, which amended the previous economic development bylaw such that it only applies to Electoral Areas of Egmont/Pender Harbour; Elphinstone, and West Howe Sound as participating areas for an economic development service. In the preferred scenario, a bylaw that authorized the collection of funds for tourism economic development would apply across all areas of the Regional District including the municipalities. The following information on the procedures involved with the establishment of this type of service is based on this preferred scenario.

In order to operate a service, such as the provision of regional tourism development services, the Regional District Board must first adopt an “establishing bylaw.”³¹ An establishing bylaw for a service must describe the service, define the boundaries of the service area, identify all municipalities and electoral areas that wish to participate in the service, and indicate the way in which the costs for the service will be recovered.^{32, 33} It should be kept in mind that all costs incurred by a regional district in relation to a service include collecting and disbursing funds, insurance and portions of the support services calculation which may apply as well as the cost of administering a referendum, if one is required to establish elector approval of the service would need to be recovered in the taxation for the service.³⁴

For most purposes, an establishing bylaw must set the maximum amount that may be requisitioned for the service, by specifying the maximum amount, the applicable property value tax rate that will yield the maximum amount, or both.³⁵ However, these requirements do not apply if the establishing bylaw is for an economic development service. While it is evident that according to section 800.1(2)(d) of the *Local Government Act*, the maximum

³⁰ The *Local Government Act* is a complex document that is amended on an ongoing basis. While every effort has been made to provide an accurate interpretation of the legislation in this report, at the time of implementation of the strategy, it is advisable to seek further guidance from provincial government staff, and, additionally, local government staff may wish to seek legal advice prior to the implementation of any funding strategy.

³⁰ Communication with Don Sutherland, Approvals Branch, B.C. Ministry of Community, Aboriginal, and Women’s Services.

³¹ BC *Local Government Act*, Part 24, Division 4.1, Section 800(1) Establishing bylaws required for most services.

³² Ibid. Section 800.1(1)

³³ Ibid. Section 803 (1) [*Options for cost recovery*] states that property value taxes, parcel taxes, fees and charges, or revenues raise by other means may be used to recover funds in relation to a service established by an “establishing bylaw”.

³⁴ Ibid. Section 803.1(1) (5)

³⁵ Ibid. Section 800.1 (e)

amount would not be required to be stated in the bylaw if the purpose is for an economic development service, there may still be a requirement for elector approval of the bylaw.

According to the *Local Government Act*, an establishing bylaw has no effect unless, before its adoption, it receives the approval of the inspector of municipalities, and also participating area approval.³⁶ The approval may be a) by a majority vote of the electors included in the service area or b) by the alternative approval process if the amount of the tax does not exceed 50 cents for each \$1000 of net taxable value of land and improvements included in the service area. In the alternative approval process, the public is given notice of the proposed service in accordance with section 86(2) of the *Community Charter*. If less than 10% of the number of electors of the area to which the proposed service applies sign elector response forms signifying that they are against proceeding with the bylaw, then the proposed service is considered to have the approval of electors.³⁷

To establish a tourism economic development service, it would be necessary to assess taxes on all property classes in the areas for which the service is to be provided. If whole electoral areas participate in the service and if there is no borrowing is undertaken to provide the service, then the electoral area directors can consent to the establishment of the service on the behalf of their electors. Therefore, a service could be created without having to hold a referendum or obtain sufficient petitions in favor of the service.

If the Regional District led the establishment of a tourism economic development service for the whole Sunshine Coast, a requisition would be sent from the Regional District to the municipalities for the portion of the funding that is to be obtained from each other local government.

In addition to the required elements of an establishing bylaw for a service, the bylaw may tailor the apportionment of costs among participating areas, modify the minimum time period before which a service review can be initiated, establish terms and conditions for withdrawal from the service, or include any other provision that the board considers appropriate.³⁸

In some instances, the provision of a petition can help establish a service³⁹. The requirements for a valid petition are in section 797.4 (*Petition for Services*) in the *Local Government Act*. In addition to the need for the petition to describe the service in general terms, define the boundaries of the proposed service area, identify the proposed method of recovering annual costs, and any other information the board may require, the petition must be signed by the owners of at least 50% of the parcels likely to be charged for the proposed service and those signatories must in total represent 50% of the taxable value of all land and improvements within the service area.

³⁶ BC *Local Government Act*, Section 801 (1).

³⁷ *Community Charter*, Section 86 (1)

³⁸ BC *Local Government Act*, Section 800.2(1)

³⁹ The establishment of a service may become complex when political will is uneven. Further guidance from provincial ministry staff may be needed in this regard.

Appendix B - Economic Value of Tourism on the Lower Sunshine Coast

APPENDIX 7⁴⁰

By Lions Gate Consulting with Explorer's Research Ltd.

We have estimated a conservative total value of visitor expenditures on the lower Sunshine Coast to be approximately \$58.6 million in 2001. This figure is based on the results of the SCTP March 2002 operator survey with some adjustments based on Tourism BC's 1998 Visitor Survey. The estimated accommodation expenditures for the region, drawn from our survey results, are approximately \$12.3 million annually.⁴¹ According to Tourism BC, this would indicate total visitor expenditures of approximately \$59 million, as shown in the following table.⁴² Using 2000 data for an indirect comparison, this would give the lower Sunshine Coast slightly more than 0.6 % share of the total BC tourism expenditures (\$9.5 billion in 2000). As well, the lower Sunshine Coast accounts for 0.6 % share of the population of BC.

Tourism Expenditures	\$'000	Person Years Employment
Accommodation	12,300	157
Food and Beverage	16,986	316
Local Transportation	15,228	170
Recreation (outdoor and events/attractions)	8,200	129
Retail	2,343	35
Other	3,514	-
Total	\$58,571	807

*1Person Years Employment equals 1800 hours per year

The table also provides an estimate of employment of 807, utilizing the BC Input-Output Model (BCIOM). The model has produced a set of industry multipliers that allows us to calculate employment levels per million dollars of visitor expenditures.⁴³ Using BCIOM's direct employment multipliers for accommodation service industries would give us 157 person-years of employment, based on the above visitor expenditures.⁴⁴ Our operator survey indicated slightly more than 170 person-years of employment for the accommodation sector, once adjustments were made for part-time and seasonal jobs. In order to double-check the reliability of these employment estimates, we compared the estimated accommodation, food and beverage employment of 473 person-years of employment with the 1996 Ministry of Finance estimate of 465 jobs in the accommodation, food and beverage sector for the study

⁴⁰ *SCTP Business Plan, Explorer's Research with Lions Gate Consulting, 2002 Appendix 7*
www.communityfutures.org/sctp_bp.html

⁴¹ This total is believed to be conservative and has accounted for occupancies attributable to residents.

⁴² Visitor '96 Vancouver Coast & Mountains Region, Vancouver Island Region, Tourism BC, 1998.

⁴³ *BC Provincial Economic Multipliers and How to Use Them*, Garry Horne and Teresa Qing Shuang, BC Ministry of Finance, May 2001.

⁴⁴ Expenditures are net of front-end taxes such as GST, PST and other consumption taxes.

area. If we account for job growth during the five-year period between 1996 and 2001, and net out residential spending on food and beverage services, we believe the soon-to-be released labour force figures for 2001 will corroborate the above-noted job estimates.

The income attributable to this employment is estimated to be \$20.4 million annually, based on average tourism industry wage rates drawn from our operator survey and average annual incomes for the transportation and retail sectors.

There are also indirect economic impacts flowing to the community from tourism activity. According to the Ministry of Finance's economic dependency estimates, for every direct tourism job on the Sunshine Coast, there are additional 0.19 jobs in supporting industries.⁴⁵ Thus, direct and indirect jobs totalled 960 in 2001, while employment income totalled \$26 million. Other impacts accruing from tourism include federal (GST, income tax), provincial (PST, personal and corporate tax, room tax) and local government revenues (property tax).

Potential Economic Impacts of the Destination Marketing Office

In establishing the destination marketing office (DMO), the community would expect to gain some increased tourism impacts, either through an increased number of visitors, higher visitor spending, longer stays or any combination of the above. This would be accomplished through improved product development, better infrastructure, more targeted marketing and better awareness and exposure for the Sunshine Coast among key visitor markets.

Expectations for the DMO would be for a 20% increase in visitor spending by the second year of operation. The criteria used to measure this objective would be either through occupancies or RevPar estimates, of which the existing operator database has reliable estimates. We have compared the costs and economic benefits of the DMO should it meet the 20% objective.

The estimated economic impact of a 20% increase in occupancy would lead to an increase in overall visitor spending of \$12 million annually, assuming that visitation is incremental and that average spending amounts do not increase. This would generate 164 direct jobs with an annual payroll of \$4 million. There would be 195 total direct and indirect jobs, while direct and indirect income would total \$5.4 million. Some operators could increase their occupancies without incurring additional labour costs by becoming more efficient. Even if we adjust our impacts by one third to account for this reduced slackening, the community is still left with 130 new jobs and \$3.6 million in employment income. All these benefits accrue annually.

There are many other qualitative benefits that could accrue to the community. As noted previously, local government could see increased tax revenues from both property and business licence sources. But there would be other benefits as well, including further diversification of the tax base that would lessen the burden on the residential component, increased social and community stability arising from more employment (which may

⁴⁵ *British Columbia Local Area Economic Dependencies and Impact Ratios – 1996*, Garry Horne, BC Stats and Ministry of Finance and Corporate Relations, May 1999.

translate into lower policing and social service costs) and more opportunities for local youth to enter the local labour force.

The costs of operating the DMO would be approximately \$157,000 annually, a relatively modest price to pay for a projected 195 new jobs and \$5.4 million annually in payroll.

Appendix C - Survey Results Summary of Key Findings Sunshine Coast Economic Development Strategy

The full survey is available in Appendix 3 of the Sunshine Coast Community Economic Development Strategy, Lionsgate Consulting Inc, 2002.

- More than three quarters of the respondents felt a regional economic development strategy would be appropriate to address economic development on the Sunshine Coast.
- When asked if they were willing to pay a portion of their tax dollars to support economic development the results were almost evenly split with those in agreement and those not in agreement, with almost one quarter undecided.
- From a list of basic sectors of the economy 65% of respondents ranked tourism as having excellent potential, well ahead of the next closest sector, residential growth.
- 56% agreed that local government should fund and assist with the implementation of a Sunshine Coast economic development strategy, while 24% disagreed.
- The most frequently mentioned economic opportunities for the Sunshine Coast were:
 - 1) Tourism and Eco-Tourism
 - 2) Arts & Cultural Tourism
 - 3) Recreational infrastructure
- A lack of local government cooperation was cited as the top economic threats along with inadequate ferry services as the number two threat, ranked by the number of times mentioned.
- Economic issues ranked in order as extremely important were as follows:
 - Attracting new business and retirement settlement 31%
 - Create jobs to attract young families 29%
 - Help businesses expand and grow 28%
 - Work collectively with all economic development organizations 27%. ⁴⁶

⁴⁶ *Community Economic Development Strategic Plan Lower Sunshine Coast*, Lions Gate Consulting 2002
www.communityfutures.org/sccedp Appendix 3

Appendix D - Current Trends and Best Practices in Community Economic Development as it relates to Tourism Development in BC

Tourism as Part of an Economic Development Service

The expectation that the tourism sector should be separate and apart from any economic development initiative to establish a function or service for the region would not be in alignment with the nature of economic development, nor would it reflect the values of the people on the Sunshine Coast as expressed in the *2002 Economic Development Strategic Plan*. The tourism industry is distinct in that the destination marketing system within the province of British Columbia, enables the development of the tourism sector to be leveraged, which will yield greater results with limited resources.

Strategic Business Units Within Community Economic Development

A trend that has taken place over the past five years includes the integration of community economic development with tourism development. Economic development functions now typically include strategic business units such as a film commission, destination marketing, and visitor services.

Visitor Services Integrating With Marketing Services

Visitor services (Visitor Info Centres or “VICs”) that have been typically delivered by local Chambers of Commerce in individual communities now tend to be integrated with tourism development (destination marketing services) on a regional basis, providing a seamless experience for the visitor.

Servicing of Visitors Throughout the Purchase Cycle

Fulfilling the needs of visitors throughout the purchase cycle (awareness, interest, evaluation, purchase, experience, loyalty) is the first step in tourism development strategic planning. Throughout this cycle, communities may succeed in capturing the awareness and interest of prospective visitors through a sustained marketing program. The depth and diversity of information available will assist consumers in evaluating whether or not they will choose the destination. The actual experience of the visitor will be tempered by the reception they receive, not just from the tourism operator but also from the community at large, the ease of access, and the availability of suitable products. Destination marketing functions can no longer only concentrate on promotions, at the community level; emphasis must also include all the elements that make the visitor experience a positive one. Specifically, tourism development must also include industry, market, product, communications, visitor services, and destination planning and development.

Increased Accountability

Prudent use of scarce resources is, by necessity, becoming a standard business practice as taxpayers want efficiency and accountability from government at all levels. It follows that development services will need to show that the investment in the provision of destination marketing services has yielded economic benefits to the community, whether supplied by government staff or through a fee for service arrangement with a community organization.

Increased Dedication of Tax-Based Revenue Sources

Community destination marketing services are on the rise throughout BC as evidenced in the granting of hotel tax in several communities as well as municipal and regional district budgets including economic development as line items in their annual budgets and federal government funding available to assist communities in economic development. Partnerships are key in most strategies with some form of leveraging with local business stakeholders, regional DMOs and neighbouring communities.

In 1999, after a gap of eight years where no new hotel taxes were implemented, there is a renewed trend of communities using the additional hotel room tax as a source of funds for tourism development. The tendency is for most communities to levy a 2% additional tax on the sale of accommodation.

Environmental Consciousness

Markets are continuing to look for evidence of sustainable practices in their product selection. The demand for sustainable practices is being reflected in the official community plans of communities.

Conversion to Stakeholder Operational Models

The stakeholder model is replacing the membership model in destination marketing organizations at the community level such as Prince George, Penticton, and the Columbia Shuswap Regional District. This is also the case at the regional level as evidenced by both Vancouver Coast and Mountains Tourism Region and Tourism Vancouver Island. The stakeholder model eliminates the “exclusive” tendencies of membership organizations, thereby creating an atmosphere of collaboration and cooperation as a community. The difference with the stakeholder model of operation is that marketing opportunities are available to a much wider set of tourism suppliers. The revenue from increased participation in cooperative marketing programs is anticipated to replace former “membership” fee revenue.

At the community level where economic development and tourism is supported by general funds of the local government, stakeholder models are commonly implemented and most readily justified. When core funding is being provided from a central tax base to promote an area as a visitor destination, the destination marketing office has a responsibility to represent the community as a whole. Additional exposure of businesses can be achieved by partnering in cooperative marketing, leveraging the budgets of both the DMO and the business. Amid these noticeable trends, there is still a great diversity in the ways the communities approach tourism economic development and destination marketing. In some cases, a municipality, such as Williams Lake, is taking the lead by supplying core funding without contributions from their surrounding rural areas, even though their marketing efforts will promote regional and municipal products.

BC Community Economic Development / Tourism Development Case Studies

The *SCTP Business Plan* provides best practices for tourism development services from case studies of fourteen communities in British Columbia.⁴⁷ Typical activities of destination marketing organizations included the development of a dedicated tourism website, visitor guide, rack brochures, cooperative marketing, attendance at consumer and travel shows, media relations, and partnerships with the regional DMO to name a few examples.

The following case studies demonstrate the trend toward an integrated regional approach to community economic development as the most effective way to serve the visitor and as an efficient use of a community's financial and human resources. Understanding that the visitor does not distinguish a destination by political boundaries, it is evident that marketing and communications must reflect the logical boundaries that a visitor will experience, relative to the purpose of their visit.

Of those interviewed, general comments regarding a regional integrated approach cited benefits including avoiding duplication of effort, leveraging partnered resources and efficient use of local resources.

Prince George⁴⁸

The City of Prince George demonstrates an umbrella approach to community economic development, which includes the integration of destination marketing and visitor services (VIC). They operate on a stakeholder model, inclusive of the community for destination marketing and visitor services. Recent tourism development initiatives include the new VIC/DMO location at the VIA Rail station. In addition to being strategically located to provide VIC services to rail passengers its location is also located along a major highway corridor, which now provides new services to key "rubber tire" markets from Alberta. The recent acquisition of a licence from the travel registrar allows the sale of tourism products directly (including VIA Rail and BC Ferries).

Tourism Prince George is one business unit within the Prince George Initiatives umbrella group, which is funded by the City of Prince George. Other business units include economic development, exports, film and conferences and events. The group operates out of the same building which the City owns and leases the land from First Nations. On the first floor is the new VIC and retail store, boasting 4,500 square feet which is now home of the second location of the Prince George Natural Art Gallery, complete with artists' demonstrations. The second floor provides office space for the other business units.

Penticton⁴⁹

The City of Penticton also has an integrated model for economic development, destination marketing, and visitor services. The Chamber of Commerce is the lead organization managing the following business units: Chamber of Commerce, Tourism Development Services, Economic Development, and Visitor Information Services. The BC Wine Information Centre, located in

⁴⁷ www.communityfutures.org/sctp_bp.html Appendix 9.

⁴⁸ Deborah Kulchiski, Tourism Prince George June 2004

⁴⁹ Kelly Reid, Tourism Development Services, Penticton June 2004

the same building, is a separate organization and is noteworthy since vineyard-touring and wine sales have become part of the City's and region's tourism product. Centrally located in downtown Penticton, this "enterprise centre" houses the business units. Prior to the current organizational structure, destination marketing and economic development were contracted out directly through the City of Penticton.

Operating as two separate business units, economic development and tourism work cooperatively together. Visitor services are delivered through the Chamber of Commerce, and the BC Wine Institute operates the BC Wine Information Centre and the retail VQA wine store. Separate committees govern the economic development unit and the tourism unit, as well as the BC Wine Information Centre. They operate using a stakeholder model, inclusive of the community for destination marketing and visitor services. The Chamber of Commerce board governs the Chamber, and visitor services. Funded by the City of Penticton, the Chamber board presents the annual proposal to council for core funding for the economic development, destination marketing and visitor services.

Columbia Shuswap Regional District⁵⁰

The economic development service in the Columbia Shuswap area is delivered by the Columbia Shuswap Regional District. In 2003, the destination marketing service was incorporated with economic development. This integrated economic development service also includes the film commission and is supported from general taxation funds. Therefore, the region is represented as a whole and no membership is required for the marketing exposure the district provides through marketing activities such as its website and attendance at consumer shows. Visitor Services are delivered through the local Chambers of Commerce in the region on a community basis. To avoid duplication of effort, the Regional District produces the website, visitor guide, brochures and other tourism materials, which are distributed by the Chambers of Commerce as well as their Economic Development office. Prior to the current organizational structure, destination marketing was delivered by the now-disbanded Tourism Shuswap, a non-profit membership based association that was partially funded by the Regional District.

Powell River⁵¹

Powell River forms the Upper Sunshine Coast and in recent years the community has embarked on community economic development and tourism development. The destination marketing service was established with core funding from general revenues from the Municipality of Powell River in 2001. Recognizing the most efficient way to service the visitor was to incorporate destination marketing with the already established visitor services (1993), Tourism Powell River became an extension of the services provided by the Powell River Visitor Bureau. Operating as a non-profit society, core funding is leveraged through memberships and marketing partnerships with local businesses. Membership currently represents almost all the stakeholder businesses. Powell River is currently pursuing the accommodation tax as a sustainable core-funding source for the DMO.

⁵⁰ Adelheid Bender, Economic Development Columbia Shuswap Regional District June 2004

⁵¹ Andrew Pinch, Tourism Powell River June 2004

Operating separately is the economic development strategic business unit, the Powell River Regional Economic Development Society was formed in 2001. Facilitating the transition of the function from local government, it operates out of a separate location from tourism. The Economic Development Office core budget is also funded by Municipality of Powell River. There is a film commission function in Powell River, which is currently transitioning to the economic development office. Despite the fact many of the businesses are located within the Regional District of Powell River where there are currently no funds from this source supporting community economic development.

Powell River is an excellent example of best practices for their community web portal, www.discoverpowellriver.com. The community presents itself on the Internet through one entry point to access any type of information about Powell River, no matter who the target audience is. SCTP partnerships with Powell River to date have been the branding strategy for the region of the Sunshine Coast and similar Recreation Map concepts with the cover design shared by the SCTP. Many partnerships have been identified in the *SCTP Strategic Marketing Plan* and some will be elaborated on later in this report.

Appendix E - Survey of the Tourism Business Sector Regarding the Establishment of a Destination Marketing Service

The Sunshine Coast Tourism Industry Online Survey

For this report an invitation to 320⁵² tourism businesses was distributed via email to complete an online survey. Eighty-three surveys were completed. The objective of the survey was to gauge the general attitudes regarding the following topics:

- tourism development
- establishment of a destination marketing service
- varying methods for core funding
- level of contribution industry stakeholders would be willing to pay and
- whether tourism development should be part of the bigger initiative of regional economic development.

A summary of key findings are noted below.

- 94% of respondents agreed to the establishment of a destination marketing service
- Survey respondents classified by industry sector were:
 - Bed & Breakfast Operators 41%
 - Organizations and other 12%
 - Hotels/Motels 8%
 - Recreation/Attractions/Arts & Culture 8%
 - Travel Trade 8%
 - Food & Beverage 4%
 - Events 4%
 - Marinas 4%
 - Transportation < 2%
 - Marina with fixed roof accommodation < 2%
 - Resorts < 2%
 - Retail < 2%
- The majority of respondents, 67.5%, were the owners of the tourism business followed by owners of the premises at 18% and, finally, 14.5% were managers of business or tourism organizations.

Survey respondents classified by location:

- District of Sechelt 30%
- Town of Gibsons 19%
- Electoral Area A Pender Harbour/Egmont 19%
- Electoral Area B Halfmoon Bay 13%
- Electoral Area E Elphinstone 7%
- Electoral Area D Roberts Creek 6%
- Electoral Area F West Howe Sound 4%
- Sechelt Indian Government District 1%

⁵² SCTP Master Tourism Industry Contact List, updated June 2004.

The following reflects the responses to eight programmed questions:

- The majority of respondents agreed in principle that the tourism business sector should directly contribute core operational funds to a destination marketing organization service 76%.
- The majority of respondents agreed in principle that non-tourism businesses should also contribute funds towards core operational funding of a destination marketing service because a portion of their business often, directly or indirectly, comes from tourism 76%.
- The respondents were equally split whether the tourism sector should pay a proportionally higher amount if the entire business community contributed to funding tourism economic development (50% each).
- The majority of respondents, 65.5%, did NOT agree in principle that the tourism composition for core funding should include the optional additional accommodation tax (up to 2%).
- 84.5% of respondents believe that financial support from the Regional District in the whole spectrum of economic development is essential for achieving a sustainable community that includes balancing our needs socially, environmentally and economically.
- The respondents were almost balanced in favour of supporting a business tax by the Regional District to all businesses to support economic development as a whole for the region including tourism. (49% in favour 51% NOT in favour).
- The respondents were almost balanced in favour of a region-wide tax on all businesses (for the support of region-wide economic development including tourism) if the cost were capped at \$175 annually per business. (49% in favour 51% not in favour)
- The majority of respondents, 82.5%, do NOT support the tourism industry as the sole funder of the core budget of the proposed DMO (costing in the range of \$350-\$550 per tourism business annually).
- Respondents had the opportunity to offer an amount they would be willing to pay annually to support a DMO. Forty-one responded within a range of \$ 50 - \$ 300 (average \$ 200).

Weighting of Survey Results

The findings of this survey have not been weighted to compensate for the high number of bed and breakfast operators who responded. Rather, its usefulness is as an instrument to uncover areas that need further research or communication. For example, the question of whether the tourism community is in favour of levying an additional hotel room tax requires a cost/benefits analysis directed to those operators who will be directly impacted, rather than the option being dismissed as a sustainable funding source.

Appendix F - Challenges Facing the Sunshine Coast

Communications

One challenge is to communicate more effectively with the businesses in the community and the residents. Although information about the economic development strategies and the SCTP is housed on the Community Futures Development Corporation of the Sunshine Coast website, not all the information is current, streamlined or consistently promoted.

Unified Approach

Another challenge for the Sunshine Coast is the risk of duplication of efforts. While the municipalities are to be congratulated on the steps they have taken to implement economic development programs, should they choose to “go-it-alone” there is the potential for duplication through the purchase of equipment or media buying for advertising purposes. In addition, the Sechelt Indian Government District should be a partner in regional promotion as tourism product is developed.

Regional Cooperation

In order for the Sunshine Coast’s development strategies to truly be effective in the long-term, a regional approach to tourism is essential. A long-standing issue for the Sunshine Coast has been the lack of consensus at the regional district level in regard to economic development and planning. A one-time comprehensive economic development function at the SCRDC, has been amended as of April 24, 2003 with Regional District Bylaw number 1050, converting the Economic Development Commission to an Economic Development Service, only including Electoral Area A, Egmont / Pender Harbour, Electoral Area E, Elphinstone, and Electoral Area F, West Howe Sound.

While it is apparent that the commercial development in Electoral Area B, Halfmoon Bay, and Electoral Area D, Roberts Creek, is limited, some people living within these areas likely depend on having jobs in other communities and, even if they do not work in other communities, they take advantage of goods and services available in other communities. In this way, they benefit from the presence of a healthy economy. While the provision within the law for the area to opt out of the service has been duly exercised, the opting out creates an inequitable situation for the delivery of a regional service such as tourism economic development. With recent developments of Gibsons and Electoral Areas E and F embarking on a community economic development strategy and Roberts Creek residents exploring incorporation, a unified region does not appear on the horizon at the regional district level.

Implementation of Tourism as a Regional Strategy

Many municipalities have taken the lead to fund initiatives that benefit those outside their boundaries as partnerships can flourish when a core opportunity is presented to build on. If the business community can be diligent in their research and their message to the local and regional governments represent the general sentiments of the community, which is to support investment in their community by establishing a tourism economic development service, and if it is initially found that the only way to adequately fund the delivery of the service is through

general taxation, then hopefully governments will take actions that reflect the values of the people.

Volunteerism vs. Funded Organizations

There is a plateau that communities reach when they undertake tourism development solely through volunteerism. The Economic Development Association of BC is currently documenting the financial investment of communities throughout the province and preliminary investments are \$55 million for economic development and \$27 million for destination marketing.⁵³ This does not include the various communities that are in the process of strategic planning for tourism development such as Merritt, West Vancouver, White Rock, Williams Lake, Langley, Mission and Squamish to name a few.

Equitable Solutions

The structure of our taxation system limit the ability to provide an equitable solution for a sustainable funding supply for tourism development that captures all tourism businesses. The use of the value of land as a basis for taxation is common because, the value of land is relatively stable over time and land within a political jurisdiction is also relatively stable, unlike the transient nature of businesses and people. Property in British Columbia is divided into nine separate property classes, none of which exclusively contains tourism businesses. As well, much of the Sunshine Coast's tourism product is in the form of bed and breakfast operations or vacation rentals, which are typically located on residential property. While not a perfect filter for tourism economic activity, the property classes "business and other" and "recreational and non-profit" do include most tourism businesses that are not operated from private residences.

Regional Cooperation at the Industry Level

The additional hotel room tax is often a strategy for funding tourism development and the activities of a destination marketing service. This tax can provide the bulk of core funding in communities that have a sufficient inventory of accommodations that are affected by the tax. This method obtains the tax from the "user" of a community's tourism resources, and travellers are used to paying such a levy in many other jurisdictions around the world.

In the case of the Lower Sunshine Coast, much of the accommodation supply is in the form of bed and breakfast operations that are not affected by the additional hotel room tax because they typically have fewer than four rooms. Therefore, this funding mechanism alone is not equitable even though it potentially can provide benefits to the whole tourism sector. The challenge with this method is that the accommodation stakeholders, who must approve the additional accommodation tax, are apt to perceive the additional tax as a burden for their product group. It is important that all sectors of the tourism industry understand the benefits of levies aimed at strengthening the regional tourism economy.

It is a challenge to find others ways to ensure that other segments of the tourism industry have directly, or indirectly contributed funds to the development of the industry. Businesses can be isolated by their business category using the business licence regulation. Business licensing for

⁵³ Randy Sunderman, EDABC June 2004

regulatory purposes is currently being explored by Areas E and F at the Sunshine Coast Regional District but unless business licenses are required throughout all the areas in the regional district, the system is not regional equitable.

Appendix G – Key Actions for Next Steps

Remain a working committee partner in the Sunshine Coast Community Economic Development Partnership

The SCTP is a working committee of the SCCEDP, which formed as a not-for-profit society in August 2003. Tourism and other sectors of the economy are interrelated, therefore tourism should continue to participate at the regional level of economic development which best serves the industry and the visitor as visitors do not distinguish between political boundaries.

Create a stand alone not-for-profit society for the Sunshine Coast Tourism Partnership (SCTP)

The nature of tourism development requires a separate strategic business unit (SBU) that specializes in the service delivery of a destination marketing function. Therefore, it is recommended that the SCTP establish itself as a stand-alone not-for-profit society. Product development and business attraction still remain as primary economic development functions, which would be carried out by the SCCEDP or economic functions of the municipalities. The SCTP will require its core funding to flow directly into the new society providing autonomy to the tourism stakeholders.

Restructure the SCTP board to incorporate local tourism business owners

To date the SCTP board represents the community economic development partnerships, the community Chambers of Commerce, the community visitor information centres, community retail/business organizations, and local and regional tourism organizations. This sustainable funding strategy directly impacts the tourism stakeholders financially and ultimately the stakeholders will drive the direction of the organization, therefore, the following additions are recommended:

- geographic representation by community
- sector representation by the eight sectors in tourism and each type in the accommodation sector (resorts/motel/campsite/marina etc.) weighted to reflect the stakeholders who approve the AHRT tax.
- Sunshine Coast Film Commission

The additions to the new board will form working committees to gain support for the strategy and to facilitate the implementation which is anticipated to begin immediately and could take up to two years. Each participant on the board will be responsible for some aspect of the plan. General SCTP board duties include an advisory role to the proposed regional economic development function at CFDC and the following:

Committees

- Communication Tools (branding/photobank/equipment/website/print media etc.)
- Partnership liaison (SCCEDP representative and other partnerships)
- Marketing Partnerships (local and off coast)
- Events (Taste of the Coast, Annual Fundraising Gala)
- Industry Development (workshops/training/fam tours)

- Government relations
- Communications (SCTP quarterly newsletter/website)
- Database maintenance
- Administrative support for maintenance of the website hosting/domain name registration/UPC code licence

Once the society is formed the following positions will need to be filled for the Executive.

- President (Chair)
- Vice President
- Secretary
- Treasurer

Establish a regional economic development function within Community Futures Development Corporation (CFDC) with regional tourism projects as the top priority (product development, industry development and marketing)

A regional economic development service is possible through a partnership with CFDC. This partnership would provide resources for a project coordination service, which would provide staff and administrative support through the CFDC office in Sechelt. In addition to tourism development being an immediate priority in the overall economic development on the Sunshine Coast, other regional priorities for this service may include product development for Dakota Ridge, 2010 Olympics Opportunities, the Business Retention and Expansion program, which is not limited to tourism and the Sunshine Coast Film Commission. As the communities of Gibsons (with electoral areas E and F) and Sechelt determine their strategic direction for economic development, based on the two newly released community strategies, they will be able to plug-in to a regional function on a per project basis.

Immediate projects for tourism development include:

- Implementation of the sustainability strategy to establish a destination marketing service
 - Apply for HRDC Job Creation Program for funding for one full-time assistant for a period of one year
 - Prepare a petition for the signatures of the accommodation sector to demonstrate support for the funding strategy in preparation for the 2005 budget cycle of local and regional government and application to the provincial government for taxation collection
 - Research grant sources for eligible projects that fit the SCTP and 2010 Olympic Committee objectives (such as WEPA for 2010 welcome signage and visitor services at the Horseshoe Bay ferry terminal)
 - Coordinate content for the new regional web portal www.sunshinecoastcanada.com for both internal communications (all partnerships) and external communication for visitors for both business/investment and leisure travel
 - Confirm partnerships to expand the Sunshine Coast brand for sub-brands to ensure the community profiles have their own identity within the regional identity
 - Expand partnership to include the Sunshine Coast Film Commission

Launch an awareness campaign of the cost and benefits to establish a funded tourism organization (with core funding being established as a partnership between local governments and the tourism sector for the 2005 budget cycle)

The following are issues need to be considered by the SCTP before launching a communication strategy.

It is essential that the accommodation sector receives complete information about the costs and benefits of establishing a 2% additional hotel room tax in order to make an informed decision for their industry.

As well, the establishment of a tourism economic development service will require the SCTP to build agreement among local government and the wider community. In an ideal scenario, the Regional District would take the lead in establishing a tourism economic development service that would be partnered with the municipalities (which requires the municipality's consent.) Given that the political will for economic development in the Regional District is fragmented and that the municipalities are taking initiatives of their own accord, a partnership between the Town of Gibsons, the District of Sechelt, and the tourism industry may be the optimal interim solution for the transitional funding at this time. However, the Sunshine Coast Regional District should be approached to contribute to both transitional funding and core funding.

Regional Economic Development and Integrated Tourism Services

The tourism industry survey conducted for this study indicated 61% support the integration of visitor services with destination marketing. Currently there is little financial support for visitor services in Pender Harbour by the SCRD. As well, the SCTP intends to develop a visitor information service at the Horseshoe Bay ferry terminal. Opportunities building up to the 2010 Olympic games will also need to be considered. An alternative to the core budget to increase the financial support for visitor services could be considered in a broader regional strategy.

Local and regional governments make up part of the core funding scenarios in this strategy. Whichever scenario is adopted, local and regional governments will need to be involved in the process and supported by the community. Businesses have indicated there is a need for a planning process for community economic development. The process needs to be inclusive of stakeholders and representative of the values of the community.

Since the business community is already being taxed through business licence fees in the municipalities perhaps a portion equivalent to business taxes collected should be invested to develop the business community. The SCTP represents eighteen groups and organizations that represent hundreds of businesses on the lower Sunshine Coast with direct and indirect links to tourism.

Currently the municipalities collect approximately \$170,000.00 per year in business licence fees. Direct tourism businesses classified by the eight sectors as defined by Tourism British Columbia account for approximately 15% of the business community on the Lower Sunshine

Coast. Businesses who also receive direct benefit from tourism such as retailers (food stores, gas stations, shops etc.) are not included in this figure.

Strengthen partnerships with the SCTP partners to ensure resources are leveraged in the new model

The SCTP partners are engaged in several initiatives that have parallel objectives. By streamlining the efforts of the individual organizations under the leadership of a unified source (the DMO), volunteer activities can be expanded to be more effective as resources become available. It is recommended the SCTP engage in a special group meeting with the partners to identify what projects they are leading to determine what can fold into the structure of a regional organization, reducing duplication of effort and utilizing scarce resources. For example the signage project of the 2010 Olympic Committee could dovetail with the SCTP Visitor Services vision for Horseshoe Bay ferry terminal. These regional initiatives may be eligible for federal grant funding for the planning and building of the sites through Western Economic Partnership Agreement (WEPA.) Currently the B&B and Cottage Owners Association has developed an online reservation system that could be expanded to include other sectors such as tours, events, activities and other sectors of accommodation.

Confirm regional partnerships to provide content for the new regional web portal www.sunshinecoastcanada.com which services the needs of the visitor regardless of their motivation for visiting the coast (business, leisure, relocation)

With four governments, four economic and tourism development partnerships, three Chambers of Commerce and three visitor information centres it is very challenging to get information from a single source on the internet to identify all these resources. But where would anyone find this information in one source? There *is* comprehensive information on the Big Pacific community portal site www.thesunshinecoast.com. This commercial site serves a valuable purpose, however the community also requires a database driven web portal in order to be effective for both internal communications (within the community and amongst stakeholders) and external communications (visitor markets business/leisure and re-location) therefore a certain level of content is required on the site to ensure the portal will be found through search engines on the web.

In order to ensure consistency and repetition with the regional branding, a community portal is under development that will house information about the governments, economic groups, business groups and tourism groups and organizations. This “one-stop shop” will allow the uploading of content to one source which will provide a cascading effect of transitional pages of information leading the user to the relevant links of the other websites that are available on the coast. The site address, www.sunshinecoastcanada.com, becomes the “catch all” for regional economic development, tourism, film commission, visitor services, real estate, investment, local and regional government, first nations and potentially community services. Bearing in mind the visitor does not distinguish the area by political or community boundaries they would be able to access information by topic or geographic location. With database capabilities, searches can be targeted.

In both the community plans for Gibsons and Sechelt, recommendations included improvements to their websites; any content being updated for one site can be uploaded for use on the regional site. Providing consistency in the messaging will be effective for the end-user by not causing confusion. This community portal provides an efficient use of resources as the infrastructure is available for the community to use, eliminating the confusion of the multitude of sites about the Sunshine Coast. One common site will provide the basis for all information.

In order not to duplicate the effort of the Big Pacific.com site, the tourism component would link to Big Pacific. Opportunities to partner within the circle tour region through the community DMOs in Powell River, Nanaimo, Oceanside (Parksville/Qualicum) and the Comox Valley could include a Circle Tour web page series on the regional site with reciprocal sites on the DMO sites, as well as either a half page or full page reciprocal Circle Tour advertorial running in all visitor guides of the circle tour DMOs, this could be expanded to a group ad buy in the Tourism Vancouver Island and Vancouver Coast and Mountains Travel Guides.

The regional community portal web site is being developed by the SCTP with the intention the rest of the community will use the service and partner in the further development of the site.

Partnerships for content would include:

Economic Development

- Business Associations (Roberts Creek, Sechelt, Gibsons Landing)
- Business Retention and Expansion program
- Chambers of Commerce
- Community groups developing new product or events
- Community Futures Development Corporation of the Sunshine Coast
- District of Sechelt
- Economic Development partnerships
- First Nations
- Powell River EDO
- Real Estate
- Sunshine Coast Film Commission
- Sunshine Coast Regional District
- Town of Gibsons

Tourism Development & Visitor Services

- Big Pacific.com
- Circle Tour Community DMOs/TAVI (Powell River & Vancouver Island)
- District of Sechelt
- Sunshine Coast Film Commission
- First Nations
- Sunshine Coast Regional District
- Tourism Powell River

- Town of Gibsons
- Vancouver Coast & Mountains Tourism region
- Visitor Services (VICs)
- Other communities with suitable itineraries for the touring market

Confirm regional partnerships to develop print materials to support both economic development and tourism development

In order to be prepared for marketing the Sunshine Coast promotional materials are required. As identified in the SCTP Strategic Marketing Plan a cooperative approach to regional promotional materials has been recommended. This approach complements the regional web portal and recommends a partnership between economic development, tourism development, visitor services and the real estate sector. Both the new Gibsons and Electoral Areas E and F economic development strategy and the Sechelt Attraction Strategy identify the need for marketing materials and partnerships with tourism. The SCTP has been successful in producing their Recreation Map in partnership with the private sector. This map provides a revenue stream for the partnership while providing information in a format that was in demand by the market.

Regional Print Strategy with Powell River, Economic Development & Local Governments

Kit Folder, Rack Card, Rack Card Folder

Multipurpose use for: media kits, fam tour participants, VIPs, business prospects, visitor delegates, industry alliances, new businesses, new residents, meeting delegates, film commission, trade mission, 2010 Olympics etc.

Regional Promotional Materials:

- Kit folder 9x12” full colour (30,000) generic call to action www.sunshinecoastcanada.com
- Stationery generic full colour: call to action www.sunshinecoastcanada.com
- Rack card folder full colour (100,000) generic call to action www.sunshinecoastcanada.com
- Rack card full colour (200,000) 6 variations, customized – multi-purpose, primarily used by tourism

To produce these items for each community is cost prohibitive, however creating a series of “jacket holders” that tailored information can be inserted into provides each partner with a professional design and approach, consistency with the branding and economy of scale. Concepts and detailed budgets are noted in the SCTP Marketing Plan Appendices.

Regional Visitor Guide with The Reporter Newspaper

Visitor Guide

When possible the SCTP would support a partnership with the private sector in order to avoid duplication of effort. Ideally a partnership with The Reporter Newspaper, publishers of the *Sunshine Coast Tourist Guide* would yield an increased print run, wider distribution, earlier production schedule (winter release for travel shows), incorporation of the recreation map base artwork for the center spread, Sunshine Coast regional branding and content that reflects the visitor’s needs, throughout the purchase cycle. The 2004 guide was produced in

four color, however it still requires refinement to be elevated to industry standards for destination marketing.

Community Street Map Series

The SCTP Marketing Plan proposed a series of area street pad maps in 11 x 17” format. Unlike the Recreation Map which has the main highway and secondary roads with some street detail, the pad maps would be distributed for free and developed for each of the three areas: Gibsons and Area, Sechelt and Area and Pender Harbour. The Gibsons Chamber of Commerce has expressed a need to provide a free map that shows the lower Sunshine Coast as a region for the Travel Ambassador program on BC Ferries. Currently two communities produce local street maps, in Sechelt and Gibsons Landing. It is recommended current publishers meet with the SCTP to discuss a potential partnership.

Branding and Booth Equipment

In addition to web and print materials the SCTP Marketing Plan, the Gibsons and Areas E & F economic development strategy and the Sechelt Attraction strategy identify the need for attending shows. To be consistent with the regional brand, each community could be sub-branded fitting into the regional brand so there is consistency when communicating the Sunshine Coast. By streamlining the booth design, each group can achieve its goals without duplicating effort. It is recommended one booth be purchased for the Sunshine Coast in standard black, with banner designs that reflect the regional branding and each strategic business unit (economic development and tourism) can share the equipment. Booth design can be customized for each user.

Confirm marketing partnerships that can be implemented in the short-term as well as the long-term through stakeholder participation

The SCTP Strategic Plan, the Gibsons and Areas E and F economic development strategy, and the Sechelt Investment Attraction strategy all recommend the development of some form of communication tools (web and print), as well as participation in off-coast marketing. Opportunities to work together will need to be identified as all these plans move toward implementation. The online survey for this study asked tourism businesses to indicate what marketing partnerships they would like to participate in. Ranked highest at 58% was web marketing with links back to the businesses’ websites, media coverage 55%, and cooperative advertising 49%, followed by representation at travel shows 40%, familiarization tours 35% and contests/trip-give-a-ways at 18%. A focus group with stakeholders will be held to determine what specific cooperative marketing opportunities the SCTP could coordinate for the industry.

Implement the sustainable funding strategy

In order to implement the funding strategy, the accommodation sector that controls 51% of the fixed roof accommodation with 4 units and over will need to support the 2% hotel tax. The owners of the properties will also need to approve the five-year business plan (which has been completed by the SCTP in 2002). Forms must be completed in accordance with the province of B.C. to prove the industry has approved the tax. Tourism business owners will

have a direct influence over how the budget is allocated and will have representation on the SCTP board.

The advantage of the hotel tax is visitors are already use to paying this tax and despite the concerns that this increase in cost will somehow deter visitation is not in evidence from the communities that have implemented the tax. This option allows the tourism industry to take control of the destination marketing service and manage the budget directly.

To implement the tax, bylaws will be required, however the monies are not subject to annual review by the local/regional governments but rather the revenue is transferred directly to an independent organization. Bearing in mind the amount generated would not be sufficient for a fully operational DMO office; it would provide almost half of the proposed budget. With tourism recognized as a growth opportunity for product development, especially in the off season, a partnership with the local governments to invest in the tourism sector will be vital to carry out the objective of establishing the DMO.

The next step for the SCTP towards the establishment of a tourism economic development service is to begin exploratory discussions with local governments, recognizing that tourism development is a part of the community's need for wider economic development. The *Local Government Act* is a complex document that is continuously being amended. While every effort has been made to provide an accurate interpretation of the legislation in this report, particularly with respect to the establishment of a service, it is advisable to seek further guidance from provincial government staff, and, additionally, local government staff may wish to seek legal advice prior to the implementation of any funding strategy.

Communications – Internal and External

In order for the implementation of the strategy to work, a communications plan will be required. The SCTP has an up to date broadcast email system for tourism industry businesses and the new web portal will allow information to be posted and retrieved. The member organizations also have their own databases of businesses other than tourism. A working committee of the SCTP will need to conduct in depth interviews with key stakeholders. Three focus groups, one in Gibsons, Sechelt and Pender Harbour will provide an opportunity for the tourism industry to gather to form working committees, adopt the strategy and identify stakeholder participation in funding marketing partnerships. From these partnerships, an external communication plan can be developed to continue marketing the region of the Sunshine Coast while the DMO process is in development.