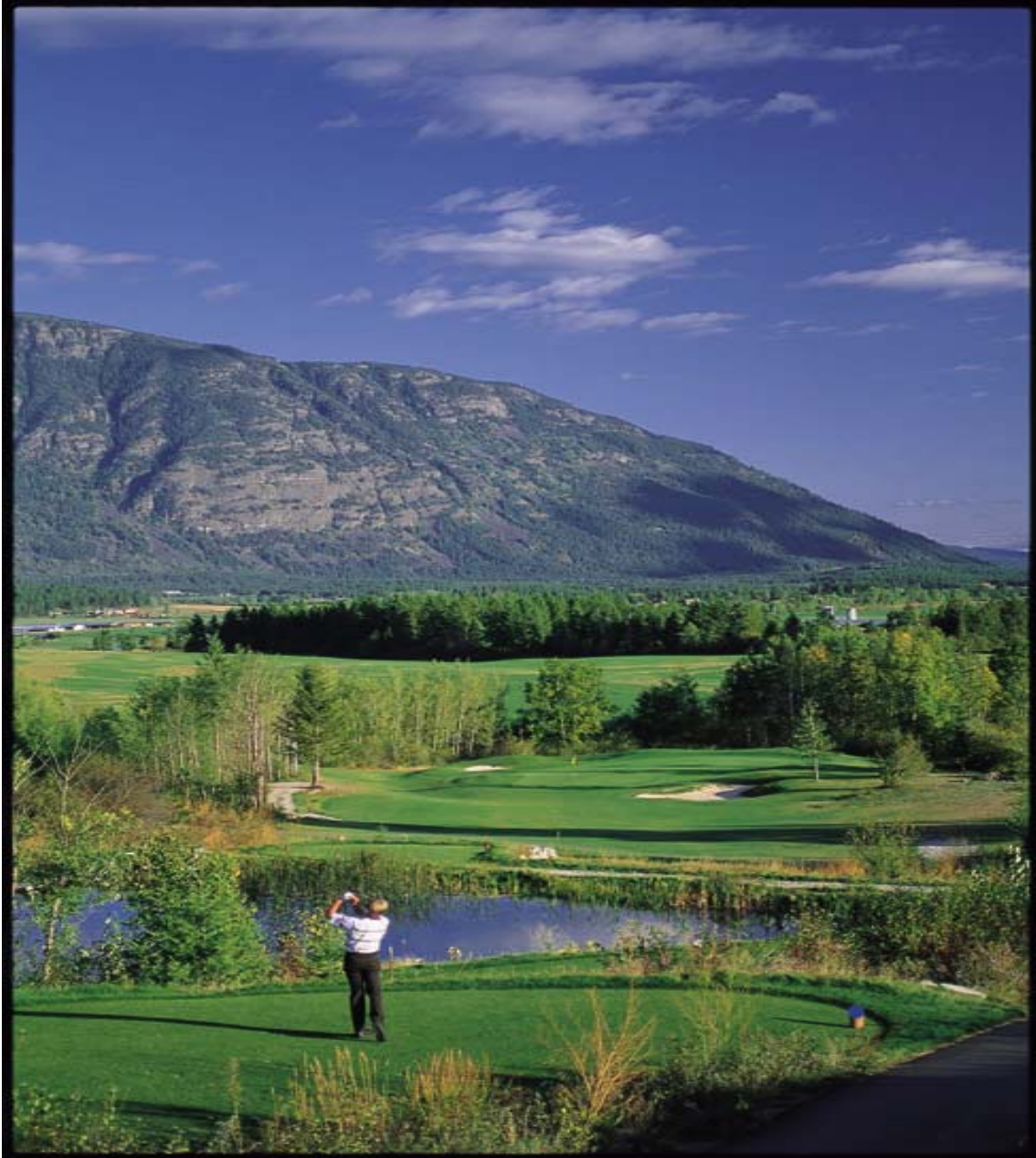


**THE PREMIER'S TOURISM INDUSTRY ADVISORY COUNCIL**  
**FINAL REPORT**

**Prepared For: The B.C. Competition Council**



*Creston Golf Course, East Kootenays*

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*Fernie, East Kootenay*

## **Executive Summary**

In March, 2005, the British Columbia Government established the B.C. Competition Council in recognition of the need to increase its competitiveness and productivity. The Premier's Tourism Industry Advisory Committee was tasked with producing tangible industry initiatives and making recommendations for both the private and public sectors to aid the tourism industry to become more competitive.

The Committee identified five main strategic areas to be addressed:

1. The development of improved customer acquisition and retention particularly from the Pacific North West corridor.
2. The improvement of access to the Province through border, highway air and ferry and more effective regulatory strategies.
3. The advance of a successful delivery of the experience in British Columbia.
4. The recruitment and retention of unskilled and skilled personnel required to fill the significant void where tourism operators cannot find proper personnel.
5. To improve the positioning of B.C. against the competitive set of geographic and product sectors?

The Committee identified strategies for both the private and the public sectors relating to each issue. The highlights of these recommendations are:

### **Customer Acquisition and Retention Strategies**

The best potential for achievement of the doubling of tourism revenues will be to grow the tourism market in the Pacific Northwest including California north. In this regard, the main private sector strategies involve the pursuit of high yield tourists and a stronger cooperative market planning and promotional planning to ensure the leverage of scarce resources. The main public sector strategies include the conversion immediately of Tourism British Columbia funding from 1.65 % to 3% of the 8% room tax and the endorsement of the strategic direction being taken by Tourism B.C. with respect to its 2010 plan. The Committee recommends the development of an aggressive approach to leverage the combined resources of Tourism B.C. and its super regions and MoTSA to ensure that all destination marketing organizations work in tandem with the Province towards winning back the Pacific Northwest. The duplication of efforts must be eliminated and coherently organized in order to achieve the revenue goals. The Committee recommends that a set of policies be created to encourage harmonization of strategic planning between all stakeholders and that Tourism B.C. should act as the lead in instituting this planning process.

In tandem with these recommendations, the Committee recommends that Tourism British Columbia plan to focus more resources on marketing communications in the Pacific Northwest. The Committee believes that the data management system being launched by Tourism B.C. must become one of the most critical marketing tools to ensure success. The Committee recommends that Tourism BC pursue a strategy of promoting the online

richness of the B.C. experience through its new DMS. The Committee also recommends that the growing “anti-American” sentiments felt by many US destination tourists be combated with an aggressive “in Province” campaign to demonstrate that American tourists are to be embraced and welcomed.

The Committee recommends that efforts be placed on marketing the Big Three destinations of Vancouver, Victoria and Whistler as the most effective way of attracting new visitors to B.C. If substantial new marketing funds are going to be put behind Vancouver, Victoria, and Whistler, the Committee recommends that Tourism BC needs to engage their Tourism boards to develop an effective plan to work with and potentially fund in market presentation of other BC Tourism opportunities. To aid in this regard, the Committee recommends that the resource leveraging strategy referred to above will have a greater chance of success if there is a focus on building marketing strategies by product sector in addition to geographic regions. Therefore, to manage the risk, the Committee recommends that Tourism B.C. continue to develop marketing plans for those “export ready” product sectors. As an example, this will allow organizations such as the Okanagan Wine Festivals to work with its respective Tourism BC Super Region to build a pilot project for this sector which could be expanded provincially based on performance.

### **Infrastructure and Regulatory Strategies**

The Committee acknowledges the substantial investment in infrastructure and recommends that the Province needs to continue to invest in physical infrastructure that is an essential part of its mandate as government. There is a distinct lack of air access into B.C. and the Committee recommends that the BC Regional Airports AIM policy guide developed in April, 2005 be executed. The Committee further recommends that current provincial capital budget program in place –the Transportation Partnerships Program (TPP) of \$10 million per year be enhanced and be made more accessible to upgrade key regional airports to a standard to allow for easier access by air. The Committee recommends a public/private partnership approach to infrastructure funding which will allow for easier prioritization of those airports to be targeted. The Committee has identified a group of high priority regional airports for infrastructure improvements and a P3 approach wherein the federal government contributes 1/3; the province contributes 1/3 and the community contributes 1/3 with the last 1/3 being financed by the federal and provincial governments until the airport infrastructure is in place and user fees can be justified and then the community’s share becomes due. The Tier 1 regional airports identified by the Committee include: Abbotsford, Cranbrook, Kamloops, Nanaimo, Prince George, Prince Rupert and Fort St. John. The Committee recognizes that there are many diverse needs at each airport and these communities must be consulted to determine what level of community funding and support from the private sector is available to justify the funding of infrastructure improvements at these chosen airports.

The Committee recommends a public-private partnership approach to the building and delivery of a comprehensive tourism highway signage program. The Committee also recommends the Province working with Tourism BC and other regional stakeholders

continue its investment in the system of Rail Trails on abandoned railway corridors – The Spirit of 2010 Trail – which will enhance the economic development of rural communities. The Committee recommends support for the development of a northern ferry service. The Committee recognizes the work done in this area by COTA and supports the strategy that the northern ferry service is crucial to maintaining the integrity of the provincial highways system and for the development of the tourism industry in BC. The Committee endorses the four-ship service option presented by BC Ferries for the increased capacity, reliability, and efficiency the new vessels will provide. The Committee recognizes that the four-ship option provides for new ships and most importantly, daily service between Prince Rupert and Port Hardy during the summer season. The Committee endorses the Premier’s gateways to BC and supports the aggressive development of these and the development of Tourism BC Info Centres identified for gateways.

With respect to regulatory strategies, the Committee recommends that the key recommendations of the Premier’s Task Force on Resort Development be implemented. Developers need to access a proper development model that also addresses the urgent need for an effective municipal model for resort development. The Committee recommends that the province should review the assessment authority process and ensure that appropriate valuation methods are being fairly and consistently applied across the province. The Committee also requests the Province to examine the STOCAPS issue to allow for equity and fairness and yet to ensure taxation does not increase to accommodation properties. The Committee endorses the CWSAA and the BCYHA to consult widely within the resort and accommodation industries and to play a lead role in working with the government to deal with this issue.

### **Tourism Experience Strategies**

The Committee recommends that the Province and tourism operators focus on three areas for the continued development of a successful “tourism experience”. These are the preservation of the natural environment; developing appropriate and improving the service experience. The Committee endorses the position that COTA has taken with respect to the maintenance of our natural environment through appropriate land use planning and the development of forest recreational areas. The Committee recommends that the tourism industry plays a strong role in future land use planning. The Committee also recommends that the Province consider the transfer of responsibility for BC Parks management to MTSA in order to ensure tourism usage is integrated into its planning. With respect to design guidelines, the Committee recommends that tourism operators and developers need to develop and follow design guidelines to ensure new facilities and renovated facilities are of top quality. The Committee feels that it would be helpful for the recommendations of the Premier’s Task Force on Resort Development be implemented immediately. With respect to improved service experience, the Committee endorses the use of Tourism B.C.’s SuperHost training program and its proposed plans for SuperHost to be used as a training platform for 2010. The Committee also recommends that provincial colleges should be mandated to work with the tourism industry to develop a human resource plan and to develop an applied educational program

for tourism and hospitality employees, complete with specific earned designations and certifications.

### **Human Resource Development Strategies**

The Committee recognizes that without the development of a tangible strategies dealing with both skilled and unskilled labour, it will not be able to attract let alone retain the trained personnel required to manage the growth of the industry. The Committee recommends that in order to provide an incentive for tourism employers to support more skilled training programs for employees the Province introduce a human resource development tax credit in the range of 25-30% of salaries and wages paid to an eligible apprentice in an approved skilled trade. The Committee also recommends that the private sector should work with the Go2 industry association to engage private sector individuals to act as role models to promote tourism careers. The Committee recommends that the Province address the shortage of unskilled labour by lobbying the federal government to enable more immigrant workers to find jobs in the tourism industry. This is best accomplished through the easing of regulations surrounding the issuance of temporary visas. The Committee also recommends that the Province investigate a best practices model for obtaining unskilled immigrants that the federal government has introduced for farm workers emigrating from Mexico. With respect to skilled labour, the Committee recommends that the Province promote the Provincial Nominee Program as a way of developing specific skilled labour. The Committee recommends that the industry association Go2 adopt a new mandate to bring employers and colleges together to form an ITO and build new certification programs with the full support of the industry. The Committee also recommends that along with the new mandate for Go2 that it include non trades training programs to allow the shortage of unskilled labour to be better addressed. The Committee also recommends that the development of new certification programs must also be tied to new seats at educational providers.

### **Research and Information Strategies**

The Committee notes that better information will lead to better decisions. The Committee recommends that private industry, working collaboratively with Tourism BC, jointly fund best models research for major competitive product sectors including ski tourism, golf tourism, city stays, wine tourism and others identified by Tourism B.C. The Committee recommends that as the environment becomes increasingly competitive, Tourism B.C. provide ongoing marketing intelligence on major competitive jurisdictions in the Pacific Northwest, Alberta and areas to be identified by Tourism B.C. based on current competitive market conditions. The goal is to find out what other best practices exist and to ensure that these are current so that industry sectors can utilize the information to ensure a sustainable competitive advantage. The Committee would like Tourism B.C. in partnership with MoTSA to consider providing resources either internally or through a third party for the development of a “dashboard” of key decision making data for industry leaders that will include key current market performance indicators as well as investor information. The dashboard should include both benchmark information and key performance indicators.

## **I. Introduction**

### **Background to British Columbia's Tourism Industry**

The tourism industry is one of the main economic engines for BC. There are close to 120,000 people working in over 18,000 tourism enterprises in BC. The value of the tourism industry is just over \$9 billion annually and it contributes over \$1 billion each year in revenue to government.

British Columbia has set goals to double tourism revenues by 2015 and to grow BC's role as a prime all-season resort and tourism destination. However, British Columbia industries, small businesses, and investors are currently facing a variety of competitive pressures. Global events such as 9/11, SARS, the war in Iraq, BSE, and the appreciating Canadian dollar have negatively impacted the tourism industry, resulting in relatively flat growth between 1998 and 2003. To achieve a doubling of BC Tourism revenues, BC's tourism industry must attract more visitors, increase the length of a visitor's stay, and generate higher expenditures per visitor.

### **Mandate**

In March, 2005, the British Columbia Government established the BC Competition Council. The Council is charged with the responsibility of recommending workable private sector and public sector actions to improve the province's competitiveness. Tourism is one of twelve sectors included in the Council's mandate. The government of British Columbia has acknowledged that the province needs to increase its competitiveness and productivity and to better market itself as a tourism investment destination.

### **Composition**

The Premier's Tourism Industry Advisory Committee is comprised of the following individuals:

- Darcy Alexander, Chair, Vice President & General Manager, Sun Peaks Resort Corporation;
- James Terry, Executive Vice President and COO, Rocky Mountain Vacations;
- Dave Brownlie, Executive Vice President, Intrawest;
- Phil Barnes, Regional Vice President, Fairmont Hotels & Resorts;
- Virginia Greene, BC Deputy Minister of Tourism, Sports and the Arts;
- Allen Tozer, The Okanagan Wine Festivals and GM, Fernie Best Western Mountain Lodge and Board Member of Tourism British Columbia;
- Kevin Walker, President, Walker Hospitality Group;
- April Moi, Executive Director, Hello North and Board Member of Tourism British Columbia

The Committee's facilitation and report was conducted and prepared by Blair Baldwin, President, Pinnacle Consulting, Kelowna.

## **Goal**

To make the tourism industry more competitive in order to drive the goal of doubling the tourism revenues by 2015, the Committee was tasked with producing tangible industry initiatives and making recommendations for both the private and public sectors. The committee conducted a strategic analysis of the external and internal environments, identified key success factors and created a prioritized list of strategic issues.

## **Objectives**

The Committee followed a strategic approach in order to develop meaningful recommendations. The following was the Committee's objectives:

1. Review External environmental analysis including market information and competitive forces
2. Determine any further external environment information required by Committee to assist with it's mandate
1. Determine the implications for competitiveness of the tourism industry in BC and build key success factors for the BC tourism industry
2. Review internal environmental analysis including competitive assets and liabilities and external market threats
3. Determine any further internal environment information required by Committee to assist with its mandate
4. Build list of strategic issues for prioritization
5. Prioritize these issues
6. Develop broad based strategies for both public and private sector to address the top 5 strategic issues.

## **Methodology**

The methodology involved the following steps:

1. The Committee Chair identified the need for each member to be fully briefed on relevant information prior to each meeting in order that effective decisions could be made.
2. The Committee Chair determined that the Committee would meet a maximum four times prior to January 15, 2006 with a deadline to submit a report to the Committee at the last meeting to ensure a fully accountable decision-making process. Appendix "A" attached outlines the Agendas for each of these four meetings.



3. The Chair decided to provide comprehensive external market, consumer and competitive information to each Committee member. The purpose was to enable each Committee member to be fully briefed prior to the first meeting on all pertinent background information. As a result, Tourism British Columbia, the Ministry of Economic Development and the Ministry of Tourism, Sports and the Arts were asked to provide the required background information to the Committee. The relevant external market environment information and internal tourism industry situation analysis was drawn from three documents: The Tourism British Columbia “Tourism 2010 – The Ten Year Plan” made available to the Committee by Tourism B.C.; a “Tourism Competitive Analysis” conducted for the Committee jointly by the Ministry of Tourism, Sports and the Arts attached hereto as Appendix “B”; and The Council of Tourism Associations of B.C. Issues Book a copy of which is attached hereto as Appendix C.
4. The Committee’s first meeting focused on an analysis of the implications of the external market and internal situation analysis and identified a list of key strategic issues facing the tourism industry in B.C.
5. Before the second meeting, the Committee conducted a review of the strategic issues and ranked the top five strategic issues attached hereto as Appendix “D”. The Committee agreed to focus on developing strategies for these top ranked issues only.
6. The Committee’s second and third meetings reviewed the main strategic issues and identified strategies for both the public and private sector to undertake. The Committee also requested further information be provided dealing with infrastructure. The main recommendation of the Premier’s Resort Development Task Force and its tactical plans for 2006 which information is attached hereto as Appendices “E” and “F”.
7. The Committee’s fourth and final meeting reviewed the strategies for each issue to ensure that meaningful recommendations for both the public and private sectors had been identified.
8. After the Committee’s initial presentation to the Competition Secretariat in early March, it met for a final time to consider questions posed and provided answers and revised the initial report in order to prepare this final report.

## **II. External Environmental Analysis of the BC Tourism Industry**

A binder of material was provided to each Committee member based on a number of key strategic questions posed by the Chair to the government. The Committee was directed to review the information and provide its views on the implications of the data as it relates to understanding the current external environment in which the BC tourism industry operates. The following comments outline the implications of this analysis:

### **A. Committee's Review of Industry Performance**

- ◆ The industry is flat to stagnant and the current growth rates are not acceptable especially in light of the significant growth rates mandated by the government of BC;
- ◆ The Conference Board of Canada forecasts for tourism industry growth are less than those required by the Premier 2006 – 3.3%; 2007 - 3.2%; 2008 - 3.6% and 2009 - 3.2%. This shows that the province's goals are extremely challenging;
- ◆ The tourism industry has a yield management issue - we are not increasing our yields as quickly as we should and appear to have a focus on low yield destination tourists;
- ◆ BC resident travel and yield is headed in a positive direction and while not offering as high a yield as out of province overnight travelers is a source of strength to the industry;
- ◆ Volume and revenues are flat over the 4 years presented and this is not good in the short term in light of the increasing supply of rooms of major resorts and accommodators;
- ◆ Demand is not keeping up to the supply side;
- ◆ Notwithstanding the gap between supply and demand, we should be aware of the growing challenge to attract quality front line employees;
- ◆ Our biggest overnight market – the US – is not only stagnant but seemingly on a downturn;
- ◆ Need to better understand causes of US stagnation such as isolationism, lack of feeling welcomed, border security and terrorism;
- ◆ The industry seems to be shying away from strong value pricing in favour of lowering yield. We must play to our strong suit and be courageous in our pricing ensuring benefits of the BC tourism experience are of premium quality;
- ◆ The BC market and Canadian market must be lured to other areas outside of the urban golden triangle if we are to seek more growth;
- ◆ The cost of customer acquisition is lowest in the US (outside of Canada);
- ◆ Ontario is a long haul Canadian market that needs to be better understood for its potential;
- ◆ China offers significant potential as a growth market but the industry is not currently allowed to market directly to consumers and it will take time to achieve significant revenues from this market.
- ◆ As the Canadian dollar strengthens, Canadians are heading towards the US and we should be aware of a possible erosion of the BC/Canadian market visiting and staying in BC;

- ◆ US tourist destinations are aggressively marketing and have a competitive advantage of airfares, strong integrated marketing communications and possibly better cooperation between agencies;
- ◆ We seem to be on a trend of becoming a discount destination and are unsure of the causes –taxation regime is a possible cause;
- ◆ The decline in the international market makes us more reliant on the domestic market which has a different mindset and which requires stronger marketing to retain against global influences.

## **B. Committee’s Review of Driving Forces in the Industry**

The Committee reviewed all information and concluded that the information provided was realistic with some important additions.

### Regulatory Forces

- ◆ Taxation – continues to be a negative trend and there is a disparity on treatment of property taxes using the appraisal methodology that gives the highest assessment value (e.g. cost approach vs. income approach) and too high a disparity between commercial and residential tax rates;
- ◆ The Travel Agent Act which requires funds tied up in bonds to guarantee vacations is viewed as a negative force;
- ◆ Increased regulations surrounding US border issues will have a significant negative impact;
- ◆ US Marine Passenger Act is not productive for BC;
- ◆ Chinese Federal Regulations – Canada needs to acquire Approved Destination Status in order to market direct to consumers.

### Worldwide Forces

- ◆ Concern for safety is a major trend that should place BC in a competitive advantage;

### Capacity Forces

- ◆ Capacity needs to be filled and tourism operators will focus on the growth of existing businesses to their potential;
- ◆ The hotel/condo market of fractional ownership is developing rapidly but will likely not address the need for growth in ADR (Average Daily Rate) for the traditional hotel model;
- ◆ There is a growing demand for premium convention space;

### Transportation Forces

- ◆ Airport infrastructure must be improved to move people around the province and to respond to globalization of air travel;
- ◆ Air access into British Columbia will continue to directly impact the ability to grow the industry.

## Staffing Forces

- ◆ Demands from consumers require better training of staff and an increased supply of tourism and hospitality employees;

## Consumer Forces

Committee noted that no information was provided dealing with forces driving consumers and it has requested this information to be sent to them. Notwithstanding the absence of said information, Committee members identified some consumer forces:

- ◆ Consumers will want to see the development of new higher quality capacity;
- ◆ Consumers will demand quality accommodation;
- ◆ Consumers will demand a near perfect service experience;
- ◆ Safety of the traveler – no resources to enforce the Trespass Act – large gap between consumers’ perceptions and expectations of safe travel;
- ◆ The Committee feels the provincial government needs to better manage the social aspect to safe tourism;
- ◆ A new consumer driving force must be recognized in that a large amount of recreational real estate is being built up driving fractional ownership and forcing overnight tourists to stay within the region where their real estate is located.



*Okanagan Wine Country*

## Competitive Forces

- ◆ Powerful brands exist for other provinces/states and British Columbia must strive to ensure its brand remains strong to reflect a sustainable competitive advantage which will attract destination tourists;
- ◆ British Columbia needs to ensure its unique resources are reflected in its branding against other areas ;
- ◆ Need to ensure we can measure ROI for tourism in BC and against other competitive jurisdictions;

## **C. Committee’s Review of Nature and Scale of Tourism as an Export Industry**

- ◆ Committee views the statistics as strong backing that tourism in an important export industry but that it is at risk of declining, unless the decreasing US market is addressed.
- ◆ The Competition Council specifically asked the Committee to provide information from the Tourism BC database regarding the origin of highest value tourists (those that spend the most when visiting). The Committee conducted a review to answer this question. The definition of “high value” tourists must include those that not only achieve high spends per trip, but also have a longer stay and come with more frequency. Only when analyzing these three independent variables can a picture of the high value tourists be painted. The information is outlined below attached as the Excel file entitled “TIAC Expenditure Comparisons by Market of Origin.” This worksheet shows that, while spend per trip and length of stay are lower for short haul US markets than long haul US markets, the sheer volume of visitation from Washington State, the incidence of visitation from west coast US states and the frequency of repeat visitation implies that these are, from a market size and lifetime customer value perspective, high value markets. And combined with the proximity of regional air access from California as well as the ease of air and border access from Oregon and Washington, these geographic markets continue to offer a strong segment of high value tourists.

Market of Origin	Estimated Overnight Visits to BC (2005)	Overnight Visits/1000 Residents	Average spend/day (per person)	Average stay (days)	2+ visits to BC in last five years (among qualified travelers)
Washington State	2,388,000	408.14	\$90.56	3.0	34%
Oregon	336,000	98.97	\$91.16	4.1	N/A
California	770,000	23.78	\$116.63	4.5	14%
UK	305,100	5.13	\$188.17	9.3	N/A
Germany	144,200	1.75	\$121.68	12.5	N/A
Netherlands	45,600	2.87	\$139.25	10.7	N/A
Japan	270,200	2.13	\$224.31	7.5	N/A
Australia	103,800	5.41	\$188.89	8.5	N/A

## **D. Committee's Review of Competitive Forces**

- ◆ Comparison of other international competitive jurisdictions discloses they do a good job of exporting culture as opposed to natural resources. This emphasizes the need to continually review our unique resources to allow us to improve our brand and theme;
- ◆ Need to understand best practices of main competitive jurisdictions worldwide and their competitive spending levels;
- ◆ Alberta is a main competitive region and is rapidly ramping up public sector investment;
- ◆ Washington currently has a heavy investment in culture/arts and wine tourism;
- ◆ NZ is a remote secondary market and yet has done well – would be useful to understand its best practices;
- ◆ There are too many tourism organizations competing for public sector funds and there appear to be redundancies in the use of scarce marketing resources. This is exemplified in the lack of formal process of tourism planning involving communities, and the province. As a result, different plans exist which duplicate marketing efforts.
- ◆ The Competition Council asked the Committee to provide information to better understand the nature of cost comparisons between key US markets and key B.C. markets of a comparable nature such as product sectors including wine tourism or ski tourism. The Committee analyzed data made available by Tourism British Columbia. This is attached in the table below. The data compares costs per stay between Vancouver, Seattle and San Francisco, BC ski resorts vs. Aspen and Vail, and air access costs to BC. The data illustrates that, even at the current exchange rate, costs per stay in BC compare favourably to US competitors. However the cost of air access puts B.C. at a disadvantage and reinforces the importance of recommendations made by the Committee in this report regarding airport infrastructure and air policy. It is important as well to note that destination quality is as important if not more important than cost to visitors. Vancouver, Whistler and other BC destinations have consistently been ranked very highly in recent years, relative to US competitors in terms of destination quality.

### **Average Costs - Runzheimer International - Guide to Daily Travel prices**

		<b>San Francisco</b>	<b>Seattle</b>	<b>Vancouver</b>
<b>Meals</b>	Breakfast	\$18.30	\$15.40	\$12.95
	Lunch	\$15.70	\$15.15	\$12.61
	Dinner	\$38.35	\$35.20	\$23.82
	3 meal total	\$72.35	\$65.75	\$49.38
<b>Transportation*</b>	Taxi - Airport to Downtown (return)	\$64.00	\$60.00	\$50.30
	First Class/Rack Lodging	\$225.50	\$165.50	\$172.02
<b>Lodging*</b>				
<b>Total</b>		<b>\$361.85</b>	<b>\$291.25</b>	<b>\$271.69</b>

All prices are quoted in US\$

\*Note: Vancouver hotel rate: Single rack, Vancouver transportation: average taxi fare return.  
\$C=0.8982USD

## **E. Committee's Review of Key Success Factors**

These are factors required in order for BC to continue to develop a sustainable competitive advantage:

1. Access infrastructure – airports are essential to the successful development of the tourism industry. We need to have 4-5 regional airports in the province that must have the capability to allow larger aircraft.
2. Tourism Governance - best practices tourism model has a low regulatory structure – little or no red tape and no overlap between line ministries and crown corporations.
3. Lower taxation jurisdiction to develop new tourism businesses.
4. Ease of access to the tourism industry by consumers.
5. Cost of the access – few regulatory approvals and no bureaucratic fees.
6. Marketing strategies should focus on delivering value of the experience versus one that focuses more on value based on price.
7. Strong overall branding that reflects consumer interests.
8. Strong focus on high yield markets (US in particular).
9. Infrastructure must recognize ferries importance frequency; affordability; reliability.
10. Ability to invest public sector funds efficiently and a coordinated government plan to support tourism.
11. Smooth border access.
12. Aggressive targeted tourism bodies that are held accountable (TBC Tourism YVR regional and city dmo's).
13. Successful delivery of the experience – safe, clean, high value (benefits of service).
14. Appropriate market segmentation and identification of specific needs of consumers.
15. Appropriate planned marketing investment.
16. Strong data for research.
17. Accountability.
18. Strong relationship and partnership with first nations and community groups in the tourism industry.
19. Cohesive marketing strategy (CTC heads in one direction and we head in another).
20. Strong labour force- quality training of staff and create belief in the tourism industry.
21. Integrated marketing communications.
22. The need for an ADS with China to allow for consumer direct marketing to this potential growth market.



*Ainsworth Hot Springs, Kootenays*

### **III. Internal Environment - Internal Analysis of the BC Tourism Industry**

The Committee reviewed the compiled information provided on the SWOT analysis of the tourism industry in British Columbia and were asked to focus on each member's considered opinions as to the top competitive assets; competitive liabilities; external market opportunities and external market threats.

#### **Strengths and Competitive Assets**

What are our best competitive assets?

1. Diversity of quality products and unique sectors within the province;
2. Timing – 2010 has given us curtain time;
3. Smart bright leaders both public and private;
4. Geographical proximity to US;
5. Asia (China) opening up;
6. Canada but not cold;
7. English speaking but cosmopolitan;
8. Mother nature, beauty in urban and wilderness;
9. We are a place that you can do it all;
10. Service in BC is excellent;
11. People are warm and friendly;
12. Geography – mountains, water air;
13. Culture – heritage, history, arts;
14. Healthy place to visit;
15. Safe place to visit;
16. Vancouver voted as best city to live in;
17. New Convention Centre;
18. Hot economy;
19. No other place has the physical assets – emotional appeal of assets.



## **Weaknesses and Competitive Liabilities**

1. Diversity of products within the province – so spread out and BC doesn't have quality services;
2. Accessibility;
3. No “icon” in BC for travel;
4. Boldness – missing out marketing the icons;
5. External perceptions of our assets;
6. A weak convention centre plan;
7. Too much focus on marketing value through pricing rather than value based on delivery of an excellent service experience;
8. The BC tourism industry is experiencing an increase in the costs of operations as a result of higher property taxes, insurance and wage increases and the yield is not keeping pace.
9. A lack of unskilled entry level workers to fill a significant void in the labour marketplace.

## **Market Opportunities**

The Committee agreed in the interests of time that the external market opportunities were well covered in the information compiled in Appendix “B” and that further to this, the key success factors identified above also serve as opportunities.

In addition to the opportunities listed in Appendix “B”, the Committee also reviewed the potential opportunity to market direct to consumers in China. The Committee recognizes that the China market is an important market mostly for growth potential over the longer term. Tourism marketing efforts towards China are limited currently to trade education and familiarization tours. There is no consumer direct marketing allowed at this point in time as B.C. and Canada do not have an “Approved Destination Status” agreement with China and this is not expected until 2007. Further, access to China’s potential tourists will only be permitted when the CNTA allows it. This is expected to happen but will not materialize in a quick manner due to government regulations in China. With respect to B.C., China has overtaken Hong Kong and is now B.C.’s 4<sup>th</sup> largest Asia market after Japan, Korea and Taiwan. While growth rates are forecast to hit 25% per annum, the projections for China in the next five years or so will be to hit 250-300k visitors annually – strong but significantly below the 3.2 million US visitors and the significant potential that can be realized from the US market. As well, there is very limited air access from China into Canada.

## **Market Threats**

1. Friendly people are a focal point of other jurisdictions – France as an example of improved service and our competitive service levels are being assailed;
2. Worldwide capacity for leisure tourism is attracting new tourism destinations into the supply of tourism;

3. Condo/hotel model and capacity of tourism business is being built up globally;
4. Heavy US competition from resorts;
5. Air access is better in the US;
6. Pandemics and terrorism and natural disasters;
7. Competition in a global stage;
8. Plethora of aggressive tourism marketing;
9. Plenty of aggressive convention cities who will steal our markets;
10. The US is working harder to keep people within the USA;
11. Other countries are allocating more resources to tourism and planning a comprehensive plan;
12. More emerging markets due to globalization;
13. Aggressive Colorado ski resort competition;
14. Isolation in US will create strong competition for our largest export market;



*Inner Harbour, Victoria*

## **IV. Strategic Issues Facing the BC Tourism Industry**

### **A. Provincial Taxation Issues**

1. The Committee discussed the requirement to provide input to the Province relating to provincial taxation issues. The consensus was reached that targeted initiatives are very difficult to direct and the Committee prefers to endorse a philosophy rather than specifics which create distortions.
2. The Committee agreed to put forward the recommendation that BC should aim to become a low tax jurisdiction. With the perception that the fiscal house is in order, the Committee will recommend that there should be a philosophy that the business tax burden and provincial sales tax should be lowered to ensure that BC is viewed as a low tax jurisdiction.
3. The Committee will also recommend that the Province consider a PST exemption on purchases of tourism equipment and machinery product due to export nature of tourism and that consideration be given to providing “Travel BC” tax credits for one holiday per year to encourage BC residents to travel within BC.

### **B. Strategic Tourism Issues**

Based on the identification of strategic issues and the Committee’s evaluation of each issue as outlined in Appendix “D”, five key issues emerged. These are:

1. How do we develop customer acquisition and retention from the Pacific North West corridor? (Southern California up north plus Arizona)?
2. How can we make access to the Province easier through border, highway air and ferry and what regulatory strategies are required?
3. How do we build a successful delivery of the experience – safe, clean, high value (benefits of service) and how can we better recognize the value of the tourist?
4. How do we continue to source, develop and retain personnel in trained in proper skills and create a desire for workers to make tourism a career?
5. How do we evaluate our positioning against the competitive set of geographic and product sectors?

## **V. Strategies**

The Committee identified a number of strategies that focus on actions to be taken by the private sector and the public sector. Some of the strategies are mutually exclusive to each sector and some overlap. The top five strategic issues are:

### **Strategic Issue #1 - Customer Acquisition and Retention Strategies**

The Committee recognizes that tourism marketing investment by Government and industry is a key factor to British Columbia's competitiveness. The Committee commends the Province of BC and the Premier for recognizing this and doubling Tourism British Columbia's annual budget. The Committee also cites that Tourism British Columbia's industry led board of directors, plus Tourism British Columbia's strategic approach to marketing, visitor services and market readiness is a strong working model that needs to be given continued support to allow the marketing of the province to the correct target with the correct offers at the correct time through the correct channel.

In order to address this strategic issue, the Committee received a presentation from Tourism British Columbia focusing on an overview of North America marketing.

### **Private Sector Strategies**

#### **1. High Yield Strategies:**

The Committee recommends that all tourism industry associations and tourism product sectors encourage their members to develop strategies and focus on attracting higher yield customers. The Committee wants to ensure that all private sector tourism operators are aware that growth in their sectors cannot be uniquely based on using pricing as a main marketing tool. These higher yield strategies must include:

- Product design and investment in premium facilities;
- World class service experience design and the investment in customer relationship management systems;
- Market research to segment customers by market and by yield and by loyalty;
- Further investment in online marketing and e-retailing for tourism products and experiences;
- More direct marketing to customers to create more effective marketing communications;
- Tourism operators must ensure their branding ensures a high yield image where appropriate.

#### **2. Cooperative Marketing by Product Sector:**

The Committee recommends that there is a need to have more tourism operators working together to build their respective product sectors on a sustainable basis and work with

Tourism BC to ensure that their scarce resources are leveraged. In that regard, the Committee recommends:

- The private sector engages in more cooperative marketing especially within product sectors. For example, in the ski industry, skiing in BC must be promoted overall and not only Whistler. This could apply to all major tourism product sectors including resorts, golf, wine and others. The Committee recommends that the onus for this strategic initiative be placed on the industry to fund and develop a sector marketing strategy that is inclusive, recognizes the strengths of the main players and is self sustaining.
- The Committee recommends that the private sector led by product sectors build stronger awareness through cooperative marketing at gateway airports throughout BC.

3. **Cooperative Marketing between Operators and Tourism BC:**

- The Committee recommends that there is a need to have more tourism operators taking advantage of cooperative marketing programs offered by Tourism BC. The Committee believes that the private sector should examine how scarce resources are best deployed to acquire more business from the Pacific Northwest. This should be done with a focus to take advantage of Tourism BC's strategy to acquire more customers from the Pacific Northwest.

4. **Convention Sales:**

- The Committee recommends that tourism operators need to address the challenge on large Convention sales on how and who should most effectively sell into the high yield group market.
- The Committee further recommends there needs to be a specific marketing strategy jointly planned between the private sector and Tourism BC.

5. **Internet Marketing & Customer Education:**

- The Committee recommends that BC Ferries develop an education of customers to require reservations and also ask Tourism BC through its Hello BC website to support this.
- The Committee recommends that the B.C. tourism industry spend more time planning and providing input to BC Ferries. The Committee also recommends a link to allow online bookings of BC Ferries through Hello BC website.

## **Public Sector Strategies**

### **1. Funding Formula:**

- The Government's commitment to convert Tourism British Columbia funding from 1.65% to 3% of the 8% room tax before 2008, should be completed immediately to provide a stable source of funding for tourism marketing.

### **2. Support of Tourism BC 2010 Plan:**

- The Committee endorses the strategic direction being taken by Tourism B.C. with respect to its 2010 plan which was built based on private sector input and offers a vision to achieve the revenue goals for the Province.

### **3. Harmonized Planning:**

- The Committee believes there needs to be more effective coordination for planning to market the Province and its tourism products and experiences. The Committee recommends the development of an aggressive approach to leverage the combined resources of Tourism B.C. and its super regions and MoTSA to ensure that all destination marketing organizations work in tandem with the Province. The duplication of efforts must be eliminated and coherently organized in order to achieve the revenue goals.
- The Committee recommends that a set of enforceable policies be created to force harmonization of strategic planning between all stakeholders and that Tourism B.C. should act as the lead in instituting this planning process. The Ministry of Finance should be consulted by Tourism BC and MoTSA to ensure all destination marketing organizations abide by the planning process to ensure that cooperation occurs.
- The requirement to create harmonized planning could include a requirement for each association's marketing plan to fall under the strategic umbrella led by Tourism BC. The process would reinforce the notion that Tourism BC must act to create an industry driven plan. Further Tourism BC could officially sanction the marketing plan for all destination marketing bodies when the application for a bed tax is made and Tourism BC could ensure annual coordination and evaluation thereafter is achieved.
- The Committee also believes that there is a point of separation between the funding provided to MoTSA and Tourism BC and the monies allocated to communities through UBCM. The planning for the use of funds provided to communities should be directly coordinated by MoTSA and Tourism BC to ensure the resources are leveraged and not duplicated or fractured.

#### **4. Pacific Northwest Marketing:**

The Committee believes that the Pacific Northwest market is among the most important to grow in order to achieve the growth rates required. Pursuant to this, there are a number of more focused strategies recommended:

- The Committee recommends that the strategic marketing plan developed by Tourism BC for 2010 and beyond be updated for endorsement by the industry.
- The Committee recommends that Tourism British Columbia plan to focus more resources on marketing communications in the Pacific Northwest.
- The Committee believes that the data management system being launched by Tourism B.C. must become one of the most critical marketing tools to ensure success.
- The Committee recommends that Tourism BC pursue a strategy of promoting online the richness of the B.C. experience through its new DMS. The Committee also recommends that the growing “anti-American” sentiments felt by many US destination tourists be combated with an aggressive “in Province” campaign to demonstrate that American tourists are to be embraced and welcomed. This can also be augmented by continuing to focus on a strategy of marketing communications in the Pacific Northwest that is welcoming.
- The Committee recommends that this market also be targeted by provincial product sector marketing plans (see below).
- The Committee also recommends that Tourism BC consider more strategies on a year round basis rather than just for a few months a year for customer acquisition from the Pacific Northwest especially Washington, Oregon and California where the largest potential growth market exists.

#### **5. Marketing Vancouver, Victoria and Whistler:**

- The Committee recommends that efforts be placed on marketing the Big Three destinations as the most effective way of attracting new visitors and achieving the growth rates. The strategic concept would be that once they have visited BC they are more likely to come again and visit the other regions. As this will result in a focus of marketing efforts in a geographical manner, the Committee recognizes the risks of alienating other geographical areas and offers strategies below to address this through product sector marketing. If substantial new marketing funds are going to be put behind Vancouver, Victoria, and Whistler, the Committee recommends that Tourism BC needs to engage their Tourism boards to develop an effective plan to work with and potentially fund in market presentation of other BC Tourism opportunities.

## 6. Product Sector Marketing:

- The Committee recommends that the resource leveraging strategy referred to above will have a greater chance of success if there is a focus on building marketing strategies by product sector in addition to geographic regions. Therefore, to manage the risk, the Committee recommends that Tourism B.C. continue to develop marketing plans for those “export ready” product sectors. As an example, this will allow organizations such as the Okanagan wine tourism industry to work with its respective Tourism BC Super Region to build a pilot project which could be expanded provincially based on proven performance. This will create an efficient strategic approach that recognizes different stages of a product life cycle and differing needs of suppliers and customers within that product sector.
- The Committee recommends that within the main three urban markets that the other regions of the province tourism products and experiences are marketed. An example of this would be the Crystal Palace and the BC Experience being developed in Victoria. Another form for better marketing of product sectors and other regions would be through the gateway airports within the province.
- Tourism BC should continue to facilitate the development of new product sectors that can be grown into export ready sectors. This will enable other regions and markets within B.C. to buy into such the overall strategy.

7. Ferries: - The Committee recommends that Tourism BC take a lead in developing more harmonized relationships between the Province and BC Ferries.



*Sun Peaks Resort*



## **Strategic Issue #2 - Infrastructure and Regulatory Strategies**

The strategies below comprise those that deal with infrastructure directly and those that deal with regulatory changes recommended by the Committee.

### **Infrastructure Strategies**

The Committee recommends the creation of a plan to maintain supply of infrastructure ahead of demand. The Committee acknowledges the substantial investment in infrastructure and recommends that the Province needs to continue to invest in physical infrastructure that is an essential part of its mandate as government.

### **Private Sector Infrastructure Strategies**

#### **1. Airports**

- **Public Private Partnerships**: The Committee recommends that private sector stakeholders be sought to assist with funding under the P3 approach recommended herein.
- **Provide marketing support**: Small airports and the carriers providing service to these small points often have very limited marketing budgets to promote these services. The tourism industry, ranging from associations to individual attraction operators, could help in a number of ways, including highlighting transportation information on websites and promotional brochures, promoting these transportation services at tourism trade shows, contributing accommodations etc. for prize packages to promote the start-up of new services, etc. Services to regional airports are generally not well known outside of the local market. Providing transportation information in advertisements in in-flight magazines and radio and television advertisements featuring behind the gateway tourism marketing in international markets would make the transportation options better known.

#### **2. Highways**

- **Highway Signage Program**: The Committee recommends that a public private partnership approach to the building and delivery of a comprehensive tourism highway signage program. The Committee endorses the position of Council of Tourism Associations (COTA) that this is the most important priority and one which can be supported by both the public and private sectors. Best practices already have been studied in Australia and Alberta and should be executed upon in the near short term.

### 3. Rail

- The general strategic recommendation is for rail companies to build links and alliances to allow tour operators and independent traveler's better access to B.C.
- Rail companies should continue to work with Tourism BC to develop rail packages.
- The Committee endorses the position that the private sector should be responsible for the development of any new tourism rail product with the understanding that the Province should eliminate regulatory barriers to investment in new rail product.



*Spirit of 2010 Rail Trail, Christina Lake Section*

## Public Sector Infrastructure Strategies

### 1. Airports:

- Adopt best practices: The Committee recognizes the progressive planning and execution done for the gateway airports of Vancouver and Victoria and by the City of Kelowna for its airport and encourages the continued planning and execution that will make these airports strong gateways.
- Endorse COTA and AIM: The Committee fully supports the position of COTA that the regional airport system in B.C. is not viable in its state. The Committee recommends that the BC Regional Airports AIM policy guide developed in April, 2005 be executed.
- Maintain and Enhance TPP: The Committee further recommend that current provincial capital budget program in place –the Transportation Partnerships Program (TPP) of \$10 million per year be enhanced and be made more accessible to upgrade key regional airports to a standard to allow for easier access by air.
- Target Tier 1 Regional Airports using a P3 Model: The Committee recommends a public/private partnership approach to infrastructure funding which will allow for easier prioritization of those airports to be targeted. The Committee has identified a group of high priority regional airports for infrastructure improvements and a P3 approach wherein the federal government contributes 1/3; the province contributes 1/3 and the community contributes 1/3 with the latter 1/3 being financed by the federal and provincial governments until the airport infrastructure is in place and user fees can be justified and then the community's share becomes due. The Tier 1 regional airports identified by the Committee include: **Abbotsford, Cranbrook, Kamloops, Nanaimo, Prince George, Prince Rupert and Fort St. John.** The Committee recognizes that there are many diverse needs at each airport and these communities must be consulted to determine what level of community funding and support from the private sector is available to justify the funding of infrastructure improvements at these chosen airports.
- Identify Tier 2 Regional Airports: The Committee recognizes the need for other regional airports classified as Tier 2 to be given further study by their owners to identify specific infrastructure needs. If these needs are identified and can be financed then they may be moved up to Tier 1. These airports include all regional airports identified in the AIM policy guide of 2005 and listed herein as Appendix "G".
- The Committee recommends that MTSA take a lead in developing the strategic planning process and the governance of the proposed P3 model herein.
- Lobby the Federal Government: The federal ACAP capital funding program of roughly \$38 million is currently too narrow in scope. The province must lobby the federal government to expand the scope of projects allowed under ACAP in order to assist the regional airports address infrastructure issues.

- There are also a number of federal tax, regulatory and policy issues that require change. The Government of B.C. has a great deal of influence federally, and is well positioned to advocate change in support of the airport and aviation industry. The federal government should be lobbied to give back some of its airport tax funding into infrastructure improvements.

## 2. **Highways:**

- **Highway Signage Program:** The Committee recommends that a public private partnership approach to the building and delivery of a comprehensive tourism highway signage program. The Committee endorses the position of COTA that this is the most important priority and one which can be supported by both the public and private sectors. Best practices already have been studied in Australia and Alberta and should be executed upon in the near short term.
- **Four Laning:** Recommend that Highway #1 be “four-laned” through the Alberta border from Chase. The Committee notes that it has not been able to source adequate information on the status of such capital plans.
- **Key Highway Connections:** The Committee recommends that key highway connections be identified to improve access to key tourism destinations (e.g. Sea to Sky which is already being done for Olympics) and to connect US entry points with better roads. The Committee recommends that MoTSA work with Tourism BC and the MOT to make this determination. For example a circle tourism route connecting off the #1 around Kamloops, Chase and North Thompson could be developed with a few connecting road upgrades. This is probably doable in other areas of province as well.

## 3. **Rail:**

- **Eliminate Barriers to Investment:** The Committee recognizes that railways provide an opportunity for the province to create an environment for rail access to be developed where feasible. The Committee encourages the Province to support this by opening up the regulatory environment to foster more investment.
- **Rails-To-Trails:** The Committee also acknowledges the desirability of the Province through the collaboration of Tourism BC and MoTSA to continue its investment in the system of Rail Trails on abandoned railway corridors – The Spirit of 2010 Trail. A comprehensive plan should be built to enable it to become a sustainable tourism product sector.

## 4. **Ferries:**

- **Northern Ferry Service:** The Committee recommends support for the development of a northern ferry service. The Committee recognizes the work done in this area by COTA and supports that strategy that northern ferry service is crucial to maintaining the integrity of the provincial highways system and for the development of the tourism industry in BC.

- Four Ship Option: The Committee endorses the four-ship service option presented by BC Ferries for the increased capacity, reliability, and efficiency the new vessels will provide. The Committee recognizes that four-ship option provides for new ships and most importantly, daily service between Prince Rupert and Port Hardy during the summer season. While this will require government to dramatically increase the funding it allocates to the service contract, it would most assuredly get it back from increased hotel tax revenue and other tax sources.
- Vision for Ferry Services: The Committee recommends that ferry service be managed with a view to ensure that it is accessible, affordable and reliable.

#### 5. Gateways Strategy:

- Endorsement of Premier's Strategy: The Committee endorses the Premier's gateways to BC and supports the aggressive development of these and the development of Tourism BC Info Centres identified for gateways.

### Regulatory Strategies

#### Private Sector Regulatory Strategies

1. Product sector industry associations should identify key regulatory issues and determine recommendations for the government's assessment branch to create model that would be consistent across province and then use as basis to apply to government necessary changes in regulations or laws.
2. The Committee recommend that MTSA also take a lead in working with product sector industry associations in this regard.

#### Public Sector Regulatory Strategies

##### 1. Resort Development:

- Adoption of Recommendations from Premiers Task Force on Resort Development: The Committee recommends that the key recommendations of the Premiers Task Force on Resort Development be implemented. The main report is attached hereto as Appendix "E". Currently, Regional Districts can overturn existing zoning approved for the landowner creating apprehension and lack of investor confidence. Developers need to access a proper development model that also addresses the urgent need for an effective municipal model for resort development. The Committee also endorses the critical path for 2006 developed by the Province and attached hereto as Appendix "F".
- Leadership from MTSA: The Committee supports a major role for MTSA in the execution of these recommendations and that it should work in collaboration with the Ministry of Community Services. It also recommends that MTSA should focus on ensuring greater investor confidence in resort

development and to investigate legislative options that will permit the growth of the industry. For example, the MTSA must address the imbalance in regional districts “down zoning” without private sector compensation.

## **2. Property Taxes:**

The assessment of property values for taxation using “highest and best use” is causing an imbalance and this has also been recognized by the Council of Tourism Associations. There are two key issues relating to property taxes for tourism at this time. The first is the leap in property tax values presently being seen across the province and specifically in tourism and resort communities. There is significant concern that this jump in property values will not be offset by reductions in the mill rates and thus property taxes will move dramatically upward. The second is the disparity between commercial and residential tax rates for accommodation properties that creates a huge motivation for property owners to search for classification loopholes that reduce their property tax burden.

- Develop New Valuation Methods: The Committee recommends that two steps be taken. First the province should review the assessment authority process and ensure that appropriate valuation methods and are being fairly and consistently applied across the province. For example is a “highest and best use” classification applicable when present uses would lead to much lower assessments and taxes. The second recommendation is for the Province to examine the STOCAPS issue to allow for equity and fairness and yet to ensure taxation does not increase to accommodation properties. A limit on taxation would allow the industry to continue growth and governments can share in a bigger industry pie rather than creating a heavier burden on the existing industry.
- Seek Leadership from the Resort and Accommodation Industries: The Committee endorses the Canada West Ski Areas Association (CWSAA) and BC Yukon Hotel Association (BCYHA) to consult widely within the resort and accommodation industries and to play a lead role in working with the government to deal with this issue.

## **3. Passport and Border Regulations:**

- Lobbying Efforts: The Committee reminds the Province that the US passport issue will develop as a serious barrier to achieving growth from the United States market and that all efforts should be made by the combined federal and provincial governments to eliminate this threat.

4. Travel Industry Regulations: The Committee examined the Travel Act which falls under the authority of the Attorney General. The legislation is difficult to enforce and if enforced, would bankrupt travel agencies. It recommends that the Travel Act be re-examined to ensure that it achieves what is intended - to protect the consumer - but in a way that is clear and concise and not a financial burden to the tourism industry.

### **Strategic Issue #3 - Tourism Experience Strategies**

The Committee recommends that the Province and tourism operators focus on three areas for the continued development of a successful “tourism experience”. These are the preservation of the natural environment, design guidelines and the service experience.

#### **Private Sector Tourism Experience Strategies**

##### **1. Design Guidelines:**

- The Committee recommends that tourism industry operators and developers need to develop and follow design guidelines to ensure new facilities and renovated facilities are of top quality. The Committee feels that free enterprise should take care of this but it would be helpful for the recommendations of the Premier’s Task Force on Resort Development be implemented on an immediate basis.

##### **2. Service Experience:**

- Promotion of Tourism as a Career Choice: The Committee recommends that industry sectors conduct an aggressive promotional campaign to educate people on the benefits of a career in tourism which should be funded by the stakeholders including private and public sector.

#### **Public Sector Tourism Experience Strategies**

##### **1. Natural Environment:**

- Proper Land Use Planning: The Committee recognizes that the province and its tourism operators must jointly act to retain B.C.’s SuperNatural environment without which we lose a sustainable competitive advantage. The Committee endorses the position that COTA has taken with respect to the maintenance of our natural environment through appropriate land use planning and the development of forest recreational areas. This position is attached hereto as Appendix “C”. The key points of its policy require that the tourism industry have a major role to play in all land use discussions throughout the Province. This should be accomplished by MoTSA taking the lead and working with tourism industry sector associations.
- Transfer of Responsibilities to MoTSA: The Committee also recommends that the tourism industry plays a strong role with future land use planning. The Committee recommends that the Province consider the transfer of responsibility for BC Parks management to MoTSA in order to ensure tourism usage is integrated into its planning. The Committee feels that the original mandate for BC Parks was for a primary tourism vision and it is not first and

foremost in the current operations of BC Parks. Therefore with a transfer in responsibility the customer needs of public usage and access can be more properly delivered.

- Provide Leadership in Land Use Policies for Tourism: The Committee also recommends that MoTSA, Tourism BC, the Ministry of Agriculture, and the MOT develop a proper land use policy governing appropriate tourism uses for backcountry, snowmobilers, rails-to-trails users etc based on the key tourism product sectors.

## 2. Service Experience:

- The Committee endorses the use of Tourism B.C.'s SuperHost training program and its proposed plans for SuperHost to be used as a training platform for 2010.
- Development of Tourism Careers: The Committee also recommends that provincial colleges' should be mandated to work with the tourism industry to develop a human resource plan and to develop an applied educational program for tourism and hospitality employees, complete with specific earned designations and certifications. This will apply to retraining and students entering tourism and hospitality for the first time.

The Sun Peaks  
**Icewine**  
Festival

Icewine is a unique jewel, one of the finest dessert wines in the world created from grapes left on the vine until after the first frost arrives. British Columbia's Okanagan Valley is one of the world's premier producers of this sweet elixir, and each year the region hosts an Icewine Festival to herald the arrival of the season.

This year, Tourism British Columbia, Sun Peaks Resort and Okanagan Wine Festivals Society would like to invite you on a press trip to The Sun Peaks Icewine Festival, from January 20 - 23, 2005.

Join us for a weekend of festivities including winemaker's dinners, educational seminars and other playful events such as "The Blind Wine and Cheese Blues," and the "Magic of Dessert and Icewine" all held in the charming European-style village of Sun Peaks Resort.

Between festival activities, take in some of the exhilarating winter activities on offer in the resort, including downhill skiing, snowshoe tours, dog sledding or ice skating.

For a full schedule of Icewine events, click on <http://www.thewinefestivals.com/brochure.pdf>

Transportation, accommodation, activities and some meals will be provided by your hosts.

To RSVP, please contact:  
Carla Mont  
[carla.mont@tourismbc.com](mailto:carla.mont@tourismbc.com)  
Direct Tel: (604) 660-1957

TOURISM  
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CANADA

*B.C. Icewine Festival*



## **Strategic Issue #4 - Human Resource Development Strategies**

The Committee received a Presentation from Bev Briscoe Chairperson of the ITA. The same presentation was made to the Premier's Competition Council and was requested by the Committee based on its review of issues in human resources provided by Tourism B.C. in its Tourism 2010 plan. The Committee was educated that the tourism industry faces unique issues in human resource development. The Committee also reviewed research provided on human resource training and recruitment strategies. It emphasizes the gap forecasted by the industry in hospitality jobs which is in the range of 10,000 full time jobs by 2010. This will result in a significant shortage of both skilled and unskilled labour as the Province approaches 2010. This has been highlighted by both Tourism B.C. and the tourism industry through the Go2 Association.

### **Private Sector Human Resource Development Strategies**

1. **Human Resource Development Tax Credit:** The Committee recommends that in order to provide an incentive for tourism employers to support more skilled training programs for employees that the Province introduce a human resource development tax credit in the range of 25-30% for salaries and wages paid to an eligible apprentice in an approved skilled trade. This supports the position of COTA as outlined in Appendix "C". The private sector should work with post secondary institutions to make available on the job training components.
2. **Private Sector Role Models:** The private sector should work with Go2 to engage private sector individuals to act as role models to promote tourism careers.

### **Public Sector Human Resource Development Strategies**

#### **1. Unskilled Labour:**

- **Increase Temporary and Permanent Visas:** The Committee recommends that the government initiate training programs to fill these voids by adding more seats at colleges and other new or existing training institutions. In addition the Committee also recommends a parallel strategy of reviewing immigration policies, especially to supply labour for the difficult to recruit and retain lower skill class entry level jobs, where it will help to fill this serious labour shortage.
- **Adapt Farm Workers Model for Unskilled Labour to Tourism:** The Committee also recommends that the Province investigate a best practices model for obtaining unskilled immigrant that the federal government has introduced for farm workers emigrating from Mexico. The Committee recommends that the BC Ministry of Economic Development investigate this and provide a brief to the Competition Council.

## 2. Skilled Labour:

- Immigration – need competency based assessment tools to recognize skills from foreign jurisdictions. The Committee recommends that the Province promote the Provincial Nominee Program as a way of specific skilled labour.
- Form An ITO for Skilled Labour: Go2” could well become an ITO or could be the leader to bring employers to the table to form an ITO. The Committee noted that 3 prototypes have been launched – Horticulture, Residential Construction and the opportunity for tourism are significant. The Committee recommends that the industry association Go2 adopt a new mandate to bring employers and colleges together to form an ITO and build new certification programs with the full support of the industry. The Committee also recommends that along with the new mandate for Go2 that it include non trades training programs to allow the shortage of unskilled labour to be better addressed.
- Target Key Skills: The Committee recommends that if Go2 takes a lead on establishing an ITO that it should not be a generic one for the whole tourism industry. Rather, it should be segmented into relevant areas to focus on hotels, food and beverage as two examples. The Committee notes that there is a need to find core similarities to develop key trades and develop core skill sets and establish certification for these.
- More Seats at Colleges: The Committee also recommends that the development of new certification programs must also be tied to new seats at educational providers.
- Promote Existing Programs: The Committee also notes in the short term, there are certification programs for hotel careers that are well accepted via certification from the AHMA/CHA. Many of these are delivered online and through Vancouver Community College. As well, certification programs such as Serving It Right and Food Safe also need to be utilized. These need to be better profiled by Go2 working in combination with the industry.
- Human Resource Development Tax Credit: The Committee recommends the introduction of investment tax credits for funding such training. The critical challenge will be to create the image of pride around tourism as a career and to create the perception that tourism is much a time honoured trade as carpentry etc. Specifically, the Committee recommends that in order to provide an incentive for tourism employers to support more skilled training programs for employees that the Province introduce a human resource development tax credit in the range of 25-30% for salaries and wages paid to an eligible apprentice in an approved skilled trade. This supports the position of COTA as outlined in Appendix “C”.
- Promotion within High Schools: The Committee supports the strengthening of the mandate of Go2 to allow it to create promotional programs to create awareness of tourism careers in high schools.

## **Strategic Issue #5 - Research and Information Strategies**

### **Private Sector Research and Information Strategies**

#### **1. Best Model Practices:**

- Provide Primary Research on Main Product Sector Competitors: The Committee recommends that private industry jointly fund best models research for major competitive product sectors including ski tourism, golf tourism, city stays, wine tourism and others identified by Tourism B.C. For example, the ski tourism best practices research would require 50% funding to proceed.

#### **2. Ongoing Market Research:**

- The Committee Participation in a Research and Information strategy could be through industry sector commitment and the appropriate association. For example research dollars for the ski industry could be generated by adding a small additional annual fee to its members and that fee would be used in conjunction with public monies to allow that industry to be more competitive in their market place.

### **Public Sector Research and Information Strategies**

The Committee recommends that the tourism industry have access to better marketing information in order to make sounder decisions.

#### **1. Best Model Practices:**

- Provide Primary Research on Main Geographic Competitors: The Committee recommends that as the environment becomes increasingly competitive, Tourism B.C. be directed to provide ongoing marketing intelligence on our major competitive jurisdictions including the Pacific Northwest (including California, Oregon and Washington), Alberta and others to be identified by Tourism B.C. based on current competitive market conditions. Specifically, the Committee wishes marketing research be conducted on “best practices” of other leading jurisdictions that is current and continually updated.
- Provide Primary Research on Main Product Sector Competitors: In addition, the Committee recommends a similar approach be taken for major competitive product sectors including ski tourism, golf tourism, city stays, wine tourism and others identified by Tourism B.C. However, this research would be cooperatively funded with the private sector. The goal is know what other best practices exist and to ensure that these are current so that industry sectors can utilize the information to ensure a sustainable competitive advantage.

#### **2. Decision Making Data for Industry Leaders:**

- Create and Provide Access to Marketing Intelligence by Industry Leaders: The Committee would like Tourism B.C. in partnership with MoTSA to consider providing resources either internally or through a third party for the development of a “dashboard” of key decision making data for industry leaders that will include key current market performance indicators as well as investor information. The dashboard should include both benchmark information and key performance indicators. The Committee recognizes that industry leaders do not have access to enough quality marketing indicators and marketing intelligence to enable them to make the best informed decisions. The Committee is aware that such information can be proprietary but that access can be restricted through confidential password access. The Committee also recognizes that Tourism BC has set up a CEO Advisory Committee and that input should be sought from Tourism B.C. to determine what information should be made available on such a dashboard, how easy is it to collect and what resources may be required to collect, analyze and present to industry leaders.



Cathedral Provincial Park, Okanagan