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Creating a New Win-Win-Win for Victoria



Tourism Victoria is working on a renewed relationship with the City of Victoria and the Accommodation Sector to move to the more modern Municipal Regional District Tax (MRDT) system.

Background

- In B.C., destination marketing at the community level is governed through the MRDT
- Tourism Victoria is currently 'grandfathered' under the old legislation
- All but six municipalities in British Columbia have modernized their relationship with their Community Destination Marketing Organization (CDMOs)
- Majority of CDMOs are on 5 year renewal with their local city councils; Victoria is on an annual renewal



Current Funding Structure

- 50% of funding from 2% MRDT
- 25% from a voluntary 1% Destination Marketing Fee (DMF) from 21 participating hotels
- 25% membership dues, buy-ins and grants

Considerations

- 2015 Provincial Budget: Province raised the ceiling of the MRDT from 2% to 3%
- Given the effectiveness of destination marketing many communities are in the process of raising their ceiling
- By moving to 3% MRDT, Tourism Victoria will be able to achieve more reach and impact = more demand at all star levels
- The Victoria Hotel Destination Marketing Association could choose to continue with the 1% DMF if it sees value in doing so



**FLIP OVER TO SEE HOW
THIS IS A WIN FOR YOU!**

Win #1: City of Victoria and Residents

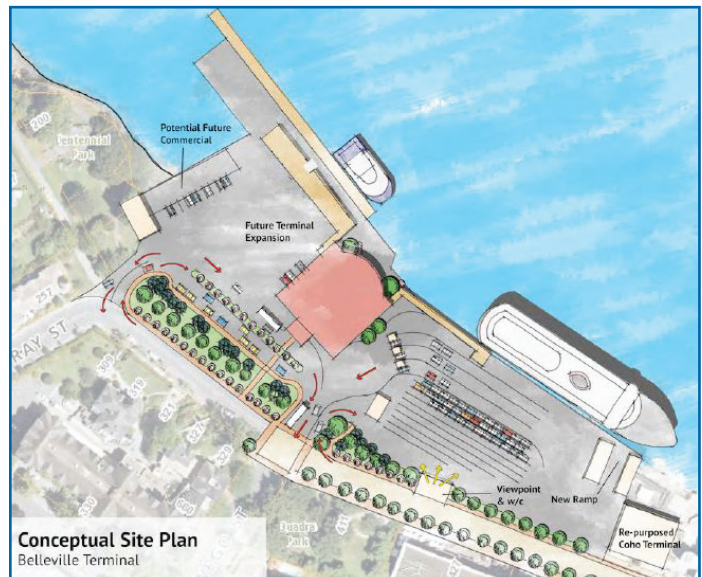
- Tourism industry, through Tourism Victoria, makes a \$1M dollar industry contribution over 11 years to building the David Foster Harbour Pathway (DFHP), integrated in Phase 2 of Belleville Terminal
- Both the DFHP and completion of the Belleville Street Terminal are important priorities of the City of Victoria Strategic Plan
- Residents benefit from timely progress of DFHP
- The City of Victoria receives meaningful and concrete consideration for granting eligible entity status to Tourism Victoria and is treated as a true and meaningful partner



Phase Two: Priority for investment

Win #2: Accommodation Sector

- Moves destination marketing organization from grandfathered status to eligible entity status with reasonable controls of a five year renewal vote from accommodation properties and the City
- Compression and rate; demand fills hotels, there is greater compression on the hotels with remaining rooms
- Increased marketing reach = more guests to Victoria = more hotel rooms sold at every star level
- Tourism industry, through Tourism Victoria, is lead on marketing and sales at the Victoria Conference Centre; reduces duplication of efforts



Win #3: Tourism Industry

- Benefits from completion of DFHP and Belleville Street Terminal, both key tourism infrastructure pieces
- Able to remain competitive in market against other destinations
- Increased marketing reach increases compression in destination
- Eligible Entity status means more stability for Tourism Victoria and its 870 members



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TOURISM
VICTORIA



Creating a New Win-Win-Win Relationship with the City of Victoria

Tourism Victoria and the City of Victoria are working towards a renewed relationship that provides benefits for the tourism industry, including the accommodation sector, in Victoria in line with new Provincial Guidelines for Municipal Regional District Tax. (Accommodation tax) Tourism Victoria has completed an Open House with the Accommodation Sector in Victoria on November 5th, 2015. Tourism Victoria is seeking agreement in principle of the renewed framework from Governance and Priorities Committee on November 19th, 2015 so that work can continue towards a full application in the spring of 2016.

Eligible Entity Communications Package: Elements of the Framework

1. **Tourism Victoria is Granted Eligible Entity Status:** City of Victoria moves from a “grandfathered status” community for Municipal and Regional District Tax (MRDT) program to one where Tourism Victoria is the eligible entity for MRDT. Renewal and approval of the Tourism Victoria tax status moves from annual renewal by City Council to one via City Council and an accommodation sector vote every five years. This puts Victoria in line with all community Destination Marketing Organizations (DMOs) created after 1997 and provides for a medium term planning horizon and medium term predictability certainty for Tourism Victoria, allowing the organization to focus on building the business rather than preparing for the annual renewal process.
2. **Industry Contribution to David Foster Harbour Pathway (DFHP):** The tourism industry, through Tourism Victoria, will make a \$1 million industry contribution over 11 years to building the David Foster Harbour Pathway (payment schedule attached). This investment is focused on phase two of the Belleville Street Terminal plan. Both the DFHP and completion of the Belleville Street Terminal are important priorities of the City of Victoria strategic plan. The City of Victoria receives meaningful and concrete consideration for granting eligible entity status to Tourism Victoria and is treated as a true and meaningful partner. This industry contribution is a vital and important piece in completing the long anticipated renewed Belleville Street terminal as it would largely secure resourcing for Phase Two of the project.
3. **Sales and Marketing at Victoria Conference Centre:** Over the past year Tourism Victoria, the Victoria Conference Centre (VCC) and conference hotels have worked together in partnership to improve the performance of the meetings business through the Victoria Conference Optimization Network (VCON). However, there are efficiencies that can be partnered on to further improve the business. Until such time as the ownership of the VCC reverts back to the Fairmont Empress in 2037 or sooner, VCON (representative of the tourism industry), through Tourism Victoria, is the lead on marketing and sales at the VCC. The MRDT that currently goes to VCC to execute sales and marketing would instead go to Tourism Victoria to execute a robust sales and marketing plan in partnership with VCC. The plan would have to be jointly approved by the City of Victoria and Tourism Victoria, and have meaningful business and revenue targets to ensure the City of Victoria can maintain and keep the VCC in good order and competitive in the marketplace. VCC business results will likely improve due to implementation of innovations in sales and marketing for the Centre such as consistent branding, improved marketing and sales functions, and a reduction in duplication of efforts and investments. This is the further deepening and operationalization of the VCON program and partnership. The destination as a whole will

benefit as this will reduce duplications from the current state where both Tourism Victoria and the VCC have sales and marketing functions for the meetings business. This will also create deeper partnership and synergies between Tourism Victoria and the VCC.

4. **Voluntarily Increase MRDT from 2% to 3%:** The framework of this renewed relationship supports the position of the British Columbia Hotel Associations (BCHA) and the four recommendations of the BCHA to enhance the MRDT program, formerly known as the Additional Hotel Room Tax (see appendix B). There are also a number of provincial requirements that are easily met by strong DMOs such as Tourism Victoria (see appendix A). With the BCHA conditions met, it is hoped the Victoria accommodation community will vote to raise the ceiling of the MRDT from 2% to 3% in order to stay competitive with other communities in British Columbia. It is important to disclose that all communities who increase their MRDT ceiling from 2% to 3% must make a contribution of 0.2% to a Provincial fund to support bids for major national and international events that support tourism. In all practical terms, the MRDT collected from customers would increase from 2% to 3% and the MRDT for marketing and sales for Victoria as a destination, through Tourism Victoria, would increase from 2% to 2.8%.

Frequently Asked Questions

1. **Why is it important to do this now?** Tourism Victoria faces several structural disadvantages compared to other community DMOs in British Columbia. The organization operates in the politically fractured Greater Victoria region. In the two municipalities that do provide MRDT support at this time, Victoria and Saanich, annual renewal is required instead of a renewal cycle of once every five years. Most other communities in British Columbia have five year renewal cycles. As a result, Tourism Victoria has to spend more time paying attention to the vagaries of local governments in this complex region, when more time could and should be spent on long term planning and sales and marketing. Tourism Victoria has largely been able to overcome these structural disadvantages due to its highly innovative and creative approaches to marketing, a very large and growing membership base of 885 engaged businesses¹, effective public affairs, and a very supportive hotel community through a voluntary Destination Marketing Fee (DMF), applied to marketing and sales efforts along with supporting festivals and events. Tourism Victoria risks having its structural disadvantages compounded if it falls behind its competitors with regards to MRDT rate and continuing with an annual renewal cycle in a fragmented landscape.
2. **Which other communities in British Columbia are working to raise the MRDT from 2% to 3%?** Vancouver started collecting the 3% MRDT on September 1, 2015. Our intelligence informs us that Whistler, Nanaimo, Kelowna, Kamloops, various communities in the Fraser Valley and Cranbrook are organizing to move from 2% to 3% now, bearing in mind there could be more and this list could change at any time. These communities are at varying stages of progress through the application process whereas Victoria has not started the application process yet. The reason these communities are organizing now is they feel they can build a temporary competitive advantage by increasing their marketing reach and building larger business development funds to secure meetings business. If executed well, this temporary community advantage could help

¹ Tourism Victoria's membership number includes some businesses that have membership in multiple membership categories. This is typical of many Destination Marketing Organizations across North America.

these communities increase their market share at the expense of those who are not as organized.

- 3. This is complex proposal with multiple elements, is that necessary?** When contemplating the various opportunities and our evolving relationship with the City of Victoria, it was important to structure a framework that had the best interests of all parties in mind. In building a renewed framework as industry (Tourism Victoria and hotel associations), we only want to go to governments (City of Victoria and Province of British Columbia) once and once only. This renewed framework addresses the needs and strategic priorities of the British Columbia Hotel Association (BCHA), Tourism Victoria, and the tourism industry as a whole in Greater Victoria, the City of Victoria, and the Province of British Columbia. While it is a complex proposal with compromises by several parties, it truly is win-win-win that creates a stable and more effective framework for years to come.
- 4. Will increasing the MRDT from 2% to 3% make us decrease our competitiveness from a pricing point of view?** Attached to this package is summary of all the accommodation taxation rates across Canada provided by the Hotel Association of Canada (see appendix C). As you will see, this increase does not make British Columbia or Victoria out of line with other jurisdictions within Canada. At 16%, pre-DMF hotels will still be lower than they were under HST, with a greater proportion dedicated to demand generating marketing and sales. DMF hotels at 17.2 % will be roughly on par as before, and well in line with other markets in Canada.
- 5. How would the increased MRDT revenue be invested?** The Government of British Columbia MRDT guidelines require a five year strategic plan and an annual business plan to support the application and ongoing continuation in the program. Tourism Victoria is already operating on an approved three year strategic plan so this plan would need to be updated with an extended time horizon. **Tourism Victoria's advisory committees and Board of Directors** would be important inputs into the process along with broader stakeholder consultation. However, in principle there are some straightforward opportunities that would drive excellent returns for the accommodation sector and the tourism industry as a whole. Tourism Victoria currently invests in promotional activity in primary markets of Seattle, Vancouver and San Francisco as well as secondary markets of Portland, Calgary and Edmonton. Tourism Victoria refines and adjusts its approach in each market annually based on market performance and economic conditions. With increased investment Tourism Victoria could undertake more sustained activities in these vital source markets on a more predictable basis. Tourism Victoria could also deepen its current efforts to drive off-peak season business. Furthermore, there are current partnership and co-op opportunities with Destination British Columbia and Destination Canada that Tourism Victoria is not fully able to take advantage of due to budgetary and capacity constraints. In summary, Tourism Victoria could widen and deepen its reach in important markets where it already has brand presence and better leverage these dollars with partners to drive more share of advertising voice for Victoria.
- 6. If the accommodation sector raises the MRDT from 2% to 3%, what will happen to the current 1% DMF to which many hoteliers contribute?** The main difference between MDRT and DMF is that MRDT is more stable and predictable. A DMF is always at risk due to competitive and legal pressures or other factors. Moving from 2% to 3% MRDT would effectively

replace the current state of 2% MRDT and 1% DMF from most Victoria hoteliers. Smaller inns and B&Bs (with more than 3 rooms) would also contribute to the full 3% MDRT whereas none currently contribute to the DMF. This would provide more equity. Should the Victoria Hotel Destination Marketing Association continue to see value in collecting a DMF, it could certainly continue to do so.

7. **Why is moving from Grandfathered Status to Eligible Entity Important?** The BCHA has long lobbied for the removal of the Grandfather Status and to move DMOs to Eligible Entity status, but with reasonable controls of a five year renewal vote. This allows both industry and the local government to ensure there is accountability, transparency and alignment in the use of the 3% MRDT funds. Tourism Victoria would welcome this as it would allow for a five year renewal cycle (consistent with civic industry organizations like the Downtown Victoria Business Improvement Association) instead of the current annual approval process from the City of Victoria.
8. **What other communities still have Grandfathered status?** There are six remaining grandfathered communities in British Columbia who accessed the old Additional Hotel Room Tax (AHRT) program prior to it being updated and modernized in 1997. The six remaining communities are: Victoria, Saanich, Oak Bay, Whistler, Prince Rupert and Smithers. Vancouver has its own provincial legislation with regards to MRDT due to the complexity of the relationship with the Vancouver Convention Centre.
9. **What is the plan with Regards to Saanich?** Tourism Victoria receives MRDT from the City of Victoria and the District of Saanich. The vast majority comes from Victoria because hotels are largely concentrated in Victoria. Once a renewed relationship is completed with the City of Victoria, Tourism Victoria can engage with the District of Saanich and accommodation providers in Saanich to discuss future options. We will keep Saanich briefed and informed through the process, but with Victoria as the current focus, there is no timeline for these discussions at this time.
10. **Why is it important to offer the City of Victoria a \$1 million industry contribution to the David Foster Harbour Pathway/Belleville Phase Two?** Tourism Victoria and the BCHA both wish to move Tourism Victoria from grandfathered status to Eligible Entity. The Union of British Columbia Municipalities has not been in favour of granting grandfathered communities Eligible Entity status in the past because it is seen as City Council *losing some control* by moving from an annual to a five year renewal. It is important the City of Victoria be treated with respect and for Tourism Victoria to build a deeper and more collaborative relationship with the municipality. The City of Victoria is motivated to complete the David Foster Harbour Pathway and Belleville Terminal as both are **important elements of the City of Victoria's Strategic Plan**. These two assets are important elements of local tourism infrastructure and will also benefit residents. This proposal is an innovative and creative way to create a win-win-win.
11. **How is the David Foster Harbour Pathway progressing?** The City of Victoria has committed \$1 million in 2015 towards the progress of the David Foster Harbour Pathway and has secured an additional \$800,000 partnership investment with the Province of British Columbia through **Cycle BC to build two bridges connecting the Inner Harbour Pathway to Fisherman's**

Wharf. These improvements to the pathway will directly benefit several hotels on the Inner Harbour by allowing for easy of movement of customers, better access to their restaurants, patios, etc. The proposed \$1 million industry contribution through this renewed relationship will accelerate development of the David Foster Harbour Pathway, ensuring renewal of important infrastructure for residents and visitors alike.

12. **Can Tourism Victoria afford to make the industry contribution to the David Foster Harbour Pathway/Belleville Phase Two and remain an impactful sales and marketing organization?** The proposed industry contribution payments are spread over 11 years and range in value from \$65,000 annually in 2017 to the final payment of \$100,000 in 2028. In 2014 Tourism Victoria identified more than \$300,000 in structural cost savings through a combination of reducing overhead and re-prioritizing resources from low priority activities, such as sales calls to India. When combined with a membership base that is continuing to grow, improved performance from member buy-ins to advertising platforms and better financial performance from business units such as Visitor Services, Tourism Victoria can comfortably make these annual payments without disrupting core sales and marketing activities.
13. **What is the benefit of having VCON (representative of the tourism industry), through Tourism Victoria, deliver the sales and marketing functions at the Victoria Conference Centre?** There will be synergies, additional efficiencies, a reduction in duplication in IT, sales efforts, memberships/directories and others from the current state, as well as an application of a common brand and an integrated approach to positioning and marketing. This is further deepening and operationalizing the VCON process; however, we need to ensure the City of Victoria's revenues from the VCC improve over time as the City of Victoria is the asset owner. Tourism Victoria and industry fully understand this and improved revenue for the VCC are also in Tourism Victoria's best interest due to incremental hotel room revenues. When the innovation in sales and marketing from Tourism Victoria integrates through collaboration and partnership with the VCC's experience and existing customer relationships of their respected sales team, results are bound to improve.
14. **The Victoria Conference Centre currently has an advisory committee, what will happen to that advisory committee?** Tourism Victoria already has a committee structure providing advice to management and the Board of Directors. It's logical that a meetings related committee could remain and be part of Tourism Victoria's overall governance structure.
15. **Why is the Proposed Effective Date January 1, 2017?** While several other destinations are working quickly to increase their MRDT to build bigger business development funds and to expand their marketing reach, we felt it important to respect the contracting cycle of tour operators and give customers reasonable notice. This time will also allow for smooth transition of the sales and marketing function at the VCC and for any unforeseen details to be managed effectively. It is also important to note the Province of British Columbia is requesting that applications from communities for increased to MRDT be submitted at least nine months in advance. For these two reasons, January 1, 2017, is a reasonable timeline.
16. **I am a small hotelier or innkeeper, what's in it for me?** The benefits for smaller hotels can be summarized in two words: compression and rate. It is important to stress that as growing

demand fills hotels and inns, there is then greater compression on the hotels and inns with remaining rooms. Increased marketing reach means more customers to Victoria, which in turn equals more hotel rooms sold at every star level. In 2015 we saw this occur and rate increased substantially for all concerned. The increased ability to expand our destination's marketing reach on the leisure side of the business, and to more effectively sell and confirm conference business to get business on the books, will help all accommodators in Victoria during the good times and the challenging times.

17. **What are the Requirements of the Province of British Columbia to increase the Ceiling of MRDT?** There are revised and very clear provincial guidelines for raising the MRDT from 2% to 3%. These can be found here <http://www.destinationbc.ca/getattachment/BC-Tourism-Industry/Municipal-and-Regional-District-Tax-Program/MRDT-Program-Requirements-Master-Document-September-1.pdf.aspx> These guidelines stress community consultation, alignment, increased reporting and accountability for outcome-driven results. These are all principles that Tourism Victoria already undertakes and embraces. While some re-formatting of existing documents would be required, as well as some more formal submissions to complete, Tourism Victoria already meets the threshold of the application process.
18. **What is the Benefit to the Province of British Columbia?** The Province of British Columbia has renewed interest in the success of the tourism industry. They have started a coordinated policy approach to the tourism industry across their various ministries that touch or have levers in tourism. Just this year alone, the Province of British Columbia invested \$17.4 million in Belleville Terminal Phase One in partnership with ferry operators and, as previously mentioned, through the Cycle BC initiative, invested \$800,000 to improve the David Foster Harbour Pathway by connecting Fisherman's Wharf to the Inner Harbour. **Being able to announce Phase Two** of Belleville Terminal and to have all parties (City of Victoria, Tourism Victoria, Hotel Association of Greater Victoria, Province of BC) focused on securing resourcing for Phase Three of Belleville Terminal is a win for all concerned and a great example of collaboration across government and industry.

Payment Schedule of Industry Contribution to David Foster Harbour Pathway

The following proposed payment schedule is structured to allow for Tourism Victoria to continue its core functions of marketing, sales, visitor services and continue sponsoring key festivals and events while making its industry contribution to the David Foster Harbour Pathway. Should the industry go into a cyclical downturn, Tourism Victoria could continue on with its payments.

Year	Contribution	Comments
2015 – 2016	\$0	Time required for new provincial guidelines to be released, Accommodation Sector vote, City Council approval etc. <i>If Eligible Entity Status is achieved sooner, then industry contributions could start sooner.</i>
2017	\$85,000	
2018	\$85,000	
2019	\$85,000	
2020	\$85,000	
2021	\$90,000	
2022	\$90,000	
2023	\$95,000	
2024	\$95,000	
2025	\$95,000	
2026	\$95,000	
2027	\$100,000	Payments end after \$1M is completed.
2028 and beyond	No further commitment from industry through Tourism Victoria.	

ELIGIBLE ENTITY & MRDT DISCUSSION

VICTORIA CITY COUNCIL

NOVEMBER 19TH, 2015

WHY WE ARE HERE

- **Last renewed in 1988, almost 30 years ago**
- **New Provincial MRDT guidelines and regulations**
- **Opportunity to connect dots on several strategic priorities to drive win-win-win outcomes**

WHY WE ARE HERE

- **Renewed negotiated framework**
- **For implementation January 1, 2017**
- **Coming early, briefing and seeking agreement in principle**
- **If supported can proceed towards finalizing a new framework**
- **Application to Provincial Government spring 2016**

ABOUT TOURISM VICTORIA

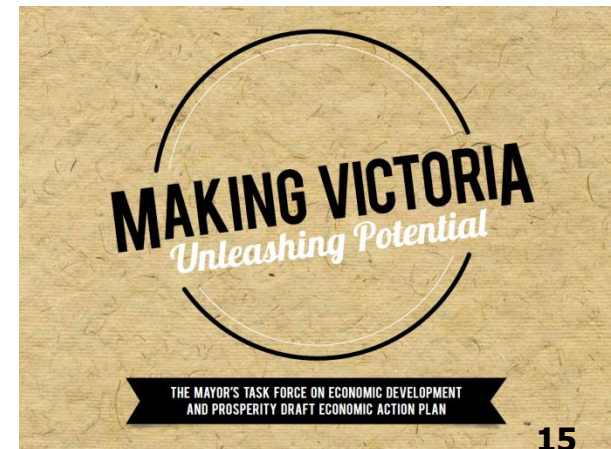
- **We are a Friendly Giant**
- **Membership growth by 175 Businesses to 885 in last 18 months**
- **Constructive, engaged and collaborative**

TRANSFORMATION AND RESULTS

- **Deep transformation building on a solid marketing platform**
- **Strategy focused, all investments to have outcomes**
- **Rapid modernization of our organization**
- **Research and Data Analytics**
- **Automated lead generation lead nurturing**
- **Improvements ongoing**

IMPROVEMENTS IN STYLE

- **Progressive, positive and collaborative**
- **Engaged and in touch with needs of city and business community**
- **Only get our elbows up with requests for money/ideas not based on research or with return on investment**
- **Look for policy linkages**

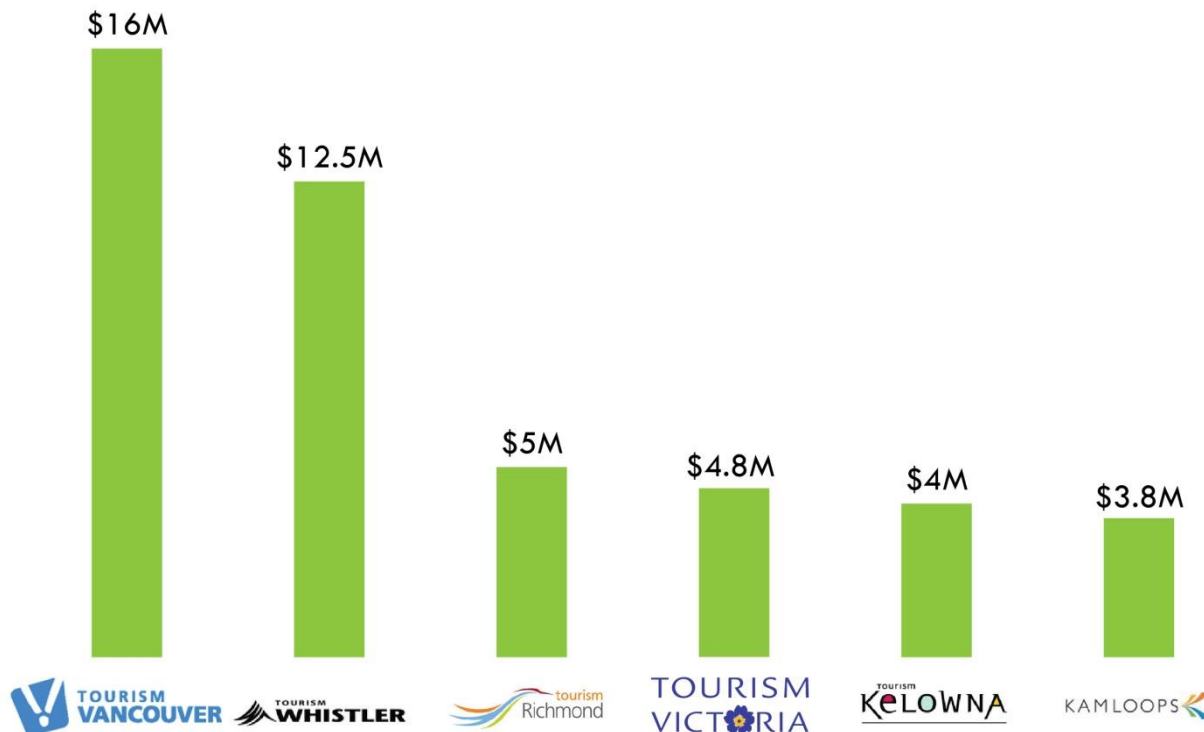


MRDT BACKGROUND

- **1987: Original 7 Communities with MRDT became “Grandfathered”**
- **1997: Significant improvements to require five year renewal with accommodation sector and community**
 - **46 Communities in B.C. participate in the 1997 or later framework**
- **HST, GST/PST discussions**
- **MRDT now firmly in PST framework**

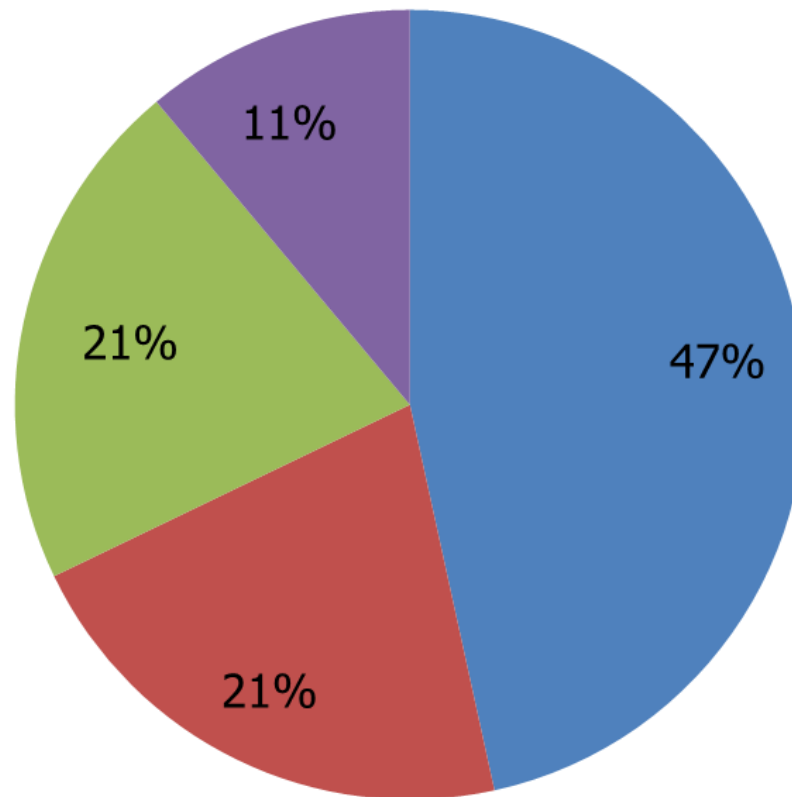
STRONG DMOs ACROSS B.C.

- One of the keys to B.C.'s strong tourism industry; reinforced in new provincial *Gaining the Edge* tourism strategy



TOURISM VICTORIA FUNDING PROFILE

■ Additional Hotel Room Tax ■ Membership Dues and Buy Ins ■ Destinatinon Marketing Fee ■ Grants and other sources



BACKGROUND



Chad Hipolito/Canadian Press

MRDT NEW GUIDELINES

MRDT jointly administered by:

- **Destination BC (Tourism Victoria's provincial marketing counterpart)**
- **Ministry Jobs, Tourism and Skills Training (Tourism Policy Branch)**
- **Department of Finance (Taxation Policy Branch)**

MRDT NEW GUIDELINES

- **Eligible use of funds**

“THE MRDT Program is intended to contribute to the increase in the local tourism revenue, visitation and economic benefits and should be supported by both local governments and tourism industry stakeholders”

- Page 3, MRDT Guidelines

NEW MRDT GUIDELINES PROVIDE CLARITY

- ✓ **Disclosure**
- ✓ **Alignment**
- ✓ **Accountability**
- ✓ **Higher threshold of transparency for use of funds and results**

MRDT PRINCIPLES

- **Tourism industry input**
 - 5 year Strategic Plan with one year tactical plan
- **Alignment with provincial effort**
- **Accountability for results**
- **Annual performance report submitted to Province**
- **Annual financial report submitted to Province**
- **Registry of accommodators: 51% must support plan with 51% of rooms**

BCHA: FOUR RECOMMENDATIONS CREATES A PATHWAY

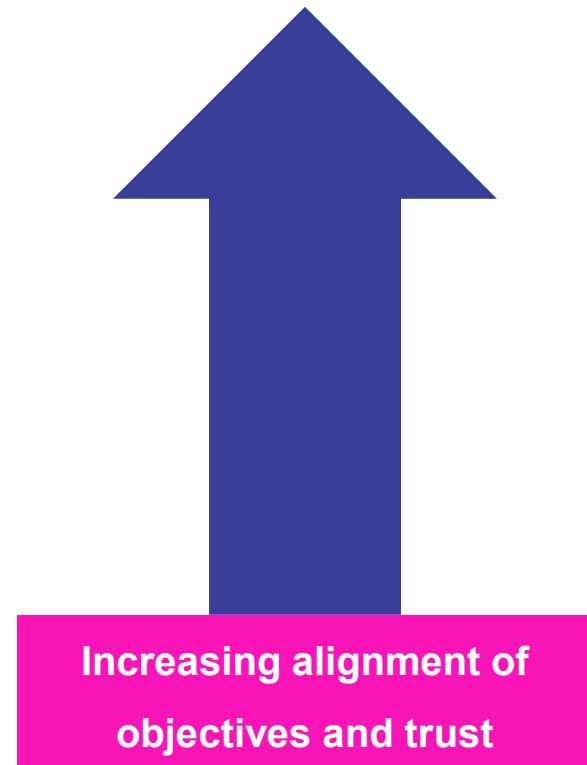
- 1. A vote by the Accommodation sector in support of the tax and a renewal vote every 5 years**
- 2. Grandfathered Communities applying for the 3% MRDT must agree to forfeit their Grandfathered Status and vote on the 3% every 5 years**
- 3. All Local Government applicants for the 3% MRDT must support granting “Eligible Entity Status” to the DMO**
- 4. The DMO/Local Government application must include a 5 year business plan and a first year tactical plan**

Applicants must also agree to provide the Ministry with one year tactical plan each year in advance for review

ELIGIBLE ENTITY

- **Under Provincial Sales Tax Act**
 1. **Be a not for profit, specific purpose of tourism marketing is preferred.**
 2. **Have a place of business in the designated accommodation area.**
 3. **Be actively engaged in tourism marketing, programs or projects in designated accommodation area.**
 4. **Eligible Entities deliver services on behalf of City/Municipality.**

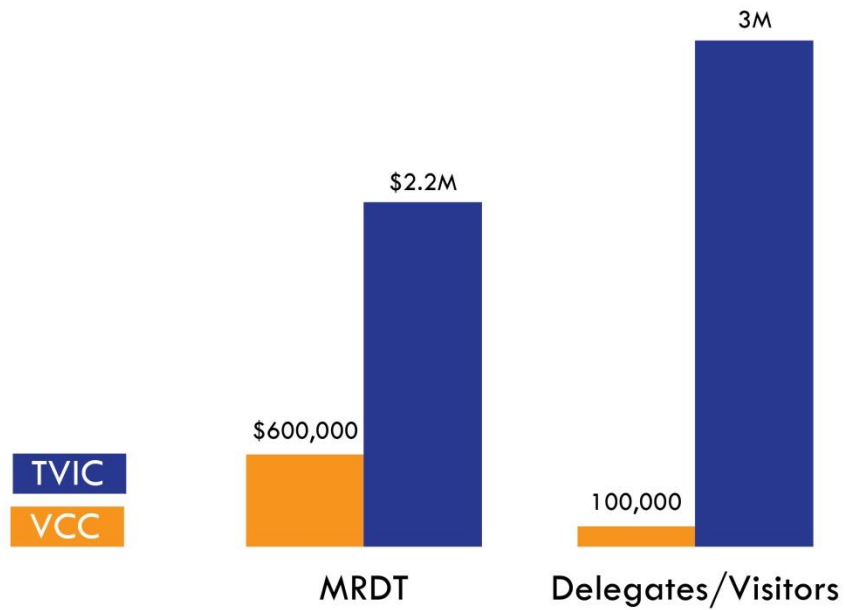
CONTEXTUAL POLICY ELEMENTS TO RENEWED RELATIONSHIP



Underlying Foundations

- Tourism Victoria Strategic Plan
- Task Force on Economic Development & Prosperity
- Official Community Plan
- Common Law: Penticton decision by Supreme Court of British Columbia

TIME FOR RENEWAL



BUILDING TRUST THROUGH VCON

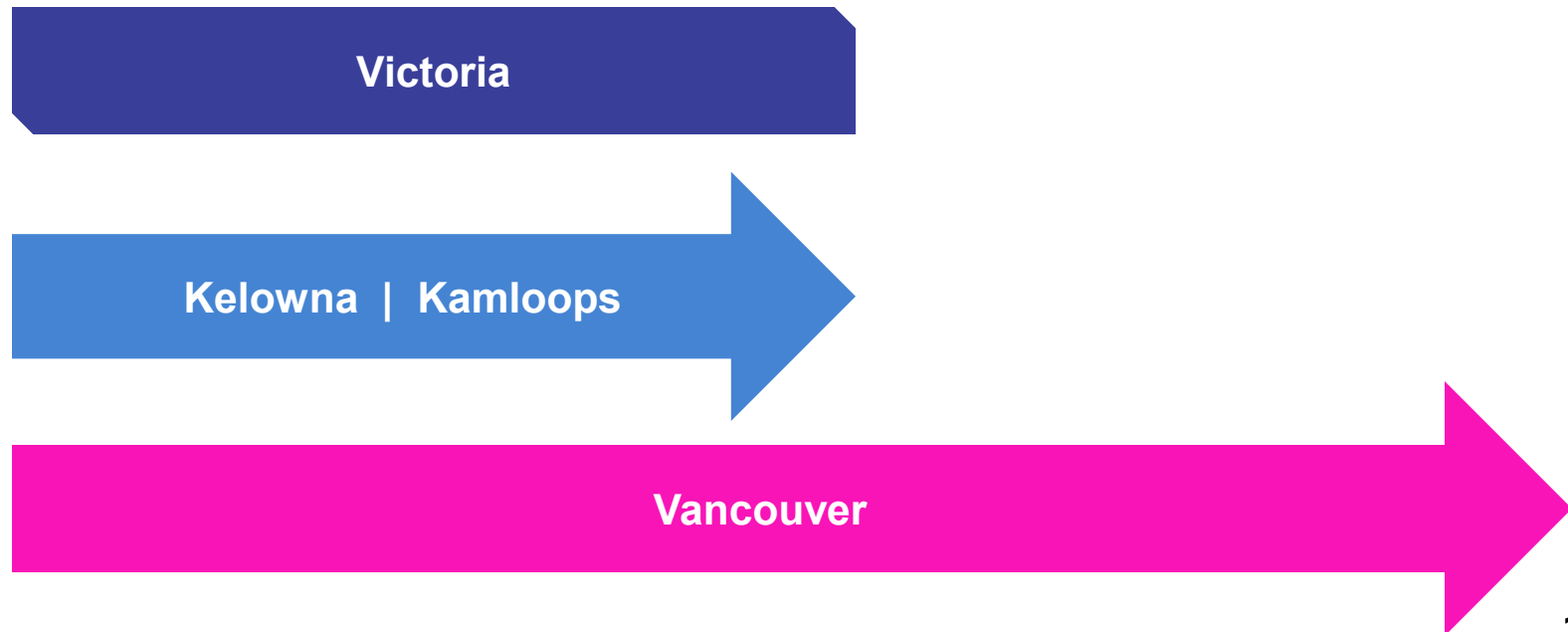


4 FRAMEWORK ELEMENTS

- ✓ **Remove Grandfather status and grant Tourism Victoria Eligible Entity status**
- ✓ **Sales and Marketing at Victoria Conference Centre (VCC)**
- ✓ **Tourism Industry Contribution to David Foster Harbour Pathway/Belleville Phase 2**
- ✓ **Voluntarily Increase MRDT from 2% to 3%**

ADDRESS STRUCTURAL CHALLENGES

- **Competition is moving swiftly, building temporary competitive advantage**



VCC SALES & MARKETING MANAGEMENT CONTRACT

- Firm deliverables for results
- Bring innovation and fresh ideas
- Mutually agreed capital plan

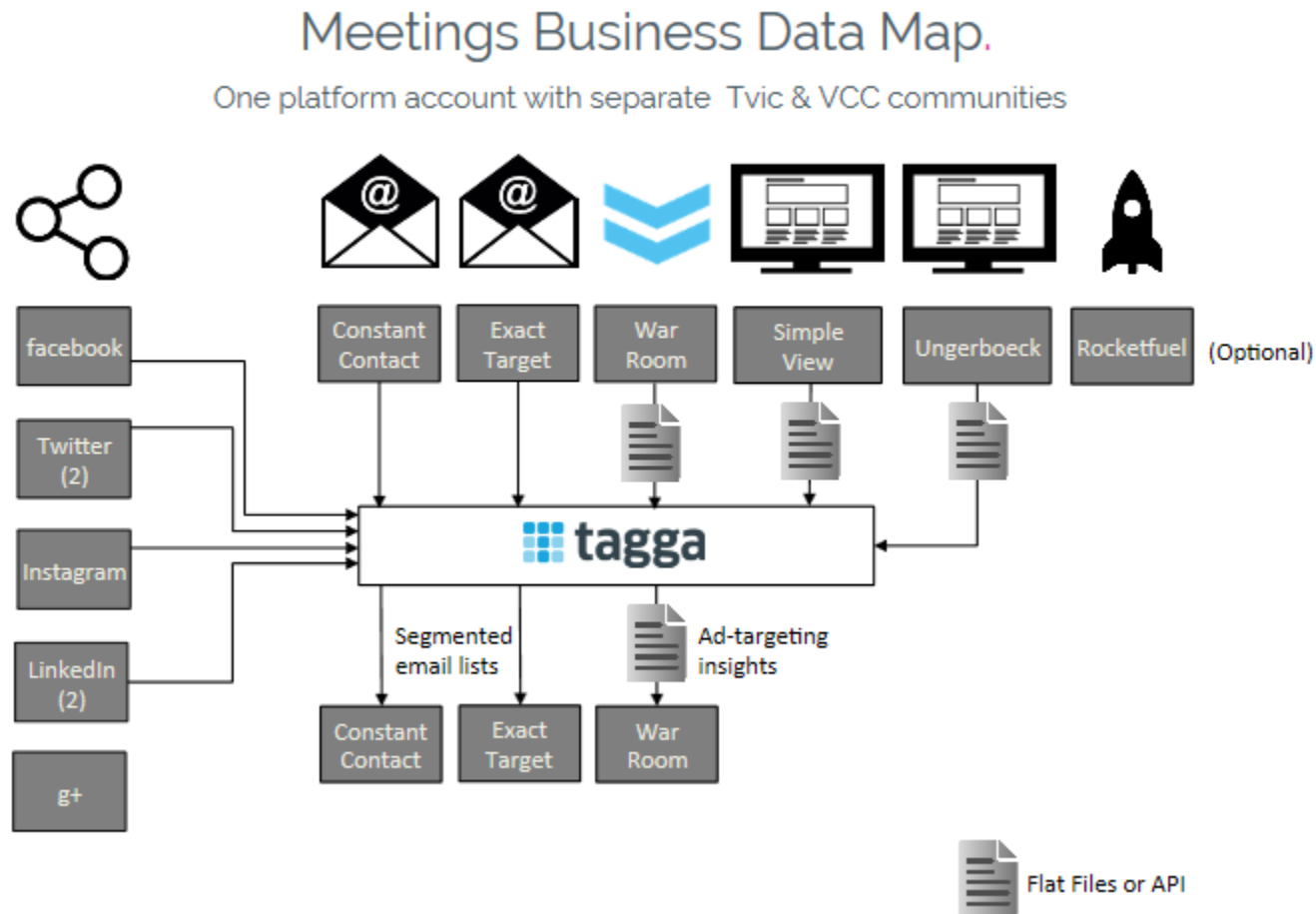


VCC SALES & MARKETING MANAGEMENT CONTRACT

- **Database Management Platform**
 - **A Data Marketing Platform is a technology that connects together all of the channels for customer engagement**
 - **Having all of this data together improves our emails and content-specific targeting of ad-buys and more**
 - **Brand specific algorithm that values a consumer based on their actions with the VCC/Tourism Victoria**
 - **Can be customized to our needs**

VCC SALES & MARKETING MANAGEMENT CONTRACT

- **Database Management Platform**



KEY APPROVAL GATES

- ✓ **Ensure City on board on principle
(November 19th)**
- ✓ **Complete Accommodation Vote: 51% of
accommodation and rooms in City of
Victoria**
 - with 5 year Strategic Plan
- ✓ **City Council meeting by February 2016 with
Completed application and by-law**

TIMELINE

2016	2017
<ul style="list-style-type: none">• Applications	<ul style="list-style-type: none">• Accountability for Sales & Marketing at VCC
<ul style="list-style-type: none">• Transition Year	<ul style="list-style-type: none">• Potential MRDT Increase

TIMELINE: APPLICATIONS

Three different but related applications to be completed in 2016:

- 1. Remove Grandfather Status**
- 2. Apply for Eligible Entity Status**
- 3. Increase MRDT from 2% to 3%**
 - Goal to have all into Cabinet simultaneously



TIMELINE: TRANSITION YEAR

- **Provincial Applications in progress**
- **Tourism Victoria through VCON takes on Director of Sales, and marketing function for VCC on contract for 2016**



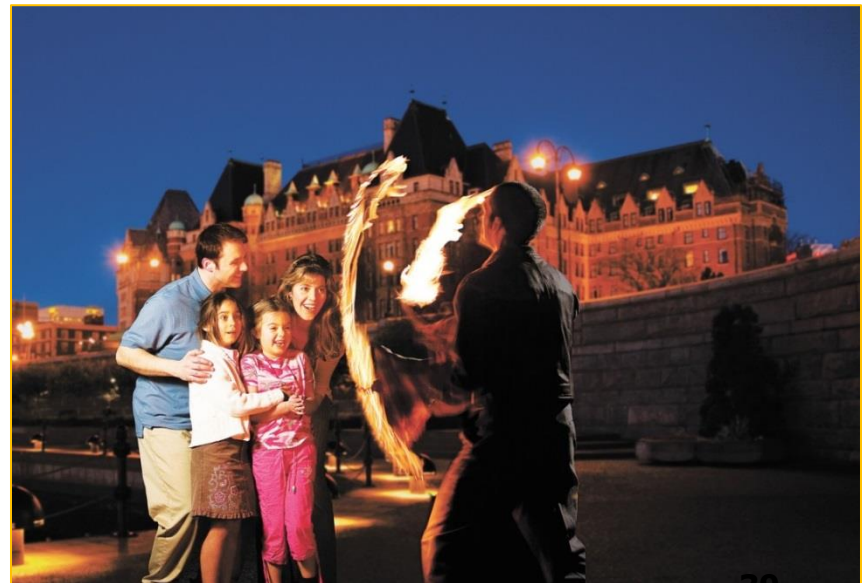
TIMELINE: ACCOUNTABILITY FOR VCC

- **2017 Tourism Victoria leads VCON approved Sales & Marketing plan of VCC**
- **Approval of plan and KPIs supported by City of Victoria and VCON**
- **Firm deliverables in terms of revenue**
- **With revenue growth, capital improvement plan**



TIMELINE: MRDT INCREASE

- **Proposed January 1, 2017 – MRDT becomes 3%**
 - Tour Operators have ample notice
 - Nine month provincial application process



BENEFITS: DAVID FOSTER WAY / BELLEVILLE TERMINAL

- **Tourism industry makes a \$1M dollar industry contribution over 11 years to building David Foster Harbour Pathway (DFHP), integrated in Phase 2 of Belleville Terminal**
- **Both the DFHP and completion of Belleville Terminal important priorities of City of Victoria Strategic Plan**
- **Residents benefit from timely progress**
- **City of Victoria receives meaningful and concrete consideration for granting eligible entity status**
- **Seize new Federal government interest in infrastructure for Phase Three**

BELLEVILLE TERMINAL 3 PHASE PLAN

	What	Who	Amount
Phase 1	Dock repairs	B.C. government, Clipper, Black Ball Ferry Line	\$17.4M
Phase 2	Beautification of Belleville Street and DFHP	City of Victoria and possibly Tourism Victoria (industry contribution)	\$2M (\$1M from each)*
Phase 3	Upgraded terminal including pre- clearance	Federal government	TBD

**50% funding participation is minimum threshold for Infrastructure Canada funding*

FUNDING AT WORK

- **More sustained activity in vital source markets on more predictable basis**
 - Primary: Seattle, Vancouver, San Francisco
 - Secondary: Portland, Calgary, Edmonton
- **Deepen current efforts to drive shoulder season business**
- **Stay current with ongoing digital, content marketing and lead generation investments**
- **Modernize VCC Sales & Marketing efforts**
 - Automated lead generation



POLITICAL SUPPORT

- **Mayor and Councillor Lucas involved in preparing framework**
- **Full understanding of issues**



SEQUENCING

- **High level framework is agreed by industry**
- **Assure City Council is briefed and engaged**
- **Gauge Accommodation Community is on board before taking to Council**
 - Open House November 5th well received
- **Request by Mayor to present to Council on November 19**
- **Work to influence Federal government for Phase 3 in Budget 2016**

TOP FIVE FAQs

- 1 What about the current 1% Destination Marketing Fee?**
- 2 What is the plan in regards to Saanich?**
- 3 How will the increased MRDT revenue be invested?**
- 4 Why is removing the Grandfather Status important?**
- 5 Why is the proposed date January 1, 2017?**

RISKS

- ✓ **Staying at 2% not practical**
- ✓ **Alignment and effectiveness risk**
 - Increased emphasis on alignment from province of B.C.
- ✓ **Infrastructure investment risk**
 - New federal government putting significant emphasis on infrastructure; seize opportunity

TOURISM VICTORIA





Tourism Victoria 2017 – 2022

Rolling Strategic Plan

Accelerating Growth and Community Prosperity: A Roadmap for a Prosperous and Vibrant Tourism Industry in Greater Victoria

TOURISM VICTORIA 

TOURISM VICTORIA 2017-2022 FIVE YEAR STRATEGIC PLAN

Designated Recipient: Greater Victoria Visitors & Convention Bureau (Tourism Victoria)

Community Name: Victoria

Date Prepared: November 2015

MRDT Term Expiry Date: N/A. Victoria is currently a “grandfathered” community. Tourism Victoria and the City of Victoria are working with Province of British Columbia to transition to having Tourism Victoria named as the Eligible Entity effective January 1, 2017 and placed on a five year renewal cycle like those communities that applied after 1997. This plan would be for the first MRDT cycle with those changes in place.

Five Year Period: 2017 – 2022

DRAFT FOR INPUT

2017-2022 STRATEGIC PLAN

INTRODUCTION

The Greater Victoria Visitors & Convention Bureau (Tourism Victoria) is a strong Destination Marketing Organization (DMO) that has been in continuous function in its current form for 41 years. Tourism Victoria has become increasingly focused, lean and outcomes-based in the past number of years. At the point of writing this strategic business plan, Tourism Victoria has 875 business members with 95 per cent of members satisfied or extremely satisfied with their membership with Tourism Victoria. The organization focuses on alignment, first within its community and then also with provincial, national and private sector businesses. This five year strategic business plan is designed to align Tourism Victoria's existing and well supported 2015-2017 Strategic Plan into the new MRDT requirements released in 2015. This 2017-2022 Strategic Plan will transition smoothly with only one year of overlap in 2017. In short, this plan takes all the best things from Tourism Victoria's existing business 2015-2017 planning process and combines them with the very clear direction provided by the Province of British Columbia as part of the revised MRDT guidelines issued in fall 2015.

Tourism Victoria is renewing its relationship with both the City of Victoria and the accommodation sector in Greater Victoria. The organization is currently operating on a by-law created in 1988. The new MRDT guidelines provide an opportunity for renewal and modernization based on the four points, agreed to by the City of Victoria and Tourism Victoria, which will be voted on by the accommodation sector in Victoria to support a 3 per cent MRDT application. The four points are:

1. **Tourism Victoria is Granted Eligible Entity Status:** The City of Victoria moves from a "grandfathered status" community for MRDT to one where Tourism Victoria is the eligible entity for the tax. Renewal and approval of Tourism Victoria's tax status moves from annual renewal by City Council to renewal via City Council and an accommodation sector vote every five years. This puts Victoria in line with all community DMOs created after 1997 and provides a medium term planning horizon and predictability certainty for Tourism Victoria, allowing the organization to focus on building the business rather than preparing for the annual renewal process.
2. **Industry Contribution to David Foster Harbour Pathway:** The tourism industry, through Tourism Victoria, will make a \$1 million dollar industry contribution to building the David Foster Harbour Pathway (DFHP). This investment is focused on Phase Two of the Belleville Street Terminal plan. Both the DFHP and completion of the Belleville Street Terminal are important priorities of the City of Victoria strategic plan. The City of Victoria receives meaningful and concrete consideration for granting eligible entity status to Tourism Victoria and is treated as a true and meaningful partner. This industry contribution is a vital and important contribution in completing the long anticipated renewed Belleville Street terminal as it would largely secure resourcing for phase two of the terminal.
3. **Sales and Marketing at Victoria Conference Centre:** Over the past year Tourism Victoria, the Victoria Conference Centre (VCC) and conference hotels have worked together in partnership to improve the performance of the meetings business through the Victoria Conference Optimization Network (VCON). However, there are efficiencies that can be partnered on to further improve the business. Until such time as the ownership of the VCC reverts back to the Fairmont Empress in 2037 or sooner, VCON (representative of the tourism industry), through Tourism Victoria, is the lead on marketing and sales at the VCC. The MRDT that currently goes to VCC to execute sales and marketing would instead go to Tourism Victoria to execute a robust sales and marketing plan in partnership with VCC. The plan would have to be jointly approved by the City of Victoria and Tourism Victoria, and have meaningful business and revenue targets to ensure the City of Victoria can maintain and keep the VCC in good order and competitive in the marketplace. VCC business results will likely improve due to implementation of innovations in sales and marketing for the Centre such as consistent branding, improved marketing and sales functions, and a reduction in duplication of efforts and investments. This is the further deepening and operationalization of the VCON program

2017-2022 STRATEGIC PLAN

and partnership. The destination as a whole will benefit as this will reduce duplications from the current state where both Tourism Victoria and the VCC have sales and marketing functions for the meetings business. This will also create deeper partnership and synergies between Tourism Victoria and the VCC.

4. **Voluntarily Increase MRDT from 2% to 3%:** The framework of this renewed relationship supports the position of the British Columbia Hotel Association (BCHA) and their four recommendations to enhance the MRDT program, formerly known as the Additional Hotel Room Tax. There are also a number of provincial requirements that are easily met by a strong DMO such as Tourism Victoria. With the BCHA conditions met and Province of B.C. MRDT guidelines released, it is hoped the Victoria accommodation community will vote to raise the ceiling of the MRDT from 2% to 3% to stay competitive with other communities in British Columbia. It is important to disclose that all communities who increase their MRDT ceiling from 2% to 3% must make a contribution of 0.2% to a provincial fund to support bids for major national and international events that support tourism. In all practical terms the MRDT collected from customers would increase from 2% to 3% and the MRDT for marketing and sales for the destination of Victoria, through Tourism Victoria, would increase from 2% to 2.8%.

This program will increase local tourism revenue, visitation and economic development through increased occupancy, a focus on off-peak season visitation, effective destination management and the appreciation of the tourism industry. Tourism Victoria is a lean, outcomes-driven organization operating under a strong Board of Directors elected from over 875 member businesses.

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2017-2022 STRATEGIC PLAN

VISION AND MISSION

Tourism Victoria's mission and vision are aligned with community priorities along with a well-supported brand proposition and clear brand definition. These are well entrenched and have significant established long term investment and equity behind them.

Mission

We inspire the world to experience our destination.

Vision

Tourism Victoria will be internationally recognized as a leader in sustainable tourism development, ensuring Greater Victoria remains one of the top destinations in the world.

Brand Promise

Victoria is where old-world tradition meets new-world experiences. Our guests are rejuvenated by fresh ocean air and are inspired by our warm, island welcome and year-round, natural beauty.

Brand Definition

Full of Life Few places on earth are as full of life – on every level – as Victoria. From wildlife, to plant life, to arts and cultural life, our fair city offers a complete experience that is rejuvenating, fun filled and inspiring. Full of life is exactly what and who we are. This moves the needle forward for Victoria and puts to rest, once and for all, the tired old definitions of us. Full of life personifies Victoria in a positive and true fashion.



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Brand Portfolio

While Victoria is the application in this process, Tourism Victoria works within the Greater Victoria and southern Vancouver Island regions, recognized as an important gateway to both British Columbia and Canada. This is demonstrated by Tourism Victoria’s strong and rapidly growing membership base of private sector business members who choose to voluntarily invest and align with Tourism Victoria as an organization. However, to bring some coherence to a region that has many different political boundaries, Tourism Victoria with its stakeholders developed a brand portfolio in 2013.

The Greater Victoria Brand Portfolio is a marketing tool developed in 2013 to help simplify and explain the region’s diverse offering so the organization and stakeholders can, in turn, effectively communicate them to potential visitors. Showing potential visitors a consolidated destination with a wide variety of diverse experiences that are easy to categorize and understand allows Greater Victoria to be more competitive while maximizing economic impact throughout the region.

Partnership

Tourism Victoria believes in working in partnership both in terms of Destination Marketing, Destination Management and influencing tourism policy. The organization does this by listening to partners and crafting strategy that aligns with what others are doing. This ensures effective leveraging and also drives forward important local goals and objectives. The following diagram demonstrates the complex multi-stakeholder environment Tourism Victoria operates in.



Alignment within the Community

In the past two years, Tourism Victoria has played an active role in better aligning people and resources to common objectives and success. Three key examples are outlined below.

- 1. Mayor's Task Force on Economic Development and Prosperity:** In 2015, Mayor Lisa Helps convened a group of community leaders as part of this task force. Experiential Tourism is recognized as one of six key economic engines in the resulting plan called Making Victoria. Making Victoria's tenor, themes and metrics are largely aligned with this plan.
- 2. Victoria Conference Optimization Network (VCON):** Starting in March 2015, Tourism Victoria, the City of Victoria, owners of the VCC, and the seven major conference hotels created VCON. Guided by a formal project charter, VCON objectives are to:
 - Increase hotel room nights to the destination
 - Develop a unifying visible identity for the destination that will be extended to the meetings and conference sector
 - Highlight the collaborative nature of the meetings sector in Victoria
 - Highlight Victoria as a "one-stop" seamless conference destination

There has been significant work done on VCON since its inception in 2014. VCON has delivered a unifying take to market visible identity, Victoria: The Idea Capital, as well as an integrated sales team rallying behind Tourism Victoria's Business Events Victoria (BEV) approach. This approach integrates the destination's leading corporate sectors such as technology, marine and green technology, developing transportation offers for meeting planners and delegates and an incentive program for meeting planners to hold their meetings in Victoria. Based on the trust that has been developed through VCON, Tourism Victoria and the VCC are working to integrate sales and marketing resources to drive further efficiency and maximize available resources.

- 3. Seasonal Promotions:** Working in partnership and alignment with key partners, Tourism Victoria has been working hard to drive innovative promotions that have built equity positions in Victoria for key off-peak season times. Tourism Victoria has worked with partners such as the City of Victoria, Downtown Victoria Business Association (DVBA), the Greater Victoria Harbour Authority (GVHA), the Victoria Hotel Destination Marketing Association (VHDMA), Attractions Victoria and others to build seasonal promotions and campaigns around Halloween, Christmas, and Valentine's Day. These initiatives have built significant off-peak demand and are driving the needed shoulder season business.

Alignment with Provincial and National Tourism Marketing Partners

Tourism Victoria is serious about aligning and leveraging overall investments in tourism marketing while continuing to promote the brand attributes that make Greater Victoria unique and differentiated.

Alignment with the Provincial Destination Marketing Effort

Tourism Victoria has long worked constructively with Destination BC and its predecessor organizations in areas of Travel Trade, Travel Media Relations and Visitor Services. In the past two years, Tourism Victoria has increased its collaboration with Destination BC in the following areas:

- For direct to consumer marketing efforts, Tourism Victoria and Destination BC have aligned in key target markets of Seattle and San Francisco. Tourism Victoria will continue to work with Destination BC to refine campaign timing and execution to best leverage each other's investments.

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- Tourism Victoria has tightened and focused its priority markets in the Travel Trade area by creating a segmentation approach to priority markets.
- Tourism Victoria is investing in research and analytics resources to leverage Destination BC’s investment in a master licence in Destination Explorer Quotient™. Future collaboration could develop with better geodemographic segmentation along with aligned Data Management Platforms. Tourism Victoria is also in the process of starting to measure Net Promoter Score, a key metric of British Columbia brand health. These initiatives are all in the early stages of being explored as this plan is developed.

Alignment with Destination Canada

Tourism Victoria’s combined destination investment through VCON is highly aligned with Destination Canada, particularly in the meetings segment. Victoria’s BEV approach supports and aligns with Destination Canada’s *Business Events Canada*.

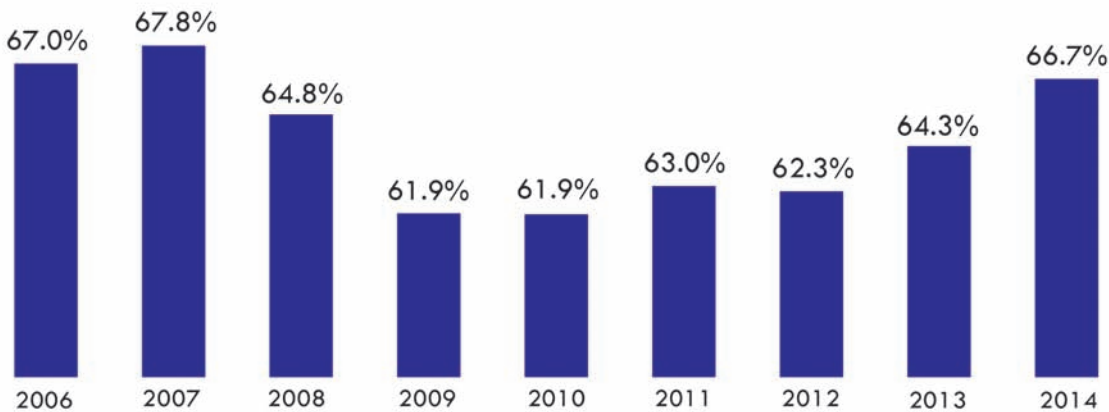
STRATEGIC CONTEXT

A) Destination Performance

Greater Victoria’s recent performance through 2015 demonstrated very significant growth and builds up two years of consistent recovery in 2013 and 2014. From 2008 to 2012 were very challenging years for the tourism industry in Greater Victoria; however, recovery appears to be on track and growth levels are on par with what has been seen globally for the past ten years. Now a period of sustained growth is required to inspire and attract new investment in product and attractions for the region. It is pleasing to see this recovery translate into significant renovation in accommodation product, active discussion around investment of new attractions and transportation-related product. This plan is designed to support further recovery, growth and reinvestment as well as be aligned to community needs and public policy priorities.

Source: Chemistry Consulting (note: 2015 data up to August only)

Occupancy Rate Greater Victoria



B) Focus on Consolidating Growth and Improving Seasonal Performance

This recovery can be attributed to three key reasons: strong growth from a vibrant Pacific Northwest economy, broader global growth trends in Asian tourism and more Canadians travelling domestically due to a relatively weaker Canadian dollar. The Pacific Northwest region is a unique place with a vibrant economy based on technology, innovation and high value resources. These are combined with natural lifestyle attributes that make this region one of the fastest-growing economies in the world with leisure attributes. One of Greater Victoria's key tourism source markets, Seattle, currently has an unemployment rate that has declined a full percentage point to 3.3% in the past year while other key source markets including Vancouver, San Francisco and Portland all have strong economies, great connections to Greater Victoria and a lifestyle that encourages travel and exploration.

Globally much of the world's rapid tourism growth, anticipated to be a sustained 5% annually through 2030 according to the United Nations World Tourism Organization (UNWTO), can be attributed to increases in outbound travel from emerging middle and upper classes in Asia. Greater Victoria is positioned strategically as a one-connection short haul flight to three of North America's most important gateways to Asia: Vancouver International Airport, Seattle-Tacoma Airport and San Francisco. If Tourism Victoria is focused and strategic, it can leverage the two positioning benefits of being in a vibrant Pacific Northwest economy and in proximity to Asian gateways for ongoing growth. This will build on strong foundations of domestic Canadian travel, the balance of the United States and well established travel trade itineraries from Western Europe, Australia and Japan.

OVERALL GOALS, OBJECTIVES AND TARGETS

Tourism Victoria is a strategy-focused organization and uses the Kaplan & Norton *Balanced Scorecard* approach to results-based management. Balanced Scorecard, if effectively used, can help link strategy to operations and drive superior results. Balanced Scorecard has four perspectives for performance measurement, ensuring the organization is aligned and functioning effectively.

1. Financial Perspective: Answers the question, "How do we look to our shareholders?"
2. Customer Perspective: Answers the question, "How do our customers see us?"
3. Internal Process Perspective: Answers the question, "What should we be best at?"
4. Learning and Growth Perspective: Answers the question, "How can we improve and drive value?"

To support its Balanced Scorecard approach, Tourism Victoria has a strategy map that integrates the perspective of the Balanced Scorecard with its Strategic Objectives and Operational Priorities. Balanced Scorecards are developed annually to support annual business and/or tactical plans.

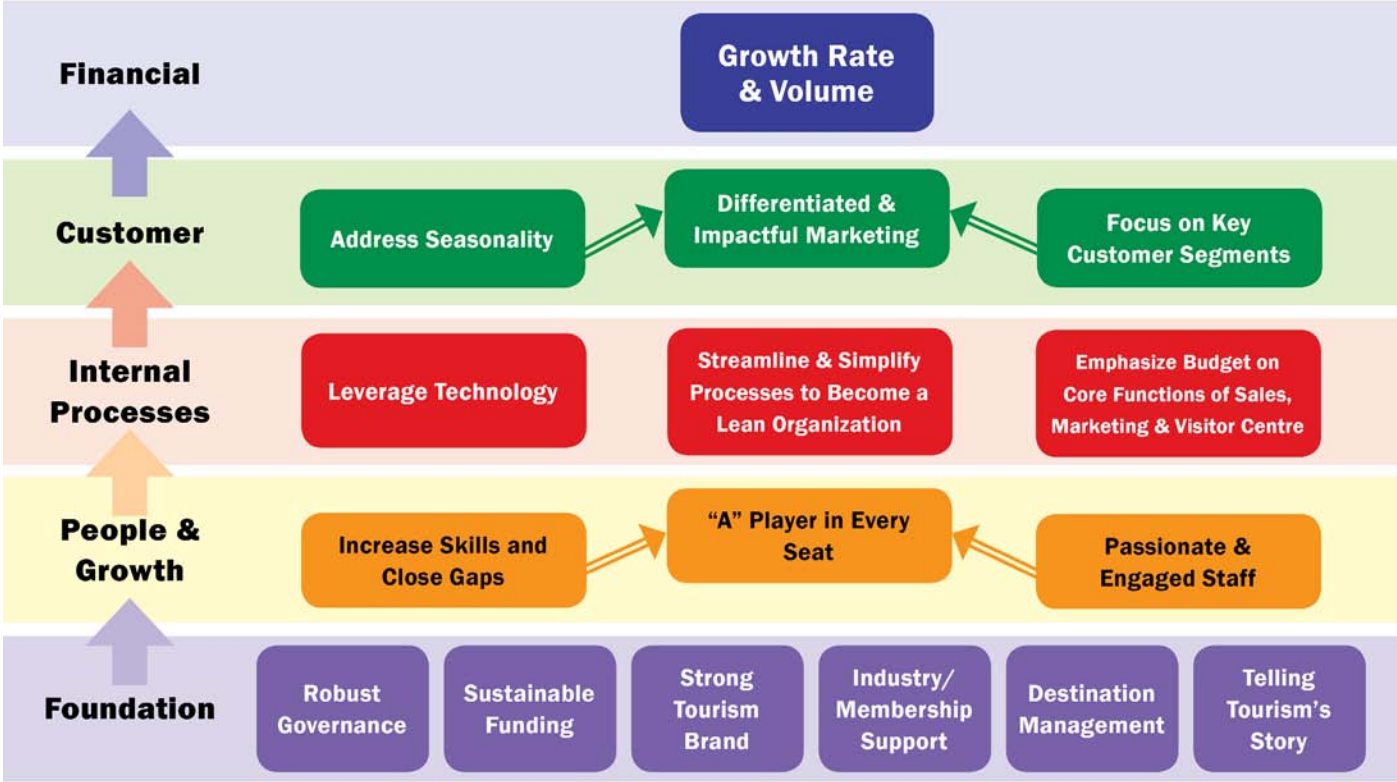
Objective 1: Grow Rate and Volume

Tourism Victoria will focus efforts to generate demand to our must-visit destination with an emphasis to drive revenue and rate.

This is deliberately Tourism Victoria's first strategic objective. This objective ensures that first and foremost, Tourism Victoria remains focused on its number one priority of generating demand for the destination. DMOs, including Tourism Victoria, operate on the demand side of the ledger and their activities must always be focused on generating customers for the destination. The language of focusing effort to generate demand make it very clear what Tourism Victoria's primary objective must be.

2017-2022 STRATEGIC PLAN

Tourism Victoria Strategy Map



This objective also puts an emphasis on Greater Victoria as a must visit destination. This is designed to create a sense of urgency to convert travellers and meeting planners to make a commitment. Tourism Victoria and the industry need to protect the high season and cannot take the business for granted. Tourism Victoria’s emphasis will be on conversion to ensure Greater Victoria gets its fair share of the business. Victoria is a well-established destination with a well-defined tourism brand. Tourism Victoria’s work over the next three years will be on conversion in all its sales and marketing activities in order to get more business on the books building a solid foundation for the destination.

Finally, this objective has language around driving rate and volume. There does not need to be a trade-off between rate and volume. Healthy rate growth in the accommodation sector has the positive economic benefit for the community’s economy to inspire investment and reinvestment in the destination’s tourism product and infrastructure. This keeps the economy more vibrant with additional employment and the product more competitive. It is healthy to have enough demand to charge a competitive rate for product and inspire confidence in reinvestment.

Healthy and sustained rate growth is achieved by having a diversified customer base, strong segmentation with an emphasis on higher yield transient experiential travellers on the leisure side, and a strong foundation of meetings business on the books, creating compression for the destination.

Objective Target: Grow and maintain average occupancy to 72.2% and average Revenue per Available Room (RevPAR) to \$105 as measured by Chemistry Consulting. The last full year of measurement available was in 2014 when occupancy was 66.6%. However, it is possible these targets may be exceeded and need to be reset in future years as part of the annual tactical planning process.

Compression exists in a destination when a large number of meetings, events or pre-planned leisure business creates limited availability for last minute travellers. This has the positive benefit of forcing transient travellers to either pay higher rates at their first choice of accommodation or book at a different accommodation option in the destination. Both outcomes are beneficial for the overall health of the destination. This is why it is important to work to secure more pre-planned business on the books so the whole region can benefit from compression.

Objective 2: Addressing Seasonality

Promote Greater Victoria as a year-round destination, including building equity around shoulder season and off-peak season opportunities.

Greater Victoria has traditionally been a highly seasonal destination characterized by much busier summer high seasons than off seasons. During the down periods of 2008 to 2012, even high season results were suboptimal. However in 2013 and 2014, the industry has returned to more normal periods of business during the high season. Within the context of this strategic plan, Tourism Victoria will deploy a three pronged approach to build shoulder and off-season business:

1. **Through marketing, communications and destination development efforts, build equity in a series of shoulder and off-season opportunities to attract leisure travellers.** This approach gives visitors a variety of reasons to visit Greater Victoria during the off-season. Tourism Victoria and its members have already collaborated to create strong travel equity positions around Halloween and Christmas. These opportunities are listed in order on the calendar.
 - a. Halloween: In 2014, Tourism Victoria started to position Greater Victoria as B.C.'s Haunted Capital, leveraging all the spooky things to do in Greater Victoria. Halloween is a growing holiday and a reason to travel for a getaway. Hotels saw significant package sales. Greater Victoria is developing a position here.
 - b. Christmas: To drive visitation for the months of November, December and early January, Tourism Victoria is reinforcing Victoria's growing reputation as a favourite Christmas destination with its annual campaign Find Christmas Here. Over the past three years this campaign has helped the destination transform the traditionally slow months of the year into a key travel time with occupancy climbing by 19% and RevPAR by 34%.
 - c. Chinese Lunar New Year: Chinese New Year, which takes place in late January or early February each year, is the largest single movement of humanity on the planet. While many of those celebrating return home to visit family, a growing number are taking leisure vacations during this time. Given that Victoria has Canada's oldest Chinatown and travel experiences throughout the region that are valued by Chinese Canadian and Chinese international travellers, it is worth exploring if product can be developed and marketed to attract more visitors during a traditionally slow time in the tourism calendar.
 - d. Romance: To drive visitation for late January and February, Tourism Victoria is reinforcing Victoria's growing reputation as Canada's Most Romantic City as voted by Amazon.ca and USA Today. This new campaign positions Victoria as the perfect romantic getaway with messages including, Reconnect in Canada's Most Romantic City and When a place is this romantic...it is Valentine's Day all year long.
 - e. Spring Garden Opportunity: While much of Canada is still shivering under snow, the flowers are out in Greater Victoria. In late February and March, Victoria does have an opportunity to leverage existing equity in a more focused garden tourism opportunity to a lucrative travel segment. This opportunity needs research, development and marketing.

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- f. **Dine Around and Stay in Town:** Tourism Victoria and the British Columbia Restaurant and Food Association (BCRFA) partner on this annual dining event that drives economic impact in late February and early March. This event is a good fit to round out the destination's romance positioning by giving the consumer more reasons to visit during the shoulder season.

Note: It is important to recognize there is currently no dedicated resourcing for the Lunar New Year or Garden programs. However, these are ideas worth researching and seeking resources for from either government sources and/or in partnership with the private sector if they would be significant travel drivers.

2. **Build shoulder season and off-season meetings business.** As previously mentioned, as the leisure business recovers, Tourism Victoria is increasingly focused on securing meetings business to increase the amount of business contracted and on the books in the region. Tourism Victoria is prepared to invest resources in partnership with the VCC to secure business. Particular emphasis is placed on meetings and conferences that are in the shoulder and off-season, and that showcase the destination to travel, meetings business or media influencers.

Tourism Victoria has a longstanding partnership with Sporthost Victoria. Sporthost Victoria is a well-established organization and does an excellent job in securing sport tourism business for Greater Victoria. Consistent with this strategy, Tourism Victoria will become increasingly focused on partnership with Sporthost Victoria to grow the shoulder and off-season business. Tourism Victoria is increasingly interested in significant championship sport business that also has communications value.

3. **Build shoulder season and off-season events.** Greater Victoria has a very strong slate of festivals and events. In the spring and summer there are significant events taking place every week and weekend. Sometimes there are multiple events for visitors to enjoy. The organization is particularly focused on need areas of January and spring. Examples previously cited of Lunar New Year and Spring Garden Tourism festival opportunities, along with other ideas, are worthy of deep exploration. As resources permit, Tourism Victoria will resource a festivals and events strategy and collaborate with key partners throughout the region to build more reasons to visit over time.

Objective Target: To build and maintain a consistent off-season (October through April) occupancy rate of 59% by 2019 and maintain through this planning period. This will provide consistent revenue for the destination's operators and small businesses.

Note: This Key Performance Indicator (KPI) is consistent with the City of Victoria's Making Victoria Economic Development and Prosperity Plan. If this target is achieved sooner it will be adjusted through the annual tactical plan process to be in line with market conditions at that time.

By using creative advertising and creating a series of equity positions around key points in the calendar, potential travellers will have multiple reasons to visit and consume Greater Victoria experiences in the shoulder and off-seasons. Combined with focusing on shoulder and off-season, meetings, sports tourism and events, there is an opportunity to strategically and surgically reduce the dip in shoulder and off-season business. This will create a more vibrant economic climate for all. Even modest increases in business during these periods will have meaningful economic impacts and mitigate the off-season decline in business.

Objective Three: Destination Management

Work with industry on select, but critical, policy and supply side drivers of destination success.

The role of Destination Management is to manage and support the integration of different resources, activities and stakeholders through suitable policies and actions. The main objective is to manage the various components of the local tourist destination in a way that ensures its profitability, while avoiding the degradation of the factors that created its competitive position. Often operating on the supply side, the challenge with the concept of Destination Management is that it is very broadly defined, often with decision levers in public sector hands, not that of the DMO. Unless managed carefully, Destination Management can divert time and energy away from core functions of marketing and sales.

However, Greater Victoria is located on an island and critical supply side issues such as transportation and investment rely on the destination marketers' expertise and knowledge of the customer. Recognizing this, Tourism Victoria has long had a powerful Transportation Committee that has undertaken many of these functions. The key to success in a destination marketer's approach to this area is to be disciplined and have appropriate filters to make decisions, as well as frame involvement in areas that can make the most impact. Furthermore, it is important to share information that is research and fact-based, and through a customer and demand filter with policy makers who do make decisions. This was reflected in the previous Tourism Victoria strategic plan as influence. However, Tourism Victoria has chosen to handle this area and filter Destination Management opportunities by putting into action those that are critical to the destination's success.

Transportation Committee

The primary mechanism for Destination Management is Tourism Victoria's Transportation Committee. The Transportation Committee shares information and tackles issues of access for the destination. A key component of the Transportation Committee is to action the priorities outlined in the Passenger Gateway Strategy. The number one priority of the Passenger Gateway Strategy is the completion of an integrated ferry terminal at Belleville Terminal. All stakeholders involved have coalesced around a three-phased plan for Belleville Terminal under the leadership of the Province of British Columbia's Ministry of Transportation. Work on Phase 1 has commenced. This plan contemplates a \$1 million industry contribution from Tourism Victoria to the City of Victoria and/or Province of British Columbia to accelerate the completion of Phase 2 of the project. Then all partners can focus on delivering phase 3 of the project. This industry contribution would be achieved through efficiencies by the integration of Tourism Victoria and the VCC's efforts through VCON.

Positioning Victoria for Pre-Clearance: A redeveloped and integrated Belleville Terminal is a prime opportunity for pre-clearance, leveraging the Canada-United States Beyond the Borders action plan. Furthermore having the capacity for pre-clearance in Victoria's Inner Harbour positions the GHVA's Ogden Point Cruise Ship Terminal to become a home port for boutique cruise lines. For this reason, Tourism Victoria is working with partners such as the City of Victoria, GVHA, Pacific Northwest Economic Region (PNWER) and Tourism Industry Association of British Columbia (TIABC) to make pilot projects in pre-clearance a priority in Victoria.

Attracting Investment in Product

By sharing information about the commercial opportunities in Greater Victoria, entrepreneurs whose capital is at risk will have good information to consider investments to improve the tourism product in Greater Victoria.

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Objective Target: Work with the City of Victoria, the Province of British Columbia and other partners to complete the three-phased approach to Belleville Terminal and position Victoria's Inner Harbour for pre-clearance.

By focusing only on critical supply side efforts, Tourism Victoria will ensure that it has the greatest chance of success in moving the needle forward on critical files. At the present time, Tourism Victoria's primary Destination Management priority remains the execution of a viable plan to improve the customer's experience of the destination's Inner Harbour at the Belleville Terminal and positioning Victoria's Inner Harbour for pre-clearance.

Objective Four: Telling Tourism's Story

Increase appreciation and support for Greater Victoria's vibrant visitor economy.

As referenced earlier in this document, the travel and tourism industry is a massive global industry. Another key reason why policy makers are increasingly focused on tourism in terms of community building is that it is also a business that is innately local. Goods and services are consumed locally, but because tourism brings in foreign exchange through international travellers it is considered an export industry by Statistics Canada.

Tourism supports small business, entrepreneurs and families of all kinds. According to Statistics Canada, it takes \$113,000 in gross tourism revenue to create or protect a full-time job that pays \$65,000 annually.

Jurisdictions around the world are competing vigorously to attract tourism in a sustainable and progressive manner because of the meaningful positive impact on the economy and society with integrated policy and aggressive investments in marketing. In spite of these positive attributes, the tourism industry is often underappreciated. This is particularly experienced in jurisdictions where tourism has long been a part of community, such Hawai'i and Greater Victoria.

To counter this possibility, Tourism Victoria will work with partners to:

- Research to understand the size and scope of the tourism industry
- Fully support the trend in experiential tourism that embraces tourism at a human, neighbourhood and community scale
- Share the story of successful small business, entrepreneurship and wealth creation within Greater Victoria's community by telling the story of the faces of the tourism industry
- Embrace the role of travel and tourism as part of the broader mobility and trade economy
- Share the story of how tourism is often the first step in trade or foreign direct investment in the destination's community

Objective Target: Work with partners to increase appreciation for the Experiential Tourism sector in Greater Victoria by 8% between 2017 and 2022. Benchmark sentiment in 2016 to provide insight into the target going forward.

"Tourism is innately local and drives spending in communities. You can't outsource tourism."

— Roger Dow, President United States Travel Association

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“At any moment in time there are between 200,000 and 300,000 international tourists in Canada. These people are hyper consumers and all they want to do is spend their money and leave it in our communities. So essentially the customers of the tourism industry represents a community bigger than Windsor, Ontario, perpetually spending money, enjoying themselves and if they have a good experience, encouraging their friends to come and spend money. They don’t need health care, don’t need a social support network of any kind. All they want to do is spend and generate taxes. While there are some minor externalities, why would anyone be opposed to the tourism industry?”

— David Goldstein, former President & CEO, Tourism Industry Association of Canada

Operational Priorities: Whereas Strategic Objectives are what a plan is to achieve, Operational Priorities are created to guide how the plan is to be executed. Below are the five Operational Priorities that will guide Tourism Victoria’s operation over the next five years.

FOUNDATIONAL KEYS TO SUCCESS

As reflected in the Strategy Map, these foundational elements form the underpinnings and create the platform for Tourism Victoria’s work over the next five years. These foundational elements must always be worked on and cultivated.

1. **Robust Governance:** An engaged Board of Directors that provides oversight, strategic advice and support to Tourism Victoria’s management team their governance function. The Board of Directors will be engaged at the strategic level to provide the optimum contribution.
2. **Sustainable Funding:** Reliable, competitive levels of funding allow Tourism Victoria to plan for the long term and focus its energy at what it does best: market and sell Greater Victoria.
3. **Strong Tourism Brand:** By adding depth and dimension to the strong tourism brand position Victoria Full of Life, the destination will be able to share the essence of the vacation experience to prospective customers and compel them to visit now.
4. **Industry/Membership Support:** Tourism Victoria is sustained by its partners and works in partnership in everything that it does. Cultivating strong industry and membership support is vital to continued success.
5. **Destination Management:** Ensuring industry coalesces around critical issues that affect the health and prospects of the destination.
6. **Telling Tourism’s Story:** A robust corporate communications and public affairs program will help build appreciation for the vibrant tourism industry in Greater Victoria.

STRATEGIES AND KEY ACTIONS

Tourism Victoria takes an integrated approach to all of its sales, marketing and visitor services activities. Increasingly, destination management is integrated into the organization’s approach. This section provides a description of the key strategic functional areas and their relative investment percentage. It should be noted that some areas, such as Visitor Services, generate off-setting revenues.

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Direct to Consumer Marketing

Promote Greater Victoria to consumers to generate demand for the destination while driving rate and occupancy.



Media Relations

Promote Greater Victoria to media to achieve positive editorial coverage of the destination that helps build the brand and drive visitation.

Content Marketing

Create, curate, share and syndicate content to promote Greater Victoria to a growing and engaged audience.

Travel Trade

Build on the strategically refined, geographical approach to international markets by increasing shelf space, distribution and relationships with international operators and their Canadian receptive partners.

Business Events Victoria

Operationalize Tourism Victoria's Business Events Victoria (BEV) with a renewed focus on delivering business results of increased confirmed room nights and economic impact to the region by confirming room nights and creating a long term foundation of predictable business on the books.

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Visitor Services

Apply superior destination knowledge and outstanding customer service to provide visitor information and booking services that help create an unforgettable travel experience and extend length of stay.

Corporate Communications, Public Affairs, Destination Management and Research/ Data Analytics

Work with industry and support initiatives that ultimately drive demand for the destination focusing on critical supply side issues.

Member Services

Maximize membership opportunities and deliver consistent value for Tourism Victoria's valued members.

Corporate Services

Ensure Tourism Victoria has proper internal structure and controls to support technology, human resources and financial management while also improving and simplifying reporting.

Target Markets

Tourism Victoria is guided by research and input from stakeholders in order to prioritize its target source markets for this plan. Most importantly, Tourism Victoria believes in alignment. In business to consumer marketing campaigns Tourism Victoria operates predominantly in short and medium haul markets where the Victoria brand is already strong and customers are close to conversion.

In the Travel Trade segment Tourism Victoria aligns with Destination BC and Destination Canada to support their efforts. In 2014, Tourism Victoria undertook a comprehensive survey of its members to understand their priorities in the travel trade channel and ultimately create strategy and segmentation guided by that insight.

In the meetings segment Tourism Victoria has a clear plan developed through VCON and leverages its partnership with Destination Canada. Destination BC is not actively involved in the meetings space. While it is recognized that market conditions may shift between the writing of this plan and 2022, at this time the priorities in various market channels are as follows:

1. Direct to Consumer Priority Source Markets

Promote Greater Victoria to consumers to generate demand for the destination while driving rate and occupancy.

- Primary: Seattle, Vancouver and San Francisco
- Secondary: Calgary and Portland

2. Travel Trade

Build on the strategically refined, geographical approach to international markets by increasing shelf space, distribution and relationships with international operators and their Canadian receptive partners.

2017-2022 STRATEGIC PLAN



3. Media Relations

Promote Greater Victoria to media to achieve positive editorial coverage of the destination that helps build the brand and drive visitation.



4. Business Events Victoria

Operationalize Tourism Victoria's BEV with a renewed focus on delivering business results of increased confirmed room nights and economic impact to the region by confirming room nights and a long term foundation of predictable business on the books.

2017-2022 STRATEGIC PLAN

BEV will resource against opportunities to shift strategy to focus on growth prospects in the corporate meetings market while maintaining association opportunities. This new strategy merges an increased emphasis on the growing corporate meetings segment with a strategic focus on vertical industry sectors that are aligned with Destination Canada's Business Events Canada (BEC) division and capitalize on the destination's regional competitive advantages. Tourism Victoria's priority sectors to pursue:

- Marine: Ocean sciences, shipbuilding, defense
- Aerospace: Manufacturing, maintenance, repair and overhaul
- Technology & Clean/Green Technology: Support VIATeC partners and initiatives
- Education: Use local universities as key assets
- Natural Resources: Forestry, mining, oil and gas
- Agriculture and Food: Animal and crop production, food/beverage processing
- Life & Health Sciences: Pharmaceutical, bio-pharmaceutical, medical devices and research

MANAGEMENT, GOVERNANCE AND ADMINISTRATION

Tourism Victoria and the City of Victoria have worked together to advance mutual objectives for many years. The two organizations' business partnership was last updated in 2010 with a renewed emphasis on the governance relationship. Through this process, the City of Victoria is naming Tourism Victoria as the Eligible Entity for MRDT, and Tourism Victoria will deliver a services contract to the City of Victoria, based broadly around destination marketing and management in the City of Victoria but also with specific deliverables for Marketing and Sales of the VCC, which the City of Victoria owns.

Tourism Victoria is not-for-profit organization governed under the British Columbia Societies Act. Tourism Victoria has comprehensive Constitution and bylaws that were last updated and approved by general membership in April 2014. Tourism Victoria's Constitution and bylaws can be found [here](#).

Tourism Victoria is governed by a 16 person Board of Directors with 11 members of the board elected from its membership and six appointed representatives. The composition of Tourism Victoria's Board of Directors is:

Elected:

- Accommodation – More than 149 Rooms
- Accommodation – From 26 to 149 Rooms
- Accommodation – 25 Rooms or fewer
- Arts, Culture & Societies
- Attractions
- Retail & Restaurants
- Sports & Outdoor Adventure
- Transportation
- Member at Large (three Directors elected)

2017-2022 STRATEGIC PLAN

Appointed Representatives:

- City of Victoria (contributes MRDT to Tourism Victoria)
- District of Saanich (contributes MRDT to Tourism Victoria)
- Tourism Vancouver Island (regional DMO)
- Greater Victoria Chamber of Commerce
- Past Chair

In addition to the Board of Directors, Tourism Victoria is supported by four advisory Committees. These Committees provide an important connection to the membership, as well as provide advice and input to both management and the Board of Directors.

- Advisory Committees:
- Transportation Committee
- Finance and Membership Committee
- Sales & Marketing Committee
- Governance, Human Resources & Risk Committee

Tourism Victoria's Board of Directors and advisory Committees meet four times a year. Additionally, Tourism Victoria's Board of Directors holds an annual strategic retreat with management each June with the purpose to plan for the following year's business plan.

Management & Administration

Tourism Victoria's Board of Directors has one employee, the President & CEO. The President & CEO leads the day-to-day operations of the organization and is accountable for execution of the strategy. The President & CEO reports to the Chair of the Board of Directors. There are currently two officers of the company, the President & CEO along with the Chief Financial Officer & VP Strategy Management. The CFO & VP Strategy Management has a dotted line relationship to the Chair of the Finance and Membership Committee and Chair of the Board in regards to the financial health and well-being of the organization. It is a prudent control measure to have two officers with fiduciary accountability in the organization. Tourism Victoria's executive team has four roles:

- President & CEO
- Chief Financial Officer & VP Strategy Management
- Chief Marketing Officer
- Director of Sales

Tourism Victoria is supported by robust management and administration tools. As previously referenced, Tourism Victoria uses Kaplan & Norton tools such as Strategy Map and Balanced Scorecard in order to translate strategy into operational terms. In addition, Tourism Victoria has a robust Human Resources strategy that guides all aspects of its Human Resources program and has clear Board of Directors regulators for percentage of budget dedicated to compensation.

Sources of Funding

Tourism Victoria has provided destination marketing, management and visitor services to the Greater Victoria area for 41 years. However, its funding is annual and always vulnerable. This plan and the organization's renewed relationship with the City of Victoria is designed to move to a medium term resourcing horizon, which is on the same playing field as most other destination marketing organizations and communities who started to access MRDT after 1997. Tourism Victoria has an increasingly strong track record of success and active support of the business community, as demonstrated by a measured return on investment and growing membership base.

Currently Tourism Victoria has an operating budget of \$4.84 million dollars, which is largely divided into four resourcing buckets. A description of the current sources of funding is as follows:

1. MRDT: Under the current bylaw that dates back to 1988, the City of Victoria retains \$500,000 (adjusted for inflation, in 2014 this figure was just under \$600,000) with the purpose of sales and marketing of the VCC. The balance is disbursed to Tourism Victoria for overall destination marketing purposes. In 2014, Tourism Victoria received \$2,284,123 in MRDT. This arrangement has long caused underlying friction between the private sector tourism industry and the City of Victoria. There are roughly 100,000 delegate days at the VCC per year and there are an estimated 3.5 million visitors to the Greater Victoria region annually. This perceived overweighting in resources to the VCC, although agreed to in 1988, drives a great deal of the need to renew the relationship under the new MRDT guidelines.
2. Membership and Membership buy-ins: Tourism Victoria has a very strong and growing membership base. Between membership dues and buy-ins to optional advertising opportunities, their financial contribution in 2014 was \$1,005,003.
3. Grants: Tourism Victoria currently receives grants from Destination BC for Visitor Services, along with grants from the City of Victoria and District of Saanich. Tourism Victoria has received notice that grants from two of these parties will be decreasing in 2016 and beyond. It is likely that over the medium term, grants will become less of a revenue source for Tourism Victoria. Total grants received in 2014 was \$203,500.
4. Destination Marketing Fee: In 2011 a voluntary Destination Marketing Fee (DMF) was brought to bear by 21 Victoria hotels. This DMF took more than a year to develop and the purpose in creating the DMF was in direct response to the cancellation of the City Stays Program by Tourism British Columbia. Unlike many DMFs, the language in the contract with the hotels to their DMF association, the Victoria Destination Marketing Hotel Association, specifically states the purpose of the DMF revenues are to support Tourism Victoria in generating hotel stays in Victoria through marketing efforts. Therefore, unlike other DMO and DMF relationships, there is strong alignment in Victoria on the purpose and intent of the program. The DMF has been a good transitional measure to ensure strong marketing for Victoria after the cancellation of the City Stays Program. In 2014, \$1,124,415 in DMF was deployed into marketing efforts by Tourism Victoria.

However, a DMF is inherently an unstable resourcing mechanism for the following reasons:

- It is voluntary to the customer, some groups refuse to pay
- There are competitive pressures. Should one major hotel leave the DMF, the other hotels would have no other choice but to leave as well.
- Intermittent legal challenges because it is a voluntary fee. Like other voluntary fees, such as resort fees and/or facilities fees at hotels, DMFs have been challenged in court. There has yet to be a challenge that has been successful; however, there is currently a significant legal challenge underway.

2017-2022 STRATEGIC PLAN

For the sake of this strategy, only MRDT, membership revenue and grants are considered. It is an annual choice of the Victoria Hotel Destination Marketing Association should it wish to continue with its DMF.

DRAFT FOR INPUT

¹ Transient Hotel Guests have been traditionally defined as a guest seeking short and often “urgent” or last-minute stays. Traditionally viewed towards the bottom of the revenue pyramid, in recent years last minute bookings from business and high end experientially travellers have changed the perception of the transient guest to be a critical source of revenue and yield. Source: HotelLogix, July 13, 2014

² “Destination Management and Economic Background: Defining and Monitoring Local Tourist Destinations”, Mara Marete, University of Venice for UNWTO, 2008

³ Government Revenue Attributable to Tourism, Statistics Canada, 2012

⁴ Tourism Victoria Annual Report, 2014

DRAFT FOR INPUT

Tourism Victoria
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200 – 737 Yates Street
Victoria, B.C. V8W 1L6



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Phone: (250) 475-3235 • TOLL FREE: 1-800-567-3288
Fax: (250) 475-2911 • TOLL FREE Fax: 1-800-975-TOUR (8687)

October 27, 2015

Dear Mayor and Council:

We understand that the City of Victoria is considering a renewed relationship between the Victoria Conference Centre and Tourism Victoria stemming from changes driven by the Provincial accommodation taxation framework. We understand that part of this proposed new relationship could involve Tourism Victoria taking leadership for the sales and marketing function at the Victoria Conference Centre.

The Wilson's Group of Companies businesses, including Wilson's Transportation, YYJ Airport Shuttle and GrayLine Sightseeing Victoria, depend a great deal on the success of the City's tourism and conference business. As a member of Tourism Victoria, we have worked very closely with them in helping to tell the story of Victoria as a viable and excellent choice for meetings and large scale events. In the past two years, we have seen the primary focus of Tourism Victoria expand to the business community which we believe is where there is significant growth in bringing people and business to the City.

Paul Nursey has built a team at Tourism Victoria that has gained the confidence of our industry through excellent leadership, strong campaigns with proven results and a vision that we have already reaped some of the rewards of in our tourism numbers these past 12 months.

With their Business Events strategy, we believe that Tourism Victoria is well poised to direct, lead and propel the VCC into one of the top venues for meetings. With a strong conference centre, our tourism businesses have opportunity to increase sales during the shoulder and off season.

We fully support Tourism Victoria's initiative and hope that you also see the tremendous value they will bring to the Victoria Conference Centre's sales and marketing.

Yours Truly,



John M Wilson
Chief Executive Officer



November 10th, 2015

Brad Eshleman
President, Western Stevedoring
Terminal Operator, Ogden Point Cruise Ship Terminal
Agent / Manager on behalf of the Greater Victoria Harbour Authority

Her Worship Mayor Lisa Helps and Council
1 Centennial Square
Victoria, BC
V8W 1P6

Dear Mayor Helps and Council,

I am writing to ask you to support Tourism Victoria's proposed relationship framework improvements with the City of Victoria, framework improvements which will best position Victoria and its destination marketing efforts. Western Stevedoring has been a key partner in Victoria's tourism industry for decades; our experience and perspective affords us the privilege to confidently support the motions proposed by Tourism Victoria.

As a major terminal operator, we are acutely aware of the challenges of an annual funding model to any level of planning; moving to a five year renewal supports crucial and visionary thinking as part of a medium term planning cycle.

As Victoria's cruise terminal operator, well-versed in the importance of Victoria's maritime gateways, we are particularly supportive of Tourism Victoria's creative funding model advancing the completion of the Belleville Terminal and the David Foster Harbour Pathway - critical pieces of infrastructure to Victoria's tourism industry.

Victoria's cruise tourism sector can credit its growth and success to stakeholder collaboration under leadership from experience; so, it is with such insight and without question the best decision to have Tourism Victoria lead the sales & marketing of the Victoria Conference Centre.

Finally, given the clear demonstration of Tourism Victoria's effective stewardship with an undeniably successful 2015 tourism season, increases in funding are fully justified, enhancing and expanding Victoria's current competitive efforts in destination marketing.

I urge you as representatives of a community which thrives when tourism succeeds, to support the proposed framework, in the best interests of the industry and the destination of Victoria as a whole.

Sincerely,



Brad Eshleman
President, Western Stevedoring

Tuesday, November 10, 2015

Mayor and Council
City of Victoria
1 Centennial Square
Victoria BC
V8W 1P6

Dear Mayor Helps and City of Victoria Members of Council,

I was very excited to hear of the initiative regarding a renewed relationship being put forth to the City of Victoria by Tourism Victoria.

The issue of the Belleville Terminal is near and dear to my heart after having been a member of the Belleville Blue Ribbon Task Force as well working on vessels docking in the Inner Harbour during the 1980's and 1990's.

I applaud the tourism industry through Tourism Victoria in their proposed support of the David Foster Harbour Pathway/Belleville Terminal Phase two in matching the City of Victoria's \$1 Million contribution.

I am also excited to see the planning around Tourism Victoria leading the sales and marketing initiatives of the Victoria Conference Centre. In my experience the conference organizers and meeting planners are looking for continuity when choosing a destination.

It is wonderful to witness the collaborative efforts being put forth by people and organizations on so many fronts these days. One of the many ways we are differentiating ourselves in the competitive tourism marketplace. Bravo!

Thank you for your consideration on this important matter.

Starr

Starr McMichael
President
Starrboard Enterprises Inc.

Starrboard Enterprises Inc.
starrboard@shaw.ca
250-812-9561

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www.sporthostvictoria.com



October 22, 2015

Victoria City Council

This is to support the development of the renewed partnership proposed between the City of Victoria and Tourism Victoria outlined to us recently in a briefing.

SportHost Victoria, consistent with its mandate to assist in attracting and hosting provincial, national and international events in Victoria to create economic and social benefits for the community supports the elements of the framework being proposed.

SportHost Victoria, and its members supports the partnership and is prepared to assist with the elements of the framework within its mandate.

As a member of Tourism Victoria we support the assumption of the leadership of sales and marketing function of the Victoria Conference Centre on behalf of the City and the updating of the hotel accommodation tax agreement renewal of council to a five year renewal cycle which is largely consistent with the rest of our competitors in British Columbia. This will provide the ability of Tourism Victoria and SportHost Victoria to collaborate over a medium term horizon.

The modernizing of the new accommodation threshold ceiling from 2% to 3% will provide a more stable and predictable resourcing instrument. Tourism Victoria is one of SportHost Victoria's significant resourcing partners.

The renewal of Tourism Victoria's relationship with the City of Victoria is an exciting opportunity for tourism and economic development in our community.

Sincerely

A handwritten signature in dark ink, appearing to read "Hugh MacDonald". The signature is fluid and cursive, with a small flourish at the end.

Hugh MacDonald
Executive Director

October 15, 2015

Mr. Paul Nursey
Chief Executive Officer
Tourism Victoria
Suite 200-737 Yates Street
Victoria, BC
V8W 1L6

Subject: Tourism Victoria's Renewed Relationship with City of Victoria

Dear Paul,

Greater Victoria Harbour Authority enthusiastically supports Tourism Victoria's vision for a renewed relationship with the City Of Victoria. GVHA applauds your efforts focused around four key elements ...

- Transitioning Tourism Victoria's renewal cycle from current one year to five years. This makes very good sense as it will allow your organization to plan ahead and better align marketing efforts.
- Assuming leadership for the Victoria Conference Centre.
- Tourism Victoria's financial commitment towards the development Phase Two of the Belleville Terminal. As one of many partners that steward Victoria's Inner Harbour, GVHA welcomes this commitment.
- Increase MRDT from 2% to 3%. This will allow Tourism Victoria to compete with other key destinations throughout the Pacific Northwest. As the former CEO of the Tourism Industry Association of BC, I personally understand the importance of achieving this increase.

We are grateful for the collaboration of our two organizations and look forward to working with you towards another record year for cruise passenger visitations and tourism in general.

Sincerely,



Ian Robertson
Chief Executive Officer

**GREATER VICTORIA
HARBOUR AUTHORITY**

600 - 1019 Wharf Street
Victoria, British Columbia
Canada V8W 2Y9

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Marina: 250-383-8326

Fax: 250-383-8306

Web: www.gvha.ca



November 9, 2015

Paul Nursey
Tourism Victoria

Re. Tourism Victoria renewed relationship with the City of Victoria.

Dear Mayor and Council:

Over many years, Tourism Victoria has consistently demonstrated their capacity for exceptional leadership and stewardship for one of the region's leading economic sectors. The renewed relationship with the City of Victoria represents a significant step forward and demonstrates the bold leadership the community and Tourism Industry expect from one of Canada's leading destination marketing organizations.

The Greater Victoria Development Agency (GVDA) supports Tourism Victoria's plan including infrastructure improvements and increasing its marketing reach. The proposed improvements to key tourism infrastructure pieces such as the David Foster Harbour Pathway and Belleville International Ferry Terminal as well as plan to increase its marketing reach will directly support Greater Victoria's tourism sector, as well as the economic vitality of the region's economy.

The GVDA regards the plan as credible and with great merit and endorses Tourism Victoria in collaboration with the City of Victoria as having the necessary industry experience, expertise and leadership to successfully achieve the objectives of the proposal.

Sincerely,

Dallas Gislason
Economic Development Officer



November 12, 2015

Mayor and Council
City of Victoria

Re: Tourism Victoria and the framework of a renewed relationship with the City of Victoria.

Dear Mayor and Council,

As Chair of VCON and General Manager of the Fairmont Empress, I am pleased to submit this letter prior to Tourism Victoria's presentation before the City of Victoria Governance and Priorities Committee on November 19th, 2015.

In my capacity as Chair of VCON, it is essential that we continue to evolve VCON. Working together in our first year we achieved good progress, but operationalizing VCON has required a deeper dive over the past number of months to ensure we all achieve success. As part of this process, it is important that Tourism Victoria take the operational lead of the Sales and Marketing functions at the VCC in order to continue to improve performance in the long term. This view is supported by all those participating in the VCON process.

We are also supportive of the initiatives identified by Tourism Victoria, which will allow the association to continue to generate demand for the destination. These initiatives include:

- Tourism Victoria designated as the eligible entity for destination marketing.
- Grandfather status changed to a five year renewal vote which includes the accommodation sector. This becomes consistent with all destination marketing organizations in British Columbia created after 1997.
- As a member of the tourism industry we would like to see all reasonable efforts towards the completion of the Belleville Terminal. This is an innovative solution to move the project forward.

In conclusion, The Victoria Conference Optimization Network (VCON) is all about partnership, pooling our resources for mutual success. We will succeed or fail as a team in Victoria. The competition is doing extremely well and while we are improving in Victoria, we require ongoing partnership and to modernize and improve our approach to sales and marketing our meetings and conference business.

If you require further information, please do not hesitate in contacting me directly at (250) 329-2700.

Sincerely,

Don Fennerty
General Manager

Don Fennerty
General Manager
The Fairmont Empress
721 Government Street
Victoria, British Columbia
Canada V8W 1W5
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CVS Sightseeing
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Email: info@cvstours.com

To Mayor Helps and Council

I am writing this letter as a show of support for Tourism Victoria in its endeavour to renew its relationship with the City of Victoria.

Over the 41 years the annual approval process for Tourism Victoria has always left our industry facing the uncertainty of if they will have enough money to market the destination in the way that will be effective. As other destinations in BC and elsewhere have had more medium term certainty in their funding models, they have been able to gain momentum based on knowing what and where their revenues are coming from. I believe that the best chance the city has for continued growth is with a healthy tourism industry. In order to make sure that our industry is able to compete and stay ahead of the competition, I would like to see Tourism Victoria and the city move to a five-year renewal instead of an annual renewal, which will allow for medium term planning for Tourism Victoria.

Since it is the accommodation sector that will collect this revenue it is important for them to have a say, which I believe is represented in the Tourism Victoria plan. In addition, having Tourism Victoria lead the Sales & Marketing of the Victoria Conference Centre will lead to further synergies and better results. Tourism Victoria market the city in the best possible light and do an excellent job of creating compelling reasons for FIT, small and large groups to choose Victoria as a vacation destination, business opportunity and a conference destination.

The completion of the Belleville terminal is a necessary piece to improve the guest experience and perception of this world-class city. I cannot think of any better way to move those efforts forward than to have some of the money invested by Tourism Victoria to make sure this becomes a reality.

Please feel free to contact me if I can be of any assistance.

Best Regards,

David Roberts

Acting General Manager
drobotts@cvstours.com
778-977-4750 (cell)



Mayor Lisa Helps and Council
1 Centennial Square
Victoria, BC V8W 1P6

November 10, 2015

Dear Mayor Helps and Council,

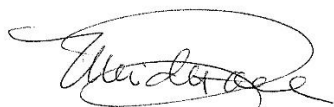
Please consider this letter as Clipper Navigation's show of support for Tourism Victoria's proposal for a renewed relationship framework with the City of Victoria. As fellow partners with a shared goal of increasing tourism in the city of Victoria and providing guests with the highest caliber experience during their time here, we hope you will join us in supporting the following proposed changes:

- **Transitioning Tourism Victoria's renewal cycle from the current one year to five years.** The best way for Tourism Victoria to successfully fulfil its mission of marketing and promoting the City of Victoria is to have greater certainty in its funding model. Because it is required to apply for renewal every year, attention is diverted away from longer term strategic development of marketing plans for Victoria and Saanich. By moving to a five year renewal cycle, Tourism Victoria will move towards an equal, competitive playing field with other destination marketing organizations such as Vancouver by allowing for strategic, medium term planning.
- **Increasing the MRDT rates from 2% to 3%.** This increase is widely supported by tourism partners across Victoria, including some of our leading hotel and tour providers. We recognize the great work Tourism Victoria does for promoting Victoria as an attractive destination to world travelers, and believe this increase in funding will allow for them to increase and execute on even more strategic marketing.
- **Assuming leadership for the Victoria Conference Centre.** Group and conference business are critical components of any strong destination marketing organization strategy. With leadership of the Conference Centre, Tourism Victoria will have the power to directly affect our conference revenue numbers and introduce new groups to the city.
- **Financial commitment by Tourism Victoria to help fund Phase Two of the Belleville Terminal project.** The successful completion of a new, consolidated Belleville terminal is crucial to improving the tourist experience and ushering more visitors into Victoria, the westernmost portal city for Canada. Victoria Clipper and Black Ball Ferry appreciate the strong support of the City and Victoria and Tourism Victoria as our allies and partners in securing funding and making progress towards this new terminal for the city.

Tourism Victoria markets our city with passion and business competence. By making the above changes, Tourism Victoria will be equipped to compete with key destinations throughout Western Canada and the Pacific Northwest. We are grateful for the partnership of our organizations along with the City of Victoria, and look forward to working together to bring more visitors to our Harbour and provide them with an engaging and memorable experiences during their stay.

Please feel free to contact me any time to discuss this proposal and Clipper's support in greater depth.

Sincerely,



Merideth P. Tall
CEO and Chair

November 9, 2015

Paul Nursey
Tourism Victoria

Re. Tourism Victoria renewed relationship with the City of Victoria.

Dear Mayor Helps,

Tourism Victoria is a very strong organization that has demonstrated exceptional leadership in our community for many years. The renewed relationship with the City of Victoria represents a significant step forward and demonstrates the bold leadership the community and Tourism Industry expect from one of Canada's leading destination marketing organizations.

The Chamber supports Tourism Victoria's plan including infrastructure improvements and increasing its marketing reach. The proposed improvements to key tourism infrastructure pieces such as the David Foster Harbour Pathway and Belleville International Ferry Terminal as well as plan to increase its marketing reach will directly support Greater Victoria's tourism sector, an economic driver of particular importance to our members as well as the overall business community.

The Chamber is confident that the plan is sound and that Tourism Victoria in collaboration with the City of Victoria has the necessary industry experience, expertise and leadership to successfully achieve the objectives of the proposal.

Sincerely,



Bruce Carter
Chief Executive Officer



November 10, 2015

City of Victoria
1 Centennial Square
Victoria, British Columbia
V8W 1P5

LETTER OF SUPPORT FOR TOURISM VICTORIA

This is a letter of support for Tourism Victoria's initiatives regarding its renewed relationship with the City of Victoria.

- A five year renewal instead of annual renewal which includes the accommodation sector approval.
- Tourism Victoria becomes the lead for sales and marketing functions of the Victoria Conference Centre.
- Accommodation sector raises MRDT to be competitive in our destination marketing efforts.
- The innovation solution to further David Foster Harbour Pathway and phase two of the three-phase approach to the Belleville Terminal.

This framework is a sound and collaborative approach to creating a solid foundation for marketing this beautiful city.

Sincerely,

A handwritten signature in dark ink, appearing to read "R. Burles", is written over a light blue horizontal line.

Ryan Burles
Chief Operating Officer
Black Ball Ferry Line

www.cohoferry.com

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THE BAY CENTRE
THE CENTRE OF SHOPPING

November 12, 2015

City of Victoria
#1 Centennial Square
Victoria, BC V8W 1P6
Attention: Mayor Helps and City of Victoria Members of Council

RE: The Bay Centre's Support for the Proposed New Framework for Tourism Victoria

Mayor Helps and City of Victoria Members of Council,

I am writing to express The Bay Centre's support for the proposed new framework for Tourism Victoria.

As I understand it, the proposed framework has these four elements:

- A change to a five year renewal vote with participation from the accommodation sector which will allow for medium term planning. Additionally, I believe that having accommodators involved in the approval is fair and appropriate given the tax that is collected from their customers.
- Building on and further operationalizing the Victoria Conference Optimization Network (VCON), Tourism Victoria becomes the lead for the sales and marketing functions of the Victoria Conference Centre while the City of Victoria remains the asset owner. In my view, having Tourism Victoria lead the sales & marketing of the Victoria Conference Centre will lead to further synergies and better results
- The tourism industry, through Tourism Victoria, will make a \$1 Million contribution to David Foster Harbour Pathway/Belleville Phase two, matching the City of Victoria's \$1 Million contribution. As The Bay Centre is an active member of Victoria's tourism industry, we have a strong interest in seeing all reasonable efforts made towards the completion of the Belleville Terminal. This is an innovative solution to move the project forward.
- Voluntary increase in the accommodation section's MRDT from 2% to 3%. This funding change will help ensure Tourism Victoria remains competitive in its destination marketing efforts.

I respectfully request that the City of Victoria Governance and Priorities Committee consider and accept Tourism Victoria's proposed new framework for a renewed relationship with the City of Victoria.

If you wish to discuss this further, I welcome you to contact me at 250 952-5699 or dhollstein@20vic.com.

Yours truly,
TBC Nominee Inc. represented by its manager (without personal liability) 20 Vic Management Inc.


Darlene J. Hollstein
General Manager
The Bay Centre





Municipal and Regional District Tax Program Requirements

Fall 2015

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1. Overview

The purpose of this document is to outline the requirements for the Municipal, Regional, and District Tax Program (“MRDT program”) and provide guidance and assistance to municipalities, regional districts, and eligible entities (“designated recipients”) applying for or renewing the Municipal, Regional, and District Tax (“the tax”) within their communities. This document includes application materials and other forms and templates to assist with application, renewal, and reporting requirements.

Designated Recipient: *The municipality, regional district or eligible entity that receives the revenue from the tax in a designated accommodation area.*

2. Enabling Legislation

Section 123 of the *Provincial Sales Tax Act* (refer to http://www.bclaws.ca/civix/document/id/complete/statreg/12035_00)

imposes a tax of up to three percent on the purchase price of accommodation in a specified geographic area of the province (“designated accommodation area”) on behalf of a designated recipient.

Designated Accommodation Area: *A specified geographic area of the province in which the tax will be applied on behalf of a designated recipient.*

3. Program Purpose

The purpose of the MRDT program is to assist designated recipients to fund tourism marketing, programs and projects.

The MRDT program is jointly administered by the Ministry of Finance, the Ministry of Jobs, Tourism and Skills Training, and Destination British Columbia.

The MRDT program is one of a number of supports available to enhance tourism marketing in BC. The MRDT program is intended to help grow BC revenues, visitation and jobs, and amplify BC’s tourism marketing efforts in an increasingly competitive marketplace. To promote a coordinated and efficient use of funds, the following **MRDT program principles** have been adopted:

- Effective tourism marketing, programs and projects
- Effective local-level stakeholder support, and inter-community collaboration
- Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics
- Fiscal prudence and accountability.

4. Eligible Use of Funds

The *Designated Accommodation Area Tax Regulation* (refer to http://www.bclaws.ca/civix/document/id/complete/statreg/93_2013) sets out the authorized purposes

for funds collected under the MRDT program. Authorized purposes are tourism marketing, programs and projects, and any other prescribed purposes as set out in the regulation.

The MRDT program is intended to contribute to the increase of local tourism revenue, visitation, and economic benefits and should be supported by both local governments and tourism industry stakeholders.

Funds from the MRDT program should augment current funding and cannot be used to replace existing sources of tourism funding in a community.

As the MRDT program is intended to primarily fund tourism marketing, programs and projects, consideration will only be given in special circumstances to the financing of capital expenditures such as new tourism facilities or infrastructure. Proposals for capital spending must be included in the designated recipient's Five-Year Strategic Business Plan, and must demonstrate strong local stakeholder support in order to be considered as an authorized use of MRDT program funds. These proposals will be approved on a case-by-case basis by the Province of British Columbia ("the Province".) Applicants must contact Destination British Columbia program staff prior to submitting an application including capital expenditures (refer to Section 13: Further Information).

Designated recipients are expected to effectively manage administrative costs related to MRDT projects. Administration costs, where applicable, include:

- Management and staff unrelated to program implementation
- Finance staff
- Human Resources staff
- Board of Directors costs
- Employee-related information technology costs (i.e. computers, telephone, support, network connections)
- Office lease/rent
- General office expenses

Considerable scrutiny will be applied to ensure that MRDT program funds are used for authorized tourism purposes.

5. Eligible Applicants

5.1 Designated Recipients

The following are eligible to be a designated recipient under the MRDT program:

- Municipalities
- Regional districts
- Eligible entities.

Under the *Provincial Sales Tax Act*, to qualify as an eligible entity, an applicant must:

- Be a not-for-profit business association (e.g. a society incorporated under the *Society Act*; entities incorporated under the *Business Corporations Act* are not eligible). Note that a not-for-profit society whose specific purpose is tourism marketing is preferred.
- Have a place of business in the designated accommodation area

- Be actively engaged in tourism marketing, programs or projects in the designated accommodation area.

5.2 Designated Accommodation Area

The designated accommodation area may be:

- A whole municipality, but not a portion of a municipality
- A whole regional district or a portion of a regional district
- A combination of municipalities and portions of regional districts.

The tax may be levied in more than one municipality or regional district on behalf of a single designated recipient.

There can be no overlap with any other designated accommodation area in which the tax applies.

Generally, an electoral area is the smallest portion of a regional district that may be prescribed as a designated accommodation area.

5.3 Delegation of Administration

Municipalities and regional districts may either administer the MRDT program directly or delegate administration to a service provider (such as a destination marketing organization). The municipality or regional district remains the designated recipient and remains fully responsible for compliance with all MRDT program requirements.

Eligible entities are not permitted to delegate the administration of the MRDT program to a service provider.

The Province does **not** mediate disputes between municipalities or regional districts and their service providers. A service agreement that details the deliverables and conflict resolution procedure is strongly recommended.

6. MRDT Program Overview

6.1 How the MRDT Program Works

Applicants may apply to request that the Province levy the tax on their behalf in a designated accommodation area.

The tax applies to purchases of taxable accommodation within the designated accommodation area. The tax is collected by the Province on behalf of the designated recipient.

The Province charges each designated recipient a fee to recover the cost to government for administering and enforcing of the tax. The fee is \$20 per month per accommodation provider in the designated accommodation area and is subject to change.

Funds equal to the tax collected in the designated accommodation area minus the administration fee are forwarded to the designated recipient on a monthly basis.

For new and renewal applications, the tax will be implemented for a period of five years. To extend the tax for an additional five-year period, a designated recipient must re-apply. There is no restriction on the number of times a designated recipient can apply to renew the tax.

Under the *Provincial Sales Tax Act*, **all** designated recipients must account annually to the Province on how MRDT program funds are spent (refer to Section 10: Annual Performance Management and Reporting Requirements).

6.2 Three Percent Rate

The *Provincial Sales Tax Act* was amended in 2015 to increase the maximum tax rate on the purchase of accommodation that may be imposed in a designated accommodation area from two percent to three percent of the purchase price of the accommodation.

Increasing the rate of tax is optional. A designated recipient may request a change in the rate of the tax to three percent of the purchase price of the accommodation prior to their renewal date by submitting a complete application containing all requirements listed in Section 7: Application Requirements. If approved, the tax will be renewed at the new rate for another five-year period. Designated recipients not subject to renewal requirements will be required to submit a complete application for the new rate one time only.

It is intended that designated recipients implementing a rate of three percent will sponsor and contribute to a provincial Tourism Events Program. Under this program, 0.2 percentage points of the incremental one percent of the tax will contribute to a provincially-led program to support tourism events that are expected to increase tourism to or within British Columbia.

Designated recipients with a three percent tax rate will be subject to enhanced reporting requirements (refer to Appendix 2.2 for further details).

6.3 Key Timelines

New applications for the tax and applications for rate changes must be submitted at least **nine** months in advance of the desired effective date of the tax.

Renewal applications must be submitted at least **six** months in advance of the end of the five-year term of the tax (“repeal date”).

Under extraordinary circumstances, designated recipients may make a written request to the Minister of Finance for an extension of the application deadline.

Failure to submit a completed application by the deadline may result in the tax ceasing to apply in a particular designated accommodation area.

7. Application Requirements

New applications, rate changes, and renewal application requirements include consultation and support from local governments, tourism industry stakeholders and accommodation providers. The application must include **all** of the following information and be submitted as a single complete package:

- A completed application form (refer to Appendix 1.1) signed by an authorized signing authority of the municipality, regional district or eligible entity that confirms that all program requirements have been met and all required documents are included in the application package.
- A Five-Year Strategic Business Plan with first year tactical details that meets all the requirements set out in Appendix 1.2. The applicant is required to make its Five-year Strategic Business Plan available to tourism industry stakeholders and accommodation providers as part of the industry consultation and accommodation support requirements on page 7.
- Evidence that the funds from the tax are incremental to existing sources of tourism funds. The funds from the tax are intended to augment current funding and cannot be used to replace existing sources of tourism funding in a community. An applicant must note any additional funding sources that will be available to support the Five-Year Strategic Business Plan.
- Evidence of consultation and support from local governments.
 - **If a municipality is applying,** the municipality must provide evidence that the regional district has been consulted and indicate whether the regional district supports or opposes the imposition of the tax in the municipality. Evidence could be in the form of a letter from the regional district's Board of Directors.
 - **If a regional district is applying,** the regional district must provide evidence that all municipalities within the regional district have been consulted and agree with the tax being imposed in the regional district. Evidence must be in the form of letters of support from the municipality(ies).
 - **If an eligible entity is applying,** the entity must provide evidence that all municipalities and regional districts within the designated accommodation area have been consulted and agree with the tax being imposed in the designated accommodation area on behalf of the eligible entity. Evidence must be in the form of letters of support from the municipality(ies) and regional district(s).
 - In the case of a conflict between a municipality, regional district or eligible entity about who the designated recipient is for an application or whether the tax should be imposed in a municipality, priority will be given to the position of the municipality.
- Evidence of authority and request to impose the tax.
 - **If a municipality is applying,** the municipality must pass a bylaw that requests the Province levy the tax on its behalf and provide a copy of the bylaw with the application.
 - **If a regional district is applying,** the regional district must pass a resolution that requests the province levy the tax on its behalf and provide a copy of the resolution with the application. The regional district must also provide evidence of its authority to use funds for the intended purpose either through letters patent or statutory authority.
 - **If an eligible entity is applying,** the eligible entity must submit a letter that requests the province levy the tax on its behalf. The eligible entity must also provide evidence of its

authority to use funds for the intended purpose by submitting copies of its certificate of incorporation, articles of incorporation, constitution and bylaws.

- The bylaw, resolution or letter must contain the following information:
 - Rate of tax to be imposed
 - Description of the geographic area in which the tax is to be imposed
 - Purpose for the funds
 - Desired effective date of the tax.
- Documentation on how the MRDT program, including revenue, will be administered (e.g. directly by the designated recipient or through a service provider). If a municipality or regional district is proposing to delegate administration of the program to a service provider, the name and address of the service provider must be included.
- Evidence of consultation with tourism industry stakeholders
Evidence that the applicant has consulted with and received broad support from tourism industry stakeholders within the designated accommodation area in respect of the application. The applicant is required to make its Five-year Strategic Business Plan available to tourism industry stakeholders. Examples of consultation activities could include presentations at town hall meetings, annual general meetings and information sessions.
- An Accommodation Directory Form that lists all of the accommodation providers who offer accommodation that is taxable under the *Provincial Sales Tax Act* within the designated accommodation area, and the number of units each accommodation provider offers within the designated accommodation area (refer to Appendix 1.3). While the Province is able to provide an applicant with the names and addresses of registrants under the *Provincial Sales Tax Act*, it remains the responsibility of the designated recipient to ensure the accommodation directory is a complete and accurate list. For further information on taxable and exempt accommodation, please see PST Bulletin 120 Accommodation (refer to http://www.sbr.gov.bc.ca/documents_library/bulletins/pst_120.pdf).
- An Accommodation Sector in Support of MRDT Form (refer to Appendix 1.4) that provides evidence that an applicant has sufficient support from accommodation providers who offer taxable accommodation within the designated accommodation area. The minimum required level of support is at least 51 percent of the accommodation providers representing at least 51 percent of the total number of units of accommodation offered by those accommodation providers in the designated accommodation area. Higher support from accommodation providers will increase the likelihood that an application will be approved, providing all other requirements are met. The

Tourism industry stakeholders: Examples may include, but are not limited to, the following within the designated accommodation area:

- Accommodation providers;
- Attractions, sightseeing, activities and other primary tourism businesses;
- Restaurants, retail and other tourism related businesses;
- Regional and local tourism associations;
- Product Sector organizations;
- Parks and recreation;
- Visitor Centres; and
- Other government agencies and organizations that have programs and services that relate to tourism.

For more information on taxable or exempt accommodation refer to PST Bulletin 120 Accommodation http://www.sbr.gov.bc.ca/documents_library/bulletins/pst_120.pdf.

applicant is required to make its Five-year Strategic Business Plan available to accommodation providers.

- Confirmation that Destination British Columbia has been consulted to ensure that proposed spending is coordinated and does not duplicate Destination British Columbia's broader promotional programs and is complementary to provincial marketing strategies and tactics.
- Third Party Authorization Form. If the designated recipient wishes the Province to discuss the application with their service provider the designated recipient must sign and submit the Third Party Authorization Form (refer to Appendix 1.5).
- Disclosure of Information Authorization Form. Applicants must authorize the Ministry of Finance to share information about the designated recipient in respect to the MRDT program with Destination British Columbia and the Ministry of Jobs, Tourism and Skills Training for the purpose of program administration and evaluation, and development of provincial tourism policy (refer to Appendix 1.6).
- A signed Tourism Events Program Sponsorship Undertaking if the application is for a three percent tax rate (refer to Appendix 1.7).

8. Application Procedure

Complete application packages must be submitted in PDF format by email to Destination British Columbia (MRDT@destinationbc.ca). The applicant will receive an email from Destination British Columbia confirming receipt of the application package.

Applicants may be contacted to provide additional information.

Failure to provide complete and accurate information may result in the application being delayed, returned or rejected.

Applicants can find more information about application timelines in Section 6.3.

9. Upon Approval of Application

If the application is approved by Cabinet, the *Designated Accommodation Area Tax Regulation* will be amended to prescribe the designated recipient, the designated accommodation area, the rate of tax, the effective date of the tax, the repeal date of the tax if applicable, and the approved uses of the revenue from the tax for a five-year period.

The applicant will be informed by the Ministry of Finance when the amendment to the *Designated Accommodation Area Tax Regulation* has been made and will be given information on when the tax will come into effect.

For new applications, the tax will be implemented effective the first day of the month that is three full months after the month in which the tax was approved. For example, if Cabinet approves the tax in

May, the tax will be implemented in the designated accommodation area beginning September 1. This provides sufficient time for accommodation providers to prepare to collect the tax.

For rate changes, the new tax rate will be implemented effective the first day of the month that is one full month after the month in which the tax was approved. For example, if Cabinet approves the tax in May, the new tax rate will be implemented in the designated accommodation area beginning July 1.

The Consumer Taxation Programs Branch of the Ministry of Finance will provide information on the procedures for collecting and remitting the tax to all accommodation providers required to collect and remit the tax. Accommodation providers may also refer to PST Bulletin 120 *Accommodation* (refer to http://www.sbr.gov.bc.ca/documents_library/bulletins/pst_120.pdf).

10. Annual Performance Management and Reporting Requirements

Under the *Provincial Sales Tax Act*, all designated recipients must account annually to the Province for how money received from the tax has been spent. Therefore, **all designated recipients** must submit an **Annual Performance Report**, a **Financial Report**, and a **One-Year Tactical Plan**, signed by the authorized signing authority of the designated recipient, annually to the Province (email to MRDT@destinationbc.ca).

Annual Performance Report:

- Designated recipients must report on performance metrics related to the four MRDT program principles.
- Designated recipients with a three percent tax rate will be subject to additional reporting requirements.
- The Annual Performance Report must also include a summary of the tactics, activities and key outputs and outcomes.
- A template for the Annual Performance Report is provided in Appendix 2.2.
- **The Annual Performance Report must be submitted by April 30 of each year.**

The MRDT program principles are:

- *Effective tourism marketing, programs and projects*
- *Effective local-level stakeholder support, and inter-community collaboration*
- *Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics*
- *Fiscal prudence and accountability.*

Financial Report:

- The Financial Report must include a detailed budget for the year ending and the year ahead. The Financial Report must show how all of the money received from the tax was spent and certify that all of the money received from the tax was used solely for approved purposes.
- The Financial Report must show that spending of money received from the tax was consistent with the Five-Year Strategic Business Plan.
- The Financial Report must also show the amounts, sources, and uses of all other tourism revenues.
- A template for the Financial Report is provided in Appendix 2.1
- **The Financial Report must be submitted by April 30 of each year.**

One-Year Tactical Plan:

- The One-Year Tactical Plan must include:
 - A brief overview of the strategic direction from the Five-Year Strategic Business Plan.

- Key strategies for the year, if different from the Five-Year Strategic Business Plan, and key target markets.
- Detailed tactics for the next year, including details about tactics and activities, as well as a proposed budget for the next year.
- Performance measures for next year, including expected outputs, outcomes, and performance metrics. The performance measures must relate to the MRDT program principles (as outlined in Appendix 2.2).
- The One-Year Tactical Plan should be made available to tourism industry stakeholders.
- A suggested template for the One-Year Tactical Plan is provided in Appendix 2.3.
- **The One-Year Tactical Plan must be submitted by November 30 of each year, commencing November 30, 2016.** If plans are available earlier, please submit as they become available.

Please note:

- Designated recipients from larger communities (those that have the capacity for ongoing multi-year planning and reporting) may be asked to provide their multi-year rolling business plans annually for the purpose of program administration and evaluation.
- Designated recipients not subject to the renewal application requirements must submit a Five-Year Strategic Business Plan every five years. The first Five-year Strategic Business Plan must be submitted to the Province **by November 30, 2016.**

11. Amendments

The *Designated Accommodation Area Tax Regulation* sets out the designated recipient, the designated accommodation area, the rate of the tax, the repeal date of the tax, and the approved uses of the revenue from the tax for a five-year period. Any other use of the revenue is prohibited.

Requests for interim changes to the designated recipient or the designated accommodation area will not be considered. Changes to the designated recipient or the designated accommodation area can only be made in a renewal application.

Proposed changes in the use of revenue from the tax by the designated recipient that require amendments to the *Designated Accommodation Area Tax Regulation* will generally only be considered with renewal applications, for example, a proposal to use revenue from the tax for capital projects.

Designated recipients do not require approval from the Province for changes in marketing tactics previously submitted in their one-year Tactical Plan (as part of their application package or submitted with the annual review), as long as the tactics are consistent with the overall approved five-year Strategic Business Plan.

Any other material changes, that are significant shifts in the direction set out in either the One-Year Tactical Plan or the Five-Year Strategic Business Plan, must be submitted to Destination British Columbia for approval in advance of the change being implemented.

12. Monitoring, Compliance, and Termination

Designated recipients are required to comply with all MRDT program requirements, including eligible use of funds and annual reporting requirements. The Minister of Finance may terminate the tax in a designated accommodation area if the designated recipient is found to be in non-compliance with MRDT program requirements, and the non-compliance is not corrected in a timely manner.

The Ministry of Finance undertakes various compliance related activities as part of the administration of provincial consumption taxes, including the MRDT program, to ensure that all amounts due are remitted. The tax is levied under the *Provincial Sales Tax Act*. Any compliance activities undertaken in relation to the tax are carried out as part of those conducted for the Provincial Sales Tax (“PST”) according to the schedules and guidelines established for PST.

The Ministry of Finance will review specific lead information provided (for example, a hotel operating without collecting applicable taxes) and will make a determination as to whether any additional follow up may be necessary. The Ministry may conduct any further investigation deemed warranted.

A designated recipient may make a written request to the Minister of Finance to have the tax cease before the scheduled repeal date.

If the tax ceases in a designated accommodation area for any reason (e.g. failure to submit a completed renewal application on time, written request for early termination, or termination for non-compliance) a new application to impose the tax in that designated accommodation area would be required and it would be subject to the normal processing time associated with new applications.

13. Further Information

Applicants can request further **information about the MRDT program** by contacting Destination British Columbia by email at MRDT@destinationbc.ca or by phone at 604-660-6391.

For information on the **administration and enforcement of the tax**, please contact the Ministry of Finance:

Toll-free from anywhere in Canada call:

1-877-388-4440 Fax: 250-356-2195

E-mail: CTBTaxQuestions@gov.bc.ca

Please complete all MRDT application requirements and send to MRDT@destinationbc.ca in **one complete package** in PDF format.

Appendix 1.1 Municipal and Regional District Tax Application Form

Legal Name of Applicant: _____
Designated Accommodation Area: _____
Rate of Tax (up to 3%): _____
Implementation or Renewal Date: _____

Check when completed	Requirement
<input type="checkbox"/>	<i>Five-year Strategic Business Plan (Appendix 1.2)</i>
<input type="checkbox"/>	<i>Evidence that funds from the tax are incremental to existing sources of tourism funds</i>
<input type="checkbox"/>	<i>Evidence of consultation and support, as applicable, from local governments</i>
<input type="checkbox"/>	<i>Evidence of authority and request to impose the tax (e.g. Bylaw, resolution or letter requesting tax)</i>
<input type="checkbox"/>	<i>Certificate of incorporation, copies of articles of incorporation, constitution, and bylaws (eligible entities only)</i>
<input type="checkbox"/>	<i>Documentation of how the MRDT program, including revenue, will be administered (where applicable)</i>
<input type="checkbox"/>	<i>Evidence of consultation with tourism industry stakeholders</i>
<input type="checkbox"/>	<i>Accommodation Directory Form (Appendix 1.3)</i>
<input type="checkbox"/>	<i>Accommodation Sector in Support of Municipal and Regional District Tax Form (Appendix 1.4)</i>
<input type="checkbox"/>	<i>Confirmation of consultation with Destination British Columbia</i>
<input type="checkbox"/>	<i>Third party Authorization Form (Appendix 1.5, where applicable)</i>
<input type="checkbox"/>	<i>Disclosure of Information Authorization Form (Appendix 1.6)</i>
<input type="checkbox"/>	<i>Tourism Events Program Sponsorship Undertaking (3% applicants only) (Appendix 1.7)</i>

By signing this application form, you certify that the information included in the application package is accurate, that all Municipal and Regional District Tax program requirements have been met, and that all required documents have been included in the application package.

Applicant's Authorized Signing Authority Name	Applicant's Authorized Signing Authority Title
Date	Applicant's Authorized Signing Authority Signature

Appendix 1.2 Five-Year Strategic Business Plan

A municipality, regional district or eligible entity interested in applying for the Municipal and Regional District Tax or a renewal of the Municipal and Regional District Tax must submit an application as set out in the MRDT Program Requirements. A Five-Year Strategic Business Plan is required **at time of application**. This Five-Year Strategic Business Plan must include a detailed One-Year Tactical Plan for the first year of program implementation. Each year (years two through five of the program), the One-Year Tactical Plan must be updated and resubmitted (by November 30th) to reflect current marketing activities for the year as part of the annual reporting obligations. A separate template has been provided to guide the development of these year two through five plans (refer to Appendix 2.3).

The Five-Year Strategic Business Plan must encompass the five-year period covered by the application and it **must** include the following elements:

Section 1: Five-year strategic overview with identified targets and actions for the five year period
Section 2: One-Year Tactical Plan with performance measures, and
Section 3: Detailed Budget for Year One

Your Five-Year Strategic Business Plan must adhere to the MRDT program principles.

Please ensure there is alignment between provincial tourism strategies and community tourism efforts. The applicant and designated recipients not subject to renewal applications are required to make their Five-year Strategic Business Plan available to tourism industry stakeholders and accommodation providers as part of the industry consultation and accommodation support requirements.

Your Five-Year Strategic Business Plan must identify marketing strategies, key markets and targets that the community will focus on to build its tourism business and the steps it needs to take to achieve desired results.

Your Five-year Strategic Business Plan should answer the following key questions:

- What business objectives related to tourism does your community expect to achieve?
- What type of growth does your community want to achieve (in the short and long term)?
- How will your community achieve these objectives?
- What type of tourism products will you need?
- What type of visitor are you hoping to attract?

Please contact Destination British Columbia at MRDT@destinationbc.ca for any questions.

For more information on tourism business planning, please visit Destination British Columbia's website (refer to www.destinationbc.ca/Resources/Developing-a-Tourism-Plan.aspx).

Quick Reference Guide

(from the MRDT Program Requirements):

- *The intention of the tax is to assist designated recipients to fund tourism marketing, programs and projects.*
- *Funds from the MRDT program are intended to augment current funding and cannot be used to replace existing sources of tourism funding in a community.*
- *The MRDT program is intended to contribute to the increase of local tourism revenue, visitation, and economic benefits and should be supported by local government and tourism stakeholders.*

The MRDT program principles are:

- *Effective tourism marketing, programs and projects*
- *Effective local-level stakeholder support, and inter-community collaboration*
- *Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics*
- *Fiscal prudence and accountability.*

Five-Year Strategic Business Plan Template

Designated Recipient: _____
Community Name: _____
Date Prepared: _____
MRDT Term Expiry Date: _____
Five Year Period: _____

A description/instructions pertaining to each section is provided in grey text as a guide only. **The format of your Five-Year Strategic Business Plan may be developed specific to your community needs and resources, but must include all required sections of the Five-Year Strategic Business Plan listed below.** If using this template, please delete the grey text and provide your response accordingly.

Section 1: Five-Year Strategic Overview	
Vision and Mission	<ul style="list-style-type: none"> <i>The Vision is future focused, something to be pursued, a destination, inspirational, and verifiable.</i> <i>The Mission is present focused, reason for being, a roadmap, concrete, and measurable.</i>
Strategic Context	<ul style="list-style-type: none"> <i>The Strategic Context will be developed by conducting a situation analysis. The situation analysis is an integral part of this Five-Year Strategic Business Plan and should include current trends, forecasts and areas of priority to address the following:</i> <ul style="list-style-type: none"> <i>What are the current economic and tourism conditions?</i> <i>What challenges and opportunities exist?</i> <i>Key learnings.</i>
Overall Goals, Objectives and Targets	<ul style="list-style-type: none"> <i>Goals and Objectives are the quantifiable results the recipient expects to achieve over the five year period. Goals should be realistic, achievable, yet challenging and should include a timeline.</i> <i>Example objectives include amount of MRDT revenue, visitation levels, or visitor revenue desired by a certain date. If an objective is difficult to measure, indicators can be used; for example, the increase in visitors to a sample of operators or the number of enquiries at a website or visitor center could be indicators for overall visitation levels.</i> <i>Targets should be identified for all Objectives for the five year period.</i>
Strategies - Key Actions	<ul style="list-style-type: none"> <i>Strategies describe the broad direction the community will take to achieve the stated goals and objectives.</i> <i>Strategies look longer term and may not change from year to year while tactics are short-term actions to achieve the implementation of a strategy.</i> <i>Strategies could include but are not limited to promotional strategies as well as relevant Destination development and Product experience and visitor services strategies:</i> <ul style="list-style-type: none"> <i>Examples of promotional strategies are social media, media</i>

Section 1: Five-Year Strategic Overview	
	<p><i>relations, advertising, joint or levered promotions, or consumer shows.</i></p> <ul style="list-style-type: none"> ○ <i>Destination development and product experience strategies may include those addressing infrastructure and policy issues, or products for tourism development.</i> ○ <i>Visitor services strategies may include approaches to satisfy visitor information needs.</i> <ul style="list-style-type: none"> • <i>Applicants should provide a description of the overall resource allocation by major category</i> • <i>Applicants should list key actions for each year of the five year period with more detail in the first three years.</i>
Brand Positioning	<p><i>Please provide the following:</i></p> <ul style="list-style-type: none"> • <i>A statement that clearly defines how the community will be positioned and the rationale.</i> • <i>This positioning statement should provide direction for product development and promotional activities.</i> • <i>Brand positioning may include other communities clustered within a larger area.</i>
Target Markets	<p><i>Please provide:</i></p> <ul style="list-style-type: none"> • <i>The types of visitors that are priorities for the community, stating primary and secondary target markets.</i> • <i>Geographic target markets, demographic, and activity-based target groups.</i>
Management, Governance, and Administration	<p><i>Please provide:</i></p> <ul style="list-style-type: none"> • <i>A description of the proposed management, governance and administration process for the activities and funds.</i> • <i>For example, whether the applicant will be carrying out the proposed activities or, in the case of a municipality or regional district, whether a service provider such as a local tourism association or other organization will be responsible for carrying out the proposed activities.</i> • <i>The applicant remains responsible for monitoring and reporting on the use of funds, even where the activities are delegated.</i>
Sources of Funding	<ul style="list-style-type: none"> • <i>Please indicate other available sources of funding to fund tourism marketing, programs and projects in addition to the MRDT.</i> • <i>Funds from the MRDT must be incremental to existing sources of funding.</i> • <i>The funds from the MRDT must not replace existing sources of tourism funding in the community.</i>

Section 2: One-Year Tactical Plan with Performance Measures

Please provide a **Project Plan** for each major activity you will undertake in the year ahead using MRDT funds. Authorized purposes of MRDT funds are tourism marketing, programs and projects and any other prescribed purposes as set out by regulation.

Project plans should include the following information for each activity. The recipient can organize the plan in a manner that best reflects their individual approach.

1. The **major category** of the activity. Examples could include marketing, destination and product experience management, visitor services, etc.

Marketing, which may include:

- Media Advertising and Production
- Website - Hosting, Development, Maintenance
- Social Media
- Consumer Shows and Events
- Collateral production and distribution
- Travel Media Relations
- Travel Trade
- Other.

Destination and Product Experience Management, which may include:

- Industry Development and Training - Enhancing Education and Knowledge (for example: Market Readiness, Packaging and Industry Workshops)
- Product Experience Enhancement and Training (for example: Itinerary Development, Content Development and Key Experience Creation)
- Research & Evaluation
- Other.

Visitor Services, which may include:

- Visitor Services Activities (for example: Visitor Services via Social Media, Mobile Apps, Roving/Mobile Visitor Services, Ambassadors, Kiosks)
- Other.

Meetings and Conventions:

- Examples could include conferences, events, sales, etc.

Other:

- Other activities not covered by the above categories, such as capital expenditures if **pre-approved by government** (prior to application), etc.

2. Please list and describe **the tactics** your community will use to achieve the strategies outlined in Section 1 of your Five-Year Strategic Business Plan. There may be several tactics for each activity.
3. Please provide an **implementation plan** that includes a short description, quantifiable objectives, rationale, action steps, potential partnerships, resources, sources of funding, responsibilities, timeframe, budget, and evaluation mechanism.
4. Please outline the **performance measures, expected outputs and outcomes**. Note, designated recipients receiving a tax rate of 3% are subject to additional reporting requirements. Please refer to Appendix 2.2 for more information about annual reporting of performance measures.

A Project Plan Template is attached on the following page for reference.

Project Plan Template

A description/instructions pertaining to each section is provided in grey text as a guide only. **The format of your Project Plan may be developed specific to your community needs and resources. If using this template, please delete the grey text and provide your response accordingly.**

Major Category: <i>(e.g., Marketing - Travel Trade; Visitor Services – Mobile Apps; Conferences)</i>		
Activity Title: <i>Please provide the title of activity.</i>		
Tactics: <i>Please list and describe the tactics to be used to achieve the strategies outlined in Section 1 of the Strategic Business Plan. There may be several tactics for each activity.</i>		
Implementation Plan: <i>For each activity, an implementation plan should include a short description, quantifiable objectives, rationale, action steps, potential partnerships, resources, sources of funding, responsibilities, timeframe, budget, and evaluation mechanism.</i>		
Performance Measures: <ul style="list-style-type: none"> • <i>Please review the tactics listed above and identify expected outcomes and outputs for each.</i> • <i>Report out annually on the performance measures (refer to Appendix 2.2).</i> • <i>The performance measures must align with the four MRDT Program Principles:</i> <ul style="list-style-type: none"> ○ <i>Effective tourism marketing, programs and projects</i> ○ <i>Effective local-level stakeholder support, and inter-community collaboration</i> ○ <i>Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics</i> ○ <i>Fiscal prudence and accountability.</i> • <i>Consider the following definitions when preparing the output and outcome measures:</i> <ul style="list-style-type: none"> ○ <i>Outputs - measure the level of service provided by a project or provides information about what was done. They define "what you did", e.g., hosted four media familiarization trips.</i> ○ <i>Outcomes - measures on the achievement of broader goals such as increasing average visitor yield or enhancing the customer experience.</i> • <i>Examples only:</i> <table style="width: 100%; margin-top: 10px;"> <tr> <td style="width: 50%; vertical-align: top;"> <u><i>Output Measures:</i></u> <ul style="list-style-type: none"> • <i>Types of marketing activities</i> • <i>Number of event campaigns and results</i> • <i>Description of social media activities and outcomes</i> • <i>Number of media placements</i> • <i>Number of conventions and meeting sales</i> • <i>Webpage visits</i> • <i>Visitor inquiries/calls</i> </td> <td style="width: 50%; vertical-align: top;"> <u><i>Outcome Measures:</i></u> <ul style="list-style-type: none"> • <i>Visitor volume</i> • <i>Visitor nights & visitor spending</i> • <i>Visitor revenues</i> • <i>Average length of stay</i> • <i>Accommodation revenues</i> • <i>Number of new tourism businesses</i> </td> </tr> </table> 	<u><i>Output Measures:</i></u> <ul style="list-style-type: none"> • <i>Types of marketing activities</i> • <i>Number of event campaigns and results</i> • <i>Description of social media activities and outcomes</i> • <i>Number of media placements</i> • <i>Number of conventions and meeting sales</i> • <i>Webpage visits</i> • <i>Visitor inquiries/calls</i> 	<u><i>Outcome Measures:</i></u> <ul style="list-style-type: none"> • <i>Visitor volume</i> • <i>Visitor nights & visitor spending</i> • <i>Visitor revenues</i> • <i>Average length of stay</i> • <i>Accommodation revenues</i> • <i>Number of new tourism businesses</i>
<u><i>Output Measures:</i></u> <ul style="list-style-type: none"> • <i>Types of marketing activities</i> • <i>Number of event campaigns and results</i> • <i>Description of social media activities and outcomes</i> • <i>Number of media placements</i> • <i>Number of conventions and meeting sales</i> • <i>Webpage visits</i> • <i>Visitor inquiries/calls</i> 	<u><i>Outcome Measures:</i></u> <ul style="list-style-type: none"> • <i>Visitor volume</i> • <i>Visitor nights & visitor spending</i> • <i>Visitor revenues</i> • <i>Average length of stay</i> • <i>Accommodation revenues</i> • <i>Number of new tourism businesses</i> 	

Section 3: MRDT Budget for Year One

Designated recipients **must** complete the budget table as provided below.

Revenues		Budget \$
	Carry-forward from previous calendar year	
	MRDT	
	Local government contribution	
	Stakeholder contributions	
	Co-op funds received (e.g. CTO; DMO-led projects)	
	Other local stakeholder contributions	
	Grants – Federal	
	Grants – Provincial	
	Grants/Fee for Service - Municipal	
	Retail Sales	
	Interest	
	Other	
	Total Revenues	
Expenses		Budget \$
	Marketing	
	Marketing staff – wage and benefits	
	Media advertising and production	
	Website - hosting, development, maintenance	
	Social media	
	Consumer shows and events	
	Collateral production and distribution	
	Travel media relations	
	Travel trade	
	Other (please describe)	
	Subtotal	
	Destination & Product Experience Management	
	Destination & Product Experience Management Staff – wage and benefits	
	Industry development and training	
	Product experience enhancement and training	
	Research and evaluation	
	Other (please describe)	
	Subtotal	
	Visitor Services	
	Visitor services activities	
	Other (please describe)	
	Subtotal	
	Meetings and Conventions	
	Meetings, conferences, conventions, sales, events etc.	
	Subtotal	
	Administration	
	Management and staff unrelated to program implementation – wages and benefits	
	Finance staff – wages and benefits	
	Human Resources staff – wages and benefits	
	Board of Directors costs	
	Information technology costs – workstation-related costs (i.e. computers, telephone, support, networks)	
	Office lease/rent	

Expenses		Budget \$
	General office expenses	
	<i>Subtotal</i>	
	Other	
	All other wages and benefits not included above	
	Other activities not included above (please describe)	
	<i>Subtotal</i>	
	Total Expenses:	
Balance or Carry Forward		

Appendix 1.3 Accommodation Directory Form

Please list **ALL** the accommodation providers who offer accommodation that is taxable under the *Provincial Sales Tax Act* within the designated accommodation area, and the number of units each accommodation provider offers within the designated accommodation area.

Please ensure the information provided is complete and accurate. Failure to provide complete and accurate information may result in your application being delayed, returned or rejected. Thank you for your cooperation. [ATTACH ADDITIONAL SHEETS AS REQUIRED]

Legal Name of Applicant: _____

Property Name	Address	Number of Units	Phone Number	Owner/Manager

Appendix 1.4 Accommodation Sector in Support of Municipal and Regional District Tax Form

Legal Name of Applicant: _____ **Rate of Tax (2% or 3%):** _____

The Municipal and Regional District Tax is being proposed or is up for renewal in your municipality/region. The Municipal and Regional District Tax is intended to assist municipalities, regional districts and eligible entities in funding local tourism marketing programs and projects, **as outlined in the applicant's Five-year Strategic Business Plan**. Accommodation providers may request a copy of the Five-year Strategic Business Plan from the applicant.

The Municipal and Regional District Tax will apply to purchases of accommodation that are taxable under the *Provincial Sales Tax Act* within the designated accommodation area.

As an owner/manager offering accommodation, your input is critical. **The minimum support required from the accommodation sector for the tax to be imposed is at least 51% of the number of establishments that would collect the tax within the municipality/region representing at least 51% of the total number of rooms.**

BY SIGNING THIS FORM, YOU HAVE INDICATED THAT YOU SUPPORT IMPLEMENTATION OF THE MUNICIPAL AND REGIONAL DISTRICT TAX IN YOUR MUNICIPALITY/REGION AND THAT YOU ARE AUTHORIZED TO ACT ON BEHALF OF YOUR ORGANIZATION. [ATTACH ADDITIONAL SHEETS AS REQUIRED]

Property Name	Address	Number of Units	Owner/Manager (Print Name)	Signature	Date

Freedom of Information and Protection of Privacy Act (FOIPPA). The personal information on this form is collected for the purpose of administering the Municipal and Regional District Tax program under the authority of the *Provincial Sales Tax Act* and section 26 of FOIPPA. Questions about the collection or use of this information can be directed to Destination British Columbia at MRDT@destinationbc.ca.

Appendix 1.5 Third Party Authorization Form

As part of our commitment to protect your privacy and confidentiality you can use this form to authorize Destination British Columbia to communicate and exchange information regarding the Municipal and Regional District Tax program with your representative. If you wish to cancel or change any part of this authorization please advise Destination British Columbia by email at MRDT@destinationbc.ca.

This authorization does not change your responsibilities and obligations under the Municipal and Regional District Tax Program.

Section 1: Applicant Information

Name: _____

Address: _____

Name and Title of Authorized Signing Authority: _____

Section 2: Authorization of a Third Party Representative

☐ I authorize Destination British Columbia to communicate with my representative named below on the Municipal and Regional District Tax program.

Name of Representative: _____

Organization: _____

Address: _____

Phone Number: _____ Fax Number: _____ Email: _____

Section 3: Applicant Signature

By signing this form, you acknowledge that Destination British Columbia is authorized to communicate with your representative named above but that you remain fully responsible for fulfilling all obligations under the Municipal and Regional District Tax program.

Applicant's Authorized Signing Authority Name	Applicant's Authorized Signing Authority Title
Date	Applicant's Authorized Signing Authority Signature

Freedom of Information and Protection of Privacy Act (FOIPPA). The personal information on this form is collected for the purpose of administering the Municipal and Regional District Tax program under the authority of the *Provincial Sales Tax Act* and section 26 of FOIPPA. Questions about the collection or use of this information can be directed to Destination British Columbia at MRDT@destinationbc.ca.

Appendix 1.6 Disclosure of Information Authorization Form

Confidentiality restrictions under the *Provincial Sales Tax Act* prevent the Ministry of Finance from disclosing tax information collected under the Act except under limited circumstances. Administration of the Municipal and Regional District Tax program requires the Ministry of Finance to share information with the Ministry of Jobs, Tourism and Skills Training and with Destination British Columbia for the purpose of program administration and evaluation, and development of provincial tourism policy.

Signing this form will allow the Ministry of Finance to share information about the applicant with respect to the MRDT program with the Ministry of Jobs, Tourism and Skills Training and Destination British Columbia for the above purposes.

If you wish to cancel or change any part of this authorization please advise Destination British Columbia by email at MRDT@destinationbc.ca.

This authorization does not change your responsibilities and obligations under the Municipal and Regional District Tax program.

Section 1: Applicant Information

Name: _____

Address: _____

Name and Title of Authorized Signing Authority: _____

Section 2: Authorization

- ☐ I authorize the Ministry of Finance to share information about the applicant with respect to the Municipal and Regional District Tax program with the Ministry of Jobs, Tourism and Skills Training and Destination British Columbia for the purpose of program administration and evaluation, and development of provincial tourism policy.

Applicant's Authorized Signing Authority Name	Applicant's Authorized Signing Authority Title
Date	Applicant's Authorized Signing Authority Signature

Appendix 1.7 Tourism Events Program Sponsorship Undertaking For 3% Applications Only

Name: _____

Address: _____

Fax Number: _____

Designated Recipients: _____

Designated Accommodation Area: _____

In support of its application to introduce or increase the Municipal and Regional District Tax rate under section 123 of the *Provincial Sales Tax Act* at or to 3% ("3% MRDT"), the Applicant agrees that, subject to approval of its application and implementation of the 3% MRDT, the Applicant will sponsor the provincial Tourism Events Program as further described in Schedule A as may be amended by the Province from time to time, as long as the 3% MRDT applies and the Tourism Events Program is continued. In particular, the Applicant consents upon becoming a Designated Recipient with a 3% MRDT in the Designated Recipient's Designated Accommodation Area to:

- Make Sponsorship Payments to the Her Majesty the Queen in the Right of the Province of British Columbia (the "Province") in relation to the provincial Tourism Events Program, equal to 2/30 of the Net Distributable 3% MRDT Collections (as defined in Schedule B hereto) collected in the Designated Recipient's Designated Accommodation Area; and
- The Province retaining a portion of the 3% MRDT it collects as agent of the Designated Recipient by way of set-off in respect of the money the Designated Recipient owes to the Province, in accordance with Schedule B hereto.

For purposes of this undertaking, "Sponsorship Payments" means monthly payments to the Province by the Designated Recipient, to be used for sponsoring the provincial Tourism Events Program so long as it continues, from Net Distributable 3% MRDT Collections in accordance with Schedule B.

Applicant's Authorized Signing Representative Name	Applicant's Authorized Signing Representative Title
Date	Applicant's Authorized Signing Representative Signature

Schedule A

Tourism Events Program Overview

British Columbia's tourism sector is a key economic driver in the provincial economy, helping to create jobs and keep the province diverse, strong and growing. British Columbia is an internationally renowned destination, with spectacular communities in close proximity to wilderness, and an excellent reputation for delivering remarkable experiences for travellers.

Understanding that tourism is one of the world's most competitive industries, the Province has launched a new **Tourism Events Program**, designed to support world class events that can enhance the volume of visitors to British Columbia and increase global recognition for the province.

Building on the successes British Columbia has seen through events with high tourism value and provincial significance, such as the FIFA World Cup and the Canada Winter Games, the Tourism Events Program will support a wide range of events, including arts, cultural or internationally recognized competitive sporting events.

Funding available through the Tourism Events Program is **limited** and it is expected that there will be considerable interest. Funding will be prioritized to only support events that offer the following opportunities for the province:

- Raise awareness nationally and internationally of British Columbia's tourism brands; and
- Motivate Canadians and people from around the world to travel and experience British Columbia's natural beauty and/or world class infrastructure.

All applications must further meet the following criteria. **The events must:**

1. Offer **high tourism value**, resulting in incremental visitor expenditures and other economic benefits that exceed the Province's contribution (such as: lengthen the tourism season; expanded event scope to encourage longer visitation);
2. Engage the local community(ies) and **attract a significant volume of visitors**;
3. Align with provincial, regional and/or community tourism **marketing strategies**; and
4. Be **supported** by the local community(ies).

Only proposals meeting all the program criteria will be considered. Priority will be given to proposals that offer the greatest tourism and economic impact.

Applying for the Tourism Events Program

All event proposals must include the following information:

- A **description** of the proposed event and how the event criteria are met.
- An event **business case** including funding sources, business model, and level of support from the community(ies), local stakeholders and relevant organizations, and strategies to ensure event success.
- **Target market(s), participants and strategies** to attract national and international attention.
- Analysis on the **return on investment** and anticipated **tourism and economic benefits** to the host community(ies) during the event period, these can include:
 - Expected visitation or hotel occupancy;
 - Expected tourism revenue;
 - Expected local employment;

- Expected media exposure;
- Expected number of national and international media on site; and
- Expected **long-term** tourism, social and economic benefits to British Columbia.

All event proposals will be assessed according to the stated program criteria and applicants must be prepared to demonstrate how their proposals meet these criteria.

A final event report, including key tourism and economic outcomes, is required for all funded projects.

Funding recipients must demonstrate a coordinated and effective use of program funds.

Inquiries and event proposals can be sent to MRDT@destinationbc.ca

Schedule B
Sponsorship Payments and Payments to the Designated Recipient
Of 3% MRDT Revenue

Provincial Payment to the Designated Recipient

The following table illustrates how the Province will calculate the monthly payments it makes to the Designated Recipient in accordance with the *Provincial Sales Tax Act* and with this undertaking to sponsor the provincial Tourism Events Program, as may be amended from time to time by the Province.

Monthly Payments to Designated Recipient

Adjustment/ Result	
	Monthly gross collections of the 3% MRDT [tax collected under sections 123, 123.2(3) and 123.3(3) of the <i>Provincial Sales Tax Act</i>]
Plus or Less:	Ministry of Finance collection/audit assessment adjustments in respect of previous periods
Less:	MRDT collection/administration fee [set by the Ministry of Finance from time to time]
Equals:	Net Distributable 3% MRDT Collections
Less:	Sum of all Sponsorship Payments in a month [i.e., Net Distributable 3% MRDT Collections multiplied by 2/30]
Equals:	Total Payment to Designated Recipient in a month

Appendix 2.1 Financial Report

Under the *Provincial Sales Tax Act*, all designated recipients, including designated recipients not subject to the renewal application requirement, must report back to the Province annually in the form of a Financial Report **by April 30th of each year**.

The Financial Report must show how all of the money received from the tax was spent and certify that all of the money received from the tax was used solely for approved purposes. The Financial Report must show that spending of money received from the tax was consistent with the Five-Year Strategic Business Plan. The Financial Report must also show the amounts, sources, and uses of all other tourism revenues.

Designated Recipient: _____
Designated Accommodation Area: _____
Date Prepared: _____
MRDT Repeal Date (if applicable): _____
Total MRDT Funds Received: _____
Year Ending: _____

Section 1: Actual Spending by Market

Add more rows as needed.

Geographic Market	MRDT \$ by Market	Other \$ by Market	Total (gross) \$ by Market	% of Total \$ by Market
BC				
Alberta				
Ontario				
Other Canada				
Washington				
California				
Other USA				
China				
UK				
Germany				
Australia				
Japan				
Other International (Please specify)				
Total				

Section 1: MRDT Budget Variance Report

Designated recipients **must** complete the table as provided below.

Revenues		Current Year		
		Budget \$	Actual \$	Variance
	Carry forward from previous calendar year			
	MRDT			
	Local government contribution			
	Stakeholder contributions			
	Co-op funds received (e.g. CTO; DMO-led projects)			
	Other local stakeholder contributions			
	Grants - Federal			
	Grants - Provincial			
	Grants/Fee for Service - Municipal			
	Retail Sales			
	Interest			
	Other			
	Total Revenues			
Expenses		Budget \$	Actual \$	Variance
	Marketing			
	Marketing staff – wage and benefits			
	Media advertising and production			
	Website - hosting, development, maintenance			
	Social media			
	Consumer shows and events			
	Collateral production and distribution			
	Travel media relations			
	Travel trade			
	Other			
	<i>Subtotal</i>			
	Destination & Product Experience Management			
	Destination and product experience management staff – wage and benefits			
	Industry development and training			
	Product experience enhancement and training			
	Research and evaluation			
	Other			
	<i>Subtotal</i>			
	Visitor Services			
	Visitor Services activities			
	Other (please describe)			
	<i>Subtotal</i>			
	Meetings and Conventions			

Expenses		Budget \$	Actual \$	Variance
	Meetings, conventions, conferences, sales, events etc.			
	<i>Subtotal</i>			
	Administration			
	Management and staff unrelated to program implementation - wages and benefits			
	Finance staff – wages and benefits			
	Human Resources staff – wages and benefits			
	Board of Directors costs			
	Information technology costs – workstation related costs (i.e. computers, telephone, support, networks)			
	Office lease/rent			
	General office expenses			
	<i>Subtotal</i>			
	Other			
	All other wages and benefits not included above			
	Other activities not included above (please describe)			
	<i>Subtotal</i>			
	Total Expenses			
Balance or Carry Forward				

By signing this form, you certify that the above information is an accurate representation of the actual tourism related expenditures for the jurisdiction defined under the terms of the Municipal and Regional District Tax.

Designated Recipient's Authorized Signing Authority Name	Designated Recipient's Authorized Signing Authority Title
Date	Designated Recipient's Authorized Signing Authority Signature

Appendix 2.2 Annual Performance Report

Under the *Provincial Sales Tax Act*, all designated recipients, including designated recipients not subject to the renewal application requirement, must report back to the Province annually. As such, all designated recipients (or the designated recipient's service provider), are required to complete the following Annual Performance Report as well as a Financial Report (refer to Appendix 2.1) **by April 30th of each year**.

All designated recipients are required to fill in the sections below.

Only those designated recipients that receive the three percent tax rate will be required to report out on additional metrics (as indicated below).

A description/instructions pertaining to each performance metric is provided in grey text as a guide only. Please delete the grey text and provide your response accordingly.

Designated Recipient: _____ **Report Completed:** dd-mm-yr

Designated Accommodation Area: _____ **Reporting period:** Jan 1- Dec 31 – yr*

*or for first year of term, indicate accordingly

1. Effective tourism marketing, programs and projects			
MRDT-funded tourism marketing, programs and projects maximize the potential for increased visitation and growth in tourism business activity, employment and incremental tourism revenue.			
Mandatory Metric	Designated Recipient Response		
MRDT Revenue	<i>Report on the total annual MRDT revenue received by the Designated Recipient. The period should be between January 1 to December 31 of the reporting year (or portion thereof in the first year of reporting).</i>		
MRDT activities, tactics, investment efforts and outcomes (as per your One-Year Tactical Plan)	<i>Report on the MRDT activities, tactics, investment efforts and resulting outputs achieved in the reporting period indicated above.</i> <i>Metrics will vary by tactic. Example metrics include:</i> <table border="0"> <tr> <td> <u>OUTPUT MEASURES</u> <ul style="list-style-type: none"> Types of marketing activities Number of event campaigns and results Description of social media activities and outcomes Number of media placements Number of conventions and meeting sales Webpage visits Visitor inquiries/calls. </td> <td> <u>OUTCOME MEASURES</u> <ul style="list-style-type: none"> Visitor volume Visitor nights and visitor spending Visitor revenues Average length of stay Accommodation revenues Number of new tourism businesses. </td> </tr> </table>	<u>OUTPUT MEASURES</u> <ul style="list-style-type: none"> Types of marketing activities Number of event campaigns and results Description of social media activities and outcomes Number of media placements Number of conventions and meeting sales Webpage visits Visitor inquiries/calls. 	<u>OUTCOME MEASURES</u> <ul style="list-style-type: none"> Visitor volume Visitor nights and visitor spending Visitor revenues Average length of stay Accommodation revenues Number of new tourism businesses.
<u>OUTPUT MEASURES</u> <ul style="list-style-type: none"> Types of marketing activities Number of event campaigns and results Description of social media activities and outcomes Number of media placements Number of conventions and meeting sales Webpage visits Visitor inquiries/calls. 	<u>OUTCOME MEASURES</u> <ul style="list-style-type: none"> Visitor volume Visitor nights and visitor spending Visitor revenues Average length of stay Accommodation revenues Number of new tourism businesses. 		
Key Learnings	<i>Please provide an assessment of effectiveness of tactics, describe what worked, what didn't and lessons learned.</i>		

2. Effective local-level stakeholder support and inter-community collaboration Designated recipients are responsible for engaging with key stakeholders, establishing local-level support, and seeking out efficiencies through collaborative activities to inform appropriate decision-making regarding investments.	
Mandatory Metric	Designated Recipient Response
Extent of Local-level Stakeholder Engagement	<p><i>Report on the engagement activities they have undertaken annually to ensure stakeholders are informed and have the ability to provide input on direction. Metrics will vary by tactic.</i></p> <p><i>Example of metrics include the number and descriptions of:</i></p> <ul style="list-style-type: none"> • <i>Outreach communications (such as newsletters, marketing plans and annual reports)</i> • <i>Conferences, engagement sessions, or annual general meetings.</i>
Stakeholder Satisfaction	<p><i>Only for designated recipients collecting 3% tax:</i></p> <p><i>The designated recipient must conduct an annual stakeholder survey to:</i></p> <ul style="list-style-type: none"> • <i>Assess the level of awareness of tourism marketing activities in the community (region)</i> • <i>Assess the level of satisfaction with the use of MRDT funds.</i> <p><i>Examples of tourism industry stakeholders may include, but are not limited to, the following within the designated accommodation area:</i></p> <ul style="list-style-type: none"> • <i>accommodation providers;</i> • <i>attractions, sightseeing, activities and other primary tourism businesses;</i> • <i>restaurants, retail and other tourism related businesses;</i> • <i>Regional and local tourism associations;</i> • <i>Product Sector organizations;</i> • <i>Parks and recreation;</i> • <i>Visitor Centres; and</i> • <i>Other government agencies and organizations that have programs and services that relate to tourism.</i> <p><i>The designated recipient must append a copy of the survey (list of questions asked), list of respondents and aggregated results to this report.</i></p> <p><i>The designated recipient must seek Destination British Columbia's feedback on the methodology, defining the survey questions and survey audience prior to issuing the survey.</i></p>
Community Collaboration	<p><i>Only for designated recipients collecting 3% tax:</i></p> <p><i>Report on the collaborative activities and outcomes to demonstrate partnerships and alignment within and across communities on tourism marketing activities and with provincial or federal tourism-related agencies as appropriate.</i></p>

Mandatory Metric	Designated Recipient Response
Community Collaboration	<p><i>Examples of collaborative activities include:</i></p> <ul style="list-style-type: none"> • Meetings and discussions with other designated recipients or Destination Marketing Organizations in other designated accommodation areas • Meetings and discussions with other tourism industry stakeholders on shared interests and goals • Integrated planning • Sharing of resources on content and asset development • Aligned product development <p><i>Cooperative and or partnered marketing campaigns/initiatives</i></p>
<p>3. Marketing Efforts Are Coordinated and complementary to provincial marketing strategies and tactics:</p> <p>Designated recipients are responsible for ensuring their marketing efforts complement and do not duplicate those of Destination British Columbia to avoid overlap at the community level and dilution of BC's marketing message in key domestic and international markets.</p>	
Mandatory Metric	Designated Recipient Response
Provincial Alignment	<p><i>Report on actions taken to verify that proposed activities are in complimentary and support Destination BC, regional, community and/or other available tourism strategic and/or marketing plans as part of the completion of One-Year Tactical Plan.</i></p> <p><i>Examples of actions taken could include:</i></p> <ul style="list-style-type: none"> • Refer to Destination British Columbia's strategic plan and regional plans • Liaise/consult with regional and/or provincial staff during strategic/tactical plan development • Provincial or regional staff attendance at community AGM, planning sessions or marketing showcases • Attendance at provincial marketing and/or planning sessions • Attendance at regional marketing and/or planning sessions • Attendance at regional annual conferences/marketing presentations.
Coordinated with Destination British Columbia on Travel Media and Travel Trade Activities	<p><i>Only for designated recipients collecting 3% tax:</i></p> <p><i>Report on actions taken to ensure travel trade and travel media activities are coordinated with Destination BC's overarching marketing plan, and similar activities undertaken by other designated recipients.</i></p> <p><i>The designated recipient should also report on any outcomes of trade show and travel trade activities.</i></p>

4. Fiscal prudence and accountability

All designated recipients must be accountable, transparent, and make fiscally prudent investments in community tourism marketing.

Mandatory Metric	Designated Recipient Response
Effective Financial Management	<i>The designated recipient must provide a completed Financial Report (refer to Appendix 2.1) that shows how MRDT funds were spent consistent with the designated recipient's Five-Year Strategic Business Plan and certify that all of the revenue was used solely for purposes as approved in their One-Year Tactical Plan.</i>
Streamlined Administrative Costs	<i>The designated recipient must identify and include all administrative costs as outlined in Appendix 2.1 and in accordance to the definition provided in the MRDT Program Requirements (Section 4: Eligible Use of Funds).</i>
Leveraging of Other Marketing Funds	<i>The designated recipient must provide details (in this space) regarding what steps they undertook to leverage funding over the year.</i> <i>Additionally, the designated recipient must provide the amount(s) and source(s) of marketing funds leveraged from other sources in the Financial Report (refer to Appendix 2.1).</i>

By signing this form, you certify the accuracy and completeness of the information provided above.

Designated Recipient's Authorized Signing Authority Name	Designated Recipient's Authorized Signing Authority Title
Date	Designated Recipient's Authorized Signing Authority Signature

Appendix 2.3 One-Year Tactical Plan

Under the *Provincial Sales Tax Act*, all designated recipients, including designated recipients not subject to the renewal application requirement, must report to the Province annually. As such all designated recipients (or the designated recipient's service provider), are required to complete the following One-year Tactical Plan **no later than November 30th each year for years two through five**. If plans are available earlier, please submit as they become available. A Five-year Strategic Business Plan is required in year 1.

The One-year Tactical Plan must be consistent with the Five-year Strategic Business Plan and be based on the calendar year.

A sample Tactical Plan template has been provided below. However, the format of the Tactical Plan may be developed specific to your community needs and resources.

Similar to the Five-year Strategic Business Plan, the One-year Tactical Plan must adhere to the MRDT program principles (see box).

Please ensure there is alignment between provincial tourism strategies and community tourism efforts. Additionally, designated recipients should make their One-year Tactical Plans available to tourism industry stakeholders.

If you wish to make material modifications to the Five-year goals, strategies or targets, the changes must be identified in the One-year Tactical Plan and may require approval from the Province (see Section 11: Amendments in Program Requirements).

Your One-year Tactical Plan must contain the following information:

- An overview of the strategic direction from the Five-Year Strategic Business Plan
- Key learning and conclusions from the previous year
- Details about activities and tactics for the upcoming year
- Expected outcomes
- Availability of revenue from other sources to fund projects in addition to the funds from the tax (Reminder: funds from the tax must be incremental to existing sources of funding. The funds from the tax must not replace existing sources of tourism funding in a community)
- A proposed budget for the year ahead

For questions, please contact Destination British Columbia at MRDT@destinationbc.ca.

Quick Reference Guide (from the MRDT Program Requirements):

- *The intention of the tax is to assist designated recipients to fund tourism marketing, programs and projects.*
- *Funds from the MRDT program are intended to augment current funding and cannot be used to replace existing sources of tourism funding in a community.*
- *The MRDT program is intended to contribute to the increase of local tourism revenue, visitation, and economic benefits and should be supported by local government and tourism stakeholders.*

The MRDT program principles are:

- *Effective tourism marketing, programs and projects*
- *Effective local-level stakeholder support, and inter-community collaboration*
- *Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics*
- *Fiscal prudence and accountability.*

One-Year Tactical Plan Template

Designated Recipient: _____
Designated Accommodation Area: _____
Date Prepared: _____
MRDT Repeal Date: _____
Five Year Period: _____

A description/instructions pertaining to each section is provided in grey text as a guide only. **The format of your One-Year Tactical Plan may be developed specific to your community needs and resources.** If using this template, please delete the blue text and provide your response accordingly. If using your own report template, please ensure it includes the following sections:

Section 1: Overview and Update to Five-year Strategic Context	
Heading	Description
Strategic Direction	<ul style="list-style-type: none"> A brief overview of the strategic direction from the Five-Year Strategic Business Plan, which may include an articulation of the Vision, Mission, Goals and Objectives from the Five-Year Strategic Business Plan.
Key Learnings and Conclusions	<ul style="list-style-type: none"> Key learnings and conclusions from a situation analysis or annual review that will inform your One-Year Tactical Plan. Provide an update on progress to date for current year activities.
Overall Goals, and Objectives	<ul style="list-style-type: none"> Overall Goals, Objectives and Targets, if different from the Five-year Strategic Business Plan.
Strategies	<ul style="list-style-type: none"> Key Strategies for the year, if different from the Five-Year Strategic Business Plan. If any change in Key Strategies is deemed to be material or a substantial shift from original direction set, then approval from Destination British Columbia will be required before implementation.
Target Markets	<ul style="list-style-type: none"> The types of visitors that are priorities for your community for the next year, stating primary and secondary target markets. Include geographic target markets, demographic, and activity-based target groups. The desired length of stay that your community is seeking from the target markets, from day visits or overnight getaways to longer vacations.

Section 2: One-Year Tactical Plan with Performance Measures

Please provide a **Project Plan** for each major activity you will undertake in the year ahead using MRDT funds. Authorized purposes of MRDT funds are tourism marketing, programs and projects and any other prescribed purposes as set out by regulation.

Project plans should include the following information for each activity. The recipient can organize the plan in a manner that best reflects their individual approach.

1. The **major category** of the activity. Examples could include marketing, destination and product experience management, visitor services, etc.

Marketing, which may include:

- Media Advertising and Production
- Website - Hosting, Development, Maintenance
- Social Media
- Consumer Shows and Events
- Collateral production and distribution
- Travel Media Relations
- Travel Trade
- Other.

Destination and Product Experience Management, which may include:

- Industry Development and Training - Enhancing Education and Knowledge (for example: Market Readiness, Packaging and Industry Workshops)
- Product Experience Enhancement and Training (for example: Itinerary Development, Content Development and Key Experience Creation)
- Research & Evaluation
- Other.

Visitor Services, which may include:

- Visitor Services Activities (for example: Visitor Services via Social Media, Mobile Apps, Roving/Mobile Visitor Services, Ambassadors, Kiosks)
- Other.

Meetings and Conventions:

- Examples could include conferences, events, sales, etc.

Other:

- Other activities not covered by the above categories, such as capital expenditures if **pre-approved by government** (prior to application), etc.

2. Please list and describe **the tactics** your community will use to achieve the strategies outlined in Section 1 of your Five-Year Strategic Business Plan. There may be several tactics for each activity.
3. Please provide an **implementation plan** that includes a short description, quantifiable objectives, rationale, action steps, potential partnerships, resources, sources of funding, responsibilities, timeframe, budget, and evaluation mechanism.
4. Please outline the **performance measures, expected outputs and outcomes**. Note, designated recipients receiving a tax rate of 3% are subject to additional reporting requirements. Please refer to Appendix 2.2 for more information about annual reporting of performance measures.

A Project Plan Template is attached on the following page for reference.

Project Plan Template

A description/instructions pertaining to each section is provided in grey text as a guide only. **The format of your Project Plan may be developed specific to your community needs and resources. If using this template, please delete the grey text and provide your response accordingly.**

Major Category: <i>(e.g., Marketing - Travel Trade; Visitor Services – Mobile Apps; Conferences)</i>
Activity Title: <i>Please provide the title of activity.</i>
Tactics: <i>Please list and describe the tactics to be used to achieve the strategies outlined in Section 1 of the Strategic Business Plan. There may be several tactics for each activity.</i>
Implementation Plan: <i>For each activity, an implementation plan should include a short description, quantifiable objectives, rationale, action steps, potential partnerships, resources, sources of funding, responsibilities, timeframe, budget, and evaluation mechanism.</i>

Performance Measures:			
<ul style="list-style-type: none"> <i>Please review the tactics listed above and identify expected outcomes and outputs for each.</i> <i>Report out annually on the performance measures (refer to Appendix 2.2).</i> <i>The performance measures must align with the four MRDT Program Principles:</i> <ul style="list-style-type: none"> <i>Effective tourism marketing, programs and projects</i> <i>Effective local-level stakeholder support, and inter-community collaboration</i> <i>Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics</i> <i>Fiscal prudence and accountability.</i> <i>Consider the following definitions when preparing the output and outcome measures:</i> <ul style="list-style-type: none"> <i>Outputs - measure the level of service provided by a project or provides information about what was done. They define "what you did", e.g., hosted four media familiarization trips.</i> <i>Outcomes - measures on the achievement of broader goals such as increasing average visitor yield or enhancing the customer experience.</i> <i>Examples only:</i> <table border="0" style="width: 100%;"> <tr> <td style="vertical-align: top; width: 50%;"> <u><i>Output Measures:</i></u> <ul style="list-style-type: none"> <i>Types of marketing activities</i> <i>Number of event campaigns and results</i> <i>Description of social media activities and outcomes</i> <i>Number of media placements</i> <i>Number of conventions and meeting sales</i> <i>Webpage visits</i> <i>Visitor inquiries/calls</i> </td> <td style="vertical-align: top; width: 50%;"> <u><i>Outcome Measures:</i></u> <ul style="list-style-type: none"> <i>Visitor volume</i> <i>Visitor nights & visitor spending</i> <i>Visitor revenues</i> <i>Average length of stay</i> <i>Accommodation revenues</i> <i>Number of new tourism businesses</i> </td> </tr> </table> 		<u><i>Output Measures:</i></u> <ul style="list-style-type: none"> <i>Types of marketing activities</i> <i>Number of event campaigns and results</i> <i>Description of social media activities and outcomes</i> <i>Number of media placements</i> <i>Number of conventions and meeting sales</i> <i>Webpage visits</i> <i>Visitor inquiries/calls</i> 	<u><i>Outcome Measures:</i></u> <ul style="list-style-type: none"> <i>Visitor volume</i> <i>Visitor nights & visitor spending</i> <i>Visitor revenues</i> <i>Average length of stay</i> <i>Accommodation revenues</i> <i>Number of new tourism businesses</i>
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Section 3: MRDT Budget for One-Year Tactical Plan

Designated recipients **must** complete the budget table as provided below.

Revenues		Budget \$
	Carry-forward from previous calendar year	
	MRDT	
	Local government contribution	
	Stakeholder contributions	
	Co-op funds received (e.g. CTO; DMO-led projects)	
	Other local stakeholder contributions	
	Grants – Federal	
	Grants – Provincial	
	Grants/Fee for Service - Municipal	
	Retail Sales	
	Interest	
	Other	
	Total Revenues	
Expenses		Budget \$
Marketing		
	Marketing staff – wage and benefits	
	Media advertising and production	
	Website - hosting, development, maintenance	
	Social media	
	Consumer Shows, events	
	Collateral production, and distribution	
	Travel media relations	
	Travel trade	
	Other (please describe)	
	Subtotal	
Destination & Product Experience Management		
	Destination & Product Experience Management Staff – wage and benefits	
	Industry development and training	
	Product experience enhancement and training	
	Research and evaluation	
	Other (please describe)	
	Subtotal	
Visitor Services		
	Visitor Services activities	
	Other (please describe)	
	Subtotal	
Meetings and Conventions		
	Meetings, conventions, conferences, and events etc.	
	Subtotal	
Administration		
	Management and staff unrelated to program implementation – wages and benefits	
	Finance staff – wages and benefits	
	Human Resources staff – wages and benefits	
	Board of Directors costs	
	Information technology costs – workstation-related costs (i.e. computers, telephone, support, networks)	
	Office lease/rent	

Expenses		Budget \$
	General office expenses	
	<i>Subtotal</i>	
	Other	
	All other wages and benefits not included above	
	Other activities not included above (please describe)	
	<i>Subtotal</i>	
	Total Expenses:	
Balance or Carry Forward		

Recommendations to Enhance the Municipal and Regional District Tax Program

Formerly known as the Additional Hotel Room Tax (AHRT)

In the recently introduced BC Provincial budget, the ceiling of the Municipal and Regional District Tax (MRDT) was increased from 2% to 3%. This is the first time the ceiling has changed since the program was introduced in 1987.

Currently, over 50 communities throughout British Columbia collect and distribute \$28 million in MRDT each year. The BC Hotel Association anticipates that, within the next twelve months, 15 - 20 of these communities will likely apply for the increase to 3%, generating an additional \$10 to \$15 million.

The Ministry guidelines for use of MRDT funds are relatively broad and require that funds be directed toward "Tourism Activities." Local governments apply for the right to implement the MRDT Program and receive the funds. Since the program's inception, to our knowledge no local government allocation decision has ever been rejected or challenged by the Ministry.

The Provincial Government attempted to change the AHRT Program in 2009/10. However, after a year of consultations no consensus could be reached (see attached document).

A rare opportunity

We all know that increased marketing of British Columbia to a broad variety of parties (i.e. students, meeting planners, adventurers, investors, tourists, etc.) has the potential of tremendous economic impact. Yet marketing funds are limited, particularly from government sources.

Criteria are currently being drafted by the Provincial government regarding the application procedure to access the 3% MRDT Program. We believe the Government has a rare opportunity to implement new policies for those specific communities who wish to apply for the 3% MRDT in a way that:

1. Significantly increases the Measurable Economic Impact of MRDT Funds, and
2. Increases the potential of greater alignment with Provincial Marketing Strategies

To achieve these goals, the British Columbia Hotel Association strongly supports implementing a new *MRDT Accountability and Performance Management Framework*.

In addition to this new framework, the BCHA also recommends the following policies to communities who wish to apply for the 3% MRDT.

#1 – A VOTE by the Accommodation sector in support of the tax and a renewal vote every 5 years

This is a key element to effective use of the funds. To ensure industry participation, the accommodators who voluntarily collect the tax must, over time, see continued economic benefit. Otherwise, there is no incentive to participate in the program.

Hoteliers know the vast majority of people do not come to a destination to stay in a hotel, but rather are attracted by a variety of other factors. Hoteliers also know that decisions regarding the allocation of the funds must involve other stakeholders with a vested interest in the outcomes.

#2 –Grandfathered Communities applying for the 3% MRDT must agree to forfeit their Grandfathered Status and to vote on the 3% every 5 years.

The six Grandfathered communities (Vancouver excluded due to previous legislation) have had unfettered use of the 2% funds for over 25 years. There is no logic to keeping this archaic practice if the community wishes to move up to 3%. This practice is not fair to local accommodators, and seriously undermines real and tangible input on the use of MRDT funds.

Furthermore, without a vote mechanism in place it will be difficult to gain greater accountability, transparency, and alignment on the MRDT 3% funds as there is no risk of losing the privilege to receive the funds.

#3 – All Local Government applicant for the 3% MRDT must support granting “Eligible Entity Status” to their Destination Marketing Organization (DMO).

When a DMO has been granted eligible entity status by their local government, 100% of the MRDT funds flow directly to the DMO instead of through city hall. Without this requirement, there is not effective accountability or measurement of the performance of MRDT funds.

Although some communities already do this (either because they have been granted eligible entity status or through a service agreement with the DMO), in many cases the local government controls allocations—which are dispersed to a variety of entities and/or programs.

Focusing the funds in the DMO increases the potential that funds will be used for marketing programming, which is usually a mandate of the DMO board. If a local government wished to direct funds to other priorities it would need to ask the DMO for support. Additionally, many DMOs have indicated they would prefer to see Eligible Entity status as a prerequisite, rather than having to negotiate for it on top of all the other deliverables (i.e. service agreements, visitor centre management, board seats, city priorities, etc.).

#4 – The DMO/ Local Government application must include a 5-year business plan and a first year tactical plan. Applicants must also agree to provide the Ministry with one year tactical plan each year in advance for review.

This requirement is critical to achieving greater alignment with the Provincial Government Marketing Strategy. Combined with #3 above, this sets the stage for greater analysis of the measurable economic impact of the 3% MRDT Program funds community-by-community. It also enables the Ministry to review tactical plans on an annual basis to determine if there are opportunities for greater collaboration with Destination British Columbia on, for example, international marketing programming.

The path forward

The BC Hotel Association is committed to improving transparency, accountability, and effectiveness of the MRDT program. It is our hope that, by working together with our government partners, our recommendations will help to modernize the MRDT program in a way that yields measurable and achievable economic benefits for BC's tourism economy as a whole.

The British Columbia Hotel Association is the advocate and spokesperson for the interests of the Hotel Industry throughout British Columbia. The BCHA has over 600 hotel members and 200 associate members, representing an industry with revenue in excess of \$3.2 billion, 80,000 rooms and more than 60,000 employees. We are a significant component of BC's \$13.8 billion tourism trade and have members in almost every community throughout BC.

To learn more about how these recommendations will benefit BC's tourism and accommodation sectors, please contact BC Hotel Association's CEO, James Chase, at james@BCHotelAssociation.com.



HOTEL ASSOCIATION OF CANADA
ASSOCIATION DES HÔTELS DU CANADA

as of June 2015

Room Taxes on Lodging Industry in Canada

Province	Supplementary Room Tax/DMF	PST and/or GST on Rooms	PST and/or GST on Other Goods	Total Taxes
British Columbia	2% ¹	12% 13%	12%	15%
Alberta	4% Alberta Tourism Levy all rooms + <i>Voluntary DMFs:</i> 3% Calgary, 3% Edmonton 2% Jasper 3% Canmore 2% Lethbridge 2% Medicine Hat 1% Camrose 1% Grand Prairie 1% Slave Lake <i>Corporate Hotel DMFs:</i> 3% Canalta Hotel Group 3% Pomeroy Group <i>Tourism Improvement Fee</i> 2% Banff	5%	5%	9 + city levy = 12% for major centres
Saskatchewan	2% DMF Saskatoon, Regina	10%	10%	12%
Manitoba	5% Winnipeg, Thompson \$3/night Brandon	12%	12%	17%
Ontario	The DMF program which was a 3% fee was terminated in 2009 when the HST was introduced. It has been on a "transitional" basis replaced by government funding until December 2012.	13%	13%	16%
Quebec	\$2.00 per room and 3.5% Montreal ²	14.98% ³	14.98% ³	18.48 + %
New Brunswick	\$2 Bathurst 2% Miramichi, Saint John, Charlotte County	13% ⁶	13% ⁶	15%
Nova Scotia	2% Halifax ⁵	15% ⁵	15% ⁵	17%
Prince Edward Island	3% Charlottetown	15.5% ³	15.5% ³	18.5%
Newfoundland	3% St. John's ⁶	13% ⁶	13% ⁶	16%