



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**

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**

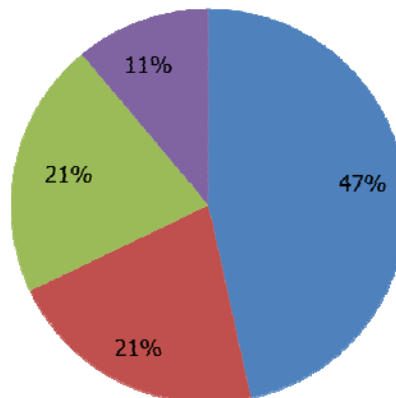
STRONG DMOs ACROSS B.C.

- 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 ■ Destination 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**

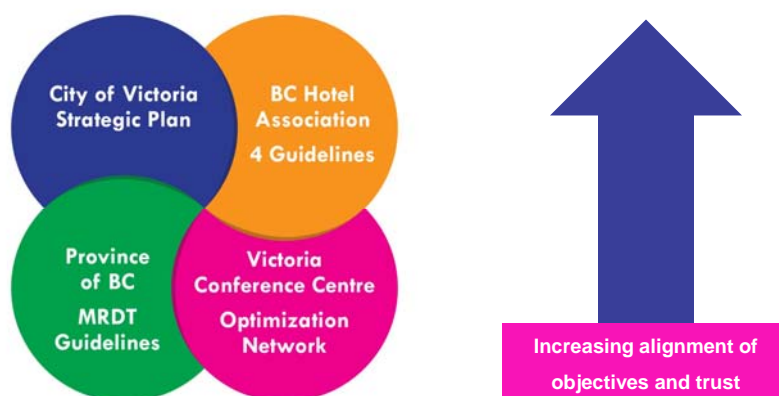
Applicants must also agree to provide the Ministry with one year tactical plan each year in advance for review

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

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%**

VCC SALES & MARKETING MANAGEMENT CONTRACT

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



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



KEY APPROVAL GATES

- ✓ **Ensure City on board in principle (November 19)**
- ✓ **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**

NEXT STEPS & 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 5 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?**

CONSIDERATIONS

- ✓ **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