

The Importance of Visitor-based Assessments to Canada's Economy

Final Report

August 14, 2023

Prepared by:



Dear Reader,

Visitor-based assessments play a crucial role in continuing to grow the visitor economy in Canada. This report examines the various visitor-based assessment models that currently exist in Canada and evaluates their impact on local, regional, and national economic and cultural development. Importantly, this report updates the guiding principles for visitor-based assessments to ensure a healthy and sustainable visitor-based assessment model for the future.

The findings in this report are based on input from over 100 destination professionals across the country who shared their views through a survey and 1:1 interviews. We thank GainingEdge for their diligent and thoughtful work preparing this report and we thank the many people who shared their thoughts, experience, and expertise to make this report possible.

This is a timely and important report for Canadian destination organizations.

Canadian Destination Leadership Council Executive Committee:

Cathy Duke, CEO, Destinations St. John's, Co-Chair
Michael Crockatt, CEO, Ottawa Tourism, Co-Chair
Nancy Small, CEO, Tourism Richmond, Secretary
Victoria Clarke, CEO, Tourism Mississauga, At-Large
Kathleen Trainor, Executive Director, Tourism Barrie, Past Chair



The following quotes summarize how visitor-based assessments have the potential to add value to communities

“It is appropriate that travellers visiting a community directly contribute to the economic, social and environmental success of that community (whether the funds be reinvested into destination development work or marketing and sales efforts to grow and sustain the visitor economy). Because the funds are user generated, they alleviate the burden on the resident tax base, and simultaneously provide a direct feedback loop on whether or not the investment of those funds were strategic, relevant and successful. Excluding external threats, VBA funding provides important long-term, formula funding so that destination organizations can make meaningful and consistent investments.”

Barrett Fisher, President & CEO, Tourism Whistler

“Without hotel taxes... efforts to develop and market [a city’s] tourism industry would rest solely on the property tax base.”

Canadian Union of Public Employees

Who We Are

The Tourism Industry Association of Canada (TIAC) is a pan-Canadian not-for-profit, member-based organization. TIAC serves today as the national private-sector advocate for this \$102 billion sector. Based in Ottawa, TIAC acts on behalf of Canadian tourism businesses and promotes positive measures that help the industry grow and prosper.

- TIAC is responsible for representing tourism interests at the national level, and its advocacy work involves promoting and supporting policies, programs and activities that will benefit the sector's growth and development.
- TIAC's membership reflects partnerships among all sectors of the industry, and provincial, territorial, and regional tourism associations, enabling the association to address the full range of issues facing Canadian tourism.

The Canadian Destinations Leadership Council (CDLC) is a standing committee of Destinations International's Canadian DMO members. Destinations International is a professional organization representing destination organizations and convention and visitor bureaus worldwide.

- As the world's largest resource for official destination organizations, Destinations International represents over 6,000 professionals from 575 destination organizations across the globe and 50 in Canada.
- TIAC is committed to working with Destinations International to address specific issues identified by the members of the CDLC from a government relations perspective in Canada. TIAC has been engaged by Destinations International to advocate for Canadian destination organizations, and the positive impact of destination sales and marketing on the local, regional, and national economy.

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1. Summary of Key Takeaways



Key Takeaways from this Project

1

VBAs have become more common around the world. For Canada to remain globally competitive in tourism, the CDLC strongly encourages government policy and industry priorities to facilitate investment certainty and growth in destinations by supporting VBAs.

2

VBAs are effective funding models which enable the important and evolving roles of the DMO industry in Canada and, specifically, strengthens innovation and supports destination competitiveness in the country.

3

VBAs are based on the primary purpose of enhancing the visitor economy to provide broad community and regional benefits such as year-round employment, business income, and government revenue.

4

VBA funding is in place in more than 2/3rds of the estimated 250+ DMOs in Canada. Legislated VBA models are much more common than non-legislated/voluntary models and have been growing at a faster pace.

5

VBAs continue to primarily be invested in destination marketing and business development activities, though 97% of DMOs in the country expect to also invest these funds in destination development in the future.

6

DMOs and stakeholders interviewed (hotels, government, industry associations) say VBAs should be used for tourism purposes only. However, concerns were raised that this is becoming a challenge in some places.

7

The fundamental objective of VBAs, and DMOs, is the same - to have a multi-stakeholder collaborative approach to be successful.

8

Although the right VBA solution for a destination is based on its specific situation, DMOs say better information sharing across the country and national guiding principles are very important.

9

The majority of DMOs and stakeholders consider it important to further develop the practice of assessing the economic impact of VBAs and DMOs in Canada.

10

DMOs and stakeholders had a strong degree of consensus on the benefits and risks, and value of VBAs. This provides a solid basis for building an advocacy platform.

2. Introduction



Project Overview

This report outlines the critical role and importance of Visitor-Based Assessments (VBAs) in continuing to grow the visitor economy in Canada. It has been created to support the Tourism Industry Association of Canada (TIAC) and Destinations International's Canadian Destination Leadership Council (CDLC) in advocating for the Canadian DMO sector. It builds on a 2018 white paper findings and 2020 Visitor Based Assessment Study through more in-depth feedback from both stakeholders (such as hotels, government, and industry associations) and DMOs across the country.

The aim of the work was to build a case that supports VBAs and investment in the visitor economy through destination organizations. This work will assist TIAC, CDLC, and DMOs in an advocacy platform to ensure the continued investment of VBAs on behalf of the overall industry. Additionally, it aims to build a groundwork for better understanding the economic and social impacts VBAs and DMOs generate in Canada.

The research and analysis is also intended to help strengthen the VBA system across the country through understanding the benefits, risks, and key actions which could be taken by government and industry.

Gaining Edge was contracted to conduct this work, supported by InterVISTAS and Vardo Creative.

Project Steering Committee

A Steering Committee representing DMOs across Canada provided input and guidance throughout the project and will provide final approval of the report.

Co-Chairs

- Michael Crockatt, Ottawa Tourism
- Cathy Duke, Destination St. John's

Members

- Scott Beck, Destination Toronto
- Victoria Clarke, Tourism Mississauga
- Ross Jefferson, Destination Halifax
- Paul Nursey, Destination Greater Victoria
- Gabriel Seder, Destinations International
- Nancy Small, Tourism Richmond
- Kathleen Trainor, Tourism Barrie

Management

- Minto Schneider, CDLC/TIAC

Visitor-based Assessments (VBAs)

VBAs enable destinations to be more competitive in attracting visitors and building benefits through the visitor economy. They have become more widespread in the global landscape and are a common way in which destinations in Canada finance the sustainable promotion and growth of tourism.

Funds raised by VBAs are collected from visitors as a user pay system and not from residents or businesses directly. They consist of an additional visitor cost charged against the accommodation room rate, although some jurisdictions apply the levy to other sectors of the industry. The levy is typically based on a percentage or set dollar amount of the nightly accommodation room rate charged to the visitor, usually for stays of fewer than 30 days. In Canada three types of levies are found:

- *Municipal legislated accommodation tax.* Generally collected by the municipality as a commercial tax, and then transferred in part or whole to the Destination Marketing Organization (DMO). The enabling of the municipal levy may be from provincial legislation.
- *Provincial legislated accommodation tax.* Collected by the province, in part to finance Provincial Marketing Organizations (PMO); or in part to finance Regional Tourism Organizations (RTO).
- *Voluntary (non-legislated) destination marketing fee (DMF).* Generally agreed upon by the local destination's hotel association and either managed by the association or transferred to the DMO.

Another form of VBA is a Tourism Improvement District (TID). TIDs have similar elements to a legislated tax, as well as a DMF. However, they are structured somewhat differently. TIDs are popular in the U.S., and recently have been getting consideration in a few Canadian destinations. However, as they are not currently in place, TIDs are not part of the analysis in this project.

Flow of VBA Funds



ENABLER

Levy is enabled either by:

1. Government legislation (tax)
2. Hotel contracts (DMF)

PAYOR

Visitor (guest, consumer, user) pays the levy as a charge on their hotel bill.

COLLECTOR

Hotels collect the levy from visitors and remit to government (if a tax) or hotel association (if a DMF).

STEWARD

DMOs are usually the stewards (recipients) of the levy funds. In some cases, it is a municipal government or hotel association (for DMFs).

3. How VBAs Add Value

VBA's Help Generate Significant Economic Impact

- Canada's destinations are supported by DMOs and stakeholders who invest VBA funds in marketing and sales efforts, as well as integrating destination development and stewardship functions¹. DMOs compete fiercely for all segments of the visitor economy including meetings and conferences, leisure travel and sports tourism through data-driven, multi-channel strategies. They are governed through a blend of local private- and public-sector directors to ensure ongoing support in their communities.
- DMOs contribute significantly to a stronger Canada by investing VBAs which generate regional economic impacts such as year-round employment, business income, and government revenue.

¹ See Global Sustainable Tourism Council (gstcouncil.org) for definition of destination stewardship

VBA's Strengthen DMOs Value Proposition



Demand Generators

VBA funds help DMOs generate demand to their destinations. Through business events, travel trade, brand, and marketing, which build interest and visitation 2,3,5+ years from now, DMOs lay a foundation for sustainable success in the destinations they represent.



Destination Stewards

VBA funds help DMOs embrace destination stewardship. Actively balancing the development and vitality of the visitor economy, with strategies on socio-cultural sustainability, environmental sustainability, and the retention of quality of life for residents, are increasingly important community roles for DMOs.



SME Development

VBA funds help DMOs attract visitors, which in turn drives revenue to small and medium-sized businesses in the regions they represent. The tourism industry is dominated by SMEs. Helping SME development supports the creation of jobs. It places the DMO as agents of economic development and helps improve the industry's role as community-builders.



Values-based Marketing

VBA funds help DMOs incorporate its destination's local values into the visitor experience. This creative, cultural and community energy improves the quality of experience and competitive advantage for the destinations. DMOs are putting greater focus on communicating this essence through branding, and targeted business development and marketing.

Drivers of Success

The primary driver of successful VBA communities are those with a strong consensus between the DMO, the tourism sector, residents, and government agencies. The research (interviews and survey) suggested ways for destinations and DMOs to garner support for VBAs in their communities:

- Have a broad base of stakeholders and advocates who can help promote the benefits of VBAs and their impact on the local economy
- Constantly nurture relationships with stakeholders and community members, and engage in ongoing dialogue about the importance of VBAs
- Provide data that supports the value of VBAs can be a powerful tool in gaining support, and telling stories about how other communities have benefited from them can be equally effective
- Show up and be visible in the community, to connect with people and align with their values
- Communicate that the economic and social value proposition of VBAs is critical in gaining support and ensuring their continued success
- Never take support for granted and to work diligently to maintain relationships and build consensus around the importance of VBAs to grow the visitor economy

4. Project Outreach



A Comprehensive Outreach Approach

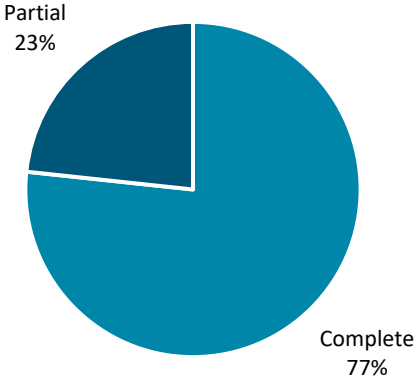
This report was developed through a comprehensive and inclusive process, ensuring representation from a variety of sources:

- Survey participation from 103 DMOs from all regions (60% response rate)
 - Survey was sent to 172 DMOs in the current database. We estimate the total number of DMOs in Canada to be at least 250.
- 33 interviews with DMOs and stakeholders from across Canada
- Feedback from a presentation of findings to CDLC members during Rendezvous Canada in Quebec
- Regular Steering Committee meetings were also held

Included in the development of the report was the utilization of available documentation and reports, and the experience of the consultants in working with DMOs in Canada and internationally, and VBAs in North America.

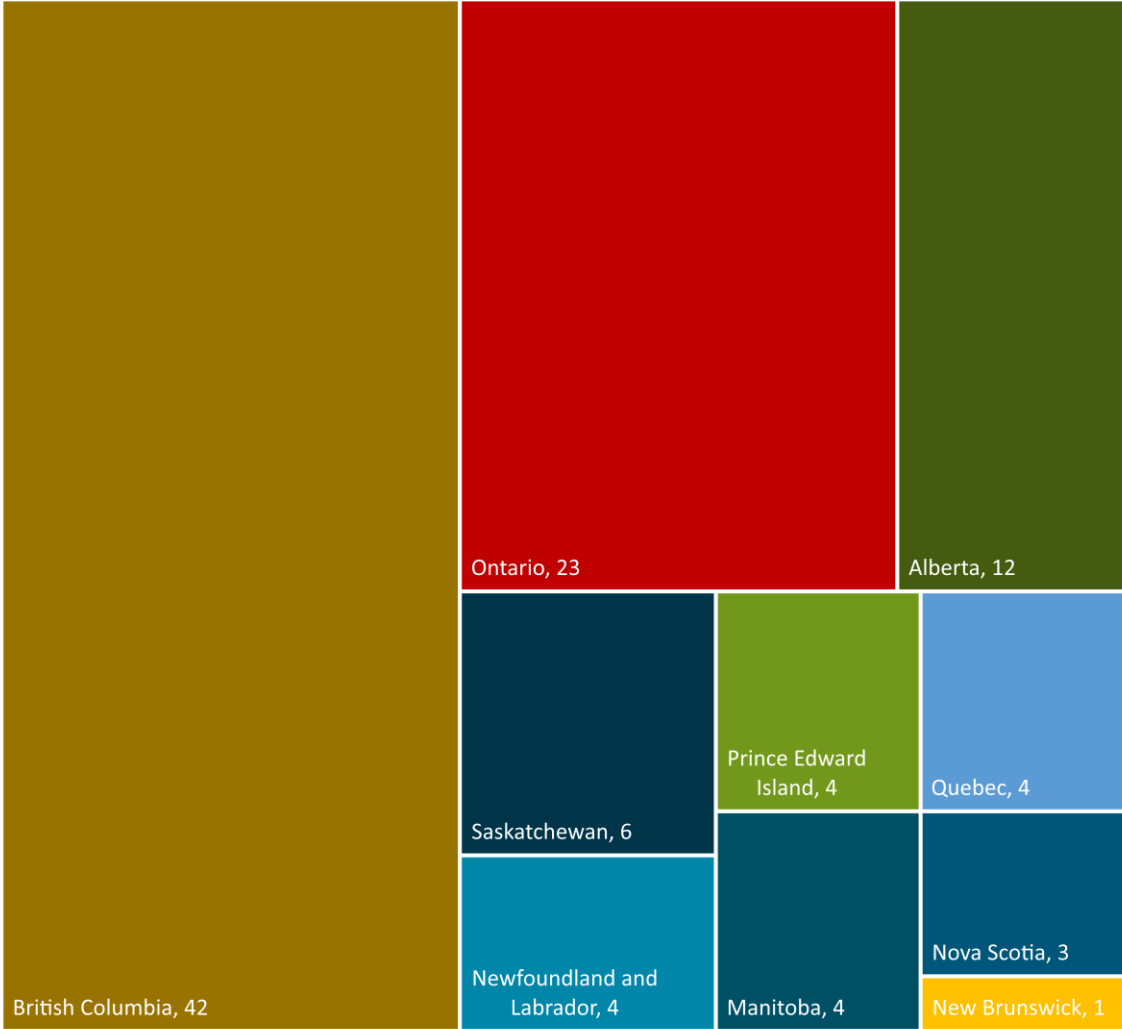
Survey Demographics

103 Survey Respondents

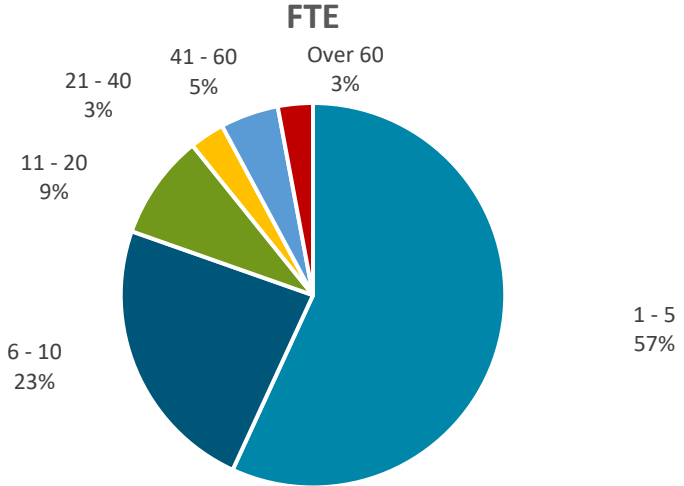
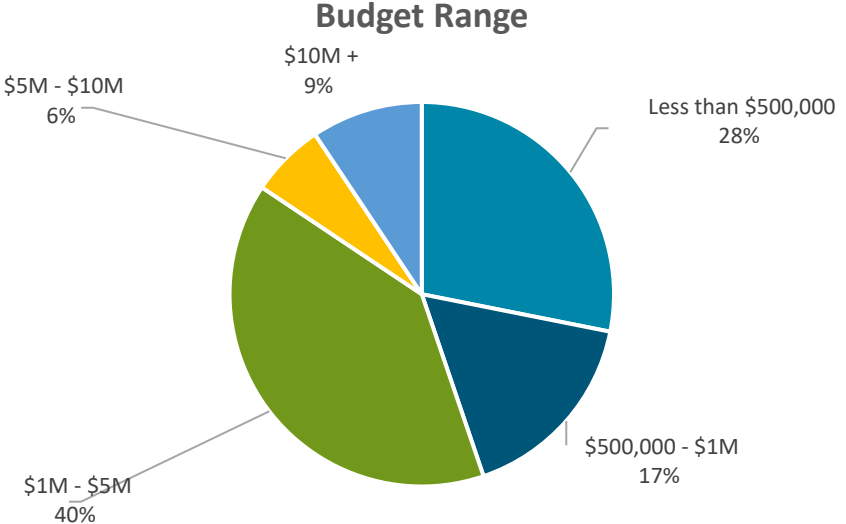
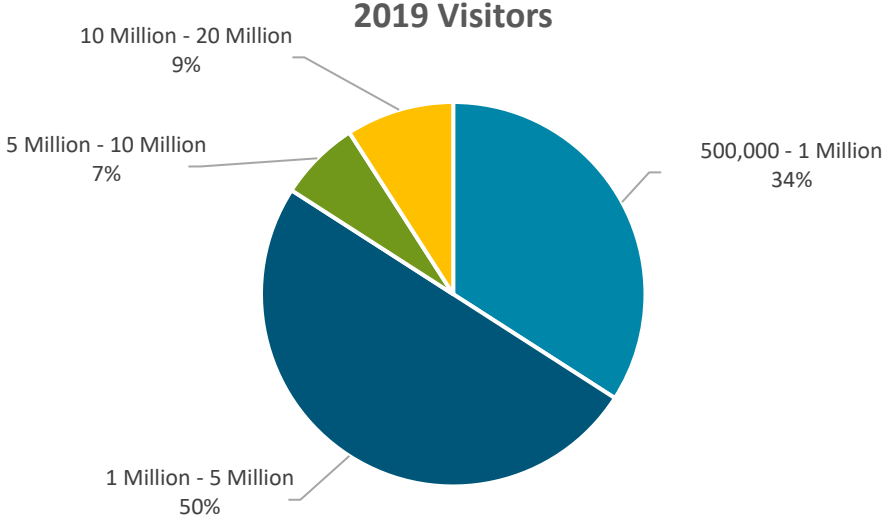


Response Rate by Region	% of DMOs
NL	67%
AB	63%
BC	60%
PEI	57%
ON	37%
MB	33%
NS	30%
SK	21%
QC	18%
NB	17%
NT,NU,YK	0%
OVERALL	60%

Number of Responses by Province



Survey Demographics



Interview Participants

33 Canadian tourism experts from across Canada took part in 60-90 minute 1-on-1 interviews. They represented both DMOs and stakeholders, including industry associations, hotels companies, and government officials.

DMOs		Stakeholders	
Tourism Calgary	Stacy Hatcher	TIABC (and PTTIA)	Walt Judas
Tourism Jasper	James Jackson	Sport Tourism Canada	Grant MacDonald
Destination Greater Victoria	Paul Nursey	Hotel Association of Canada	Adrienne Foster
Parksville Qualicum Beach Tourism	Blain Sepos	Marriott Hotels	Don Cleary
Tourism Whistler	Barrett Fisher	Hilton Hotels	Ryan Young
Tourism Richmond	Nancy Small	Ottawa Embassy Hotel & Suites	Colin Morrison
Tourism Winnipeg	Natalie Thiesen	Marriott Hotels	Susan Saganski
Destination St. John's	Cathy Duke	Oxford Properties	Lesley Boughen
Destination Halifax	Ross Jefferson	BC Hotel Association	Ingrid Jarrett
Destination Toronto	Scott Beck	City of Richmond	Serena Lusk
Ottawa Tourism	Michael Crockatt	City of Vernon	John Perrott
Tourism Barrie	Kathleen Trainor	Travel Alberta	Stefanie Jones
Tourism Mississauga	Victoria Clarke	Ministry of TCAR (Newfoundland)	Carol-Anne Gilliard
Tourisme Montreal	Yves Lalumiere	Tourism Nova Scotia	Ana Moran
Tourism Saskatoon	Stephanie Clovechok	City of Mississauga	Shari Lichterman
		Shaw Centre (Conv Centres of Canada)	Nina Kressler
		Indigenous Tourism Assoc of Canada	Keith Henry
		Tourism Industry Association of Ontario	Dr Jessica Ng

5. Research Findings

Review of VBAs in Canada

VBAs were reviewed across Canada through the survey and 1-on-1 interviews. The intention was to understand the current situation in order to identify ways to continue to develop and improve VBAs in the future.

Different models have been developed across the country, and what might work in one part does not necessarily work elsewhere. This implies that there is no one-size-fits-all approach to VBAs, as each destination has its own unique characteristics, challenges, opportunities, and resources. The key topics addressed in this section include:

- Changes to VBA use
- Benefits and risks of VBAs
- Additional issues and challenges

Other key topics, such as economic value of VBAs and guiding principles, are addressed in subsequent sections of this report.

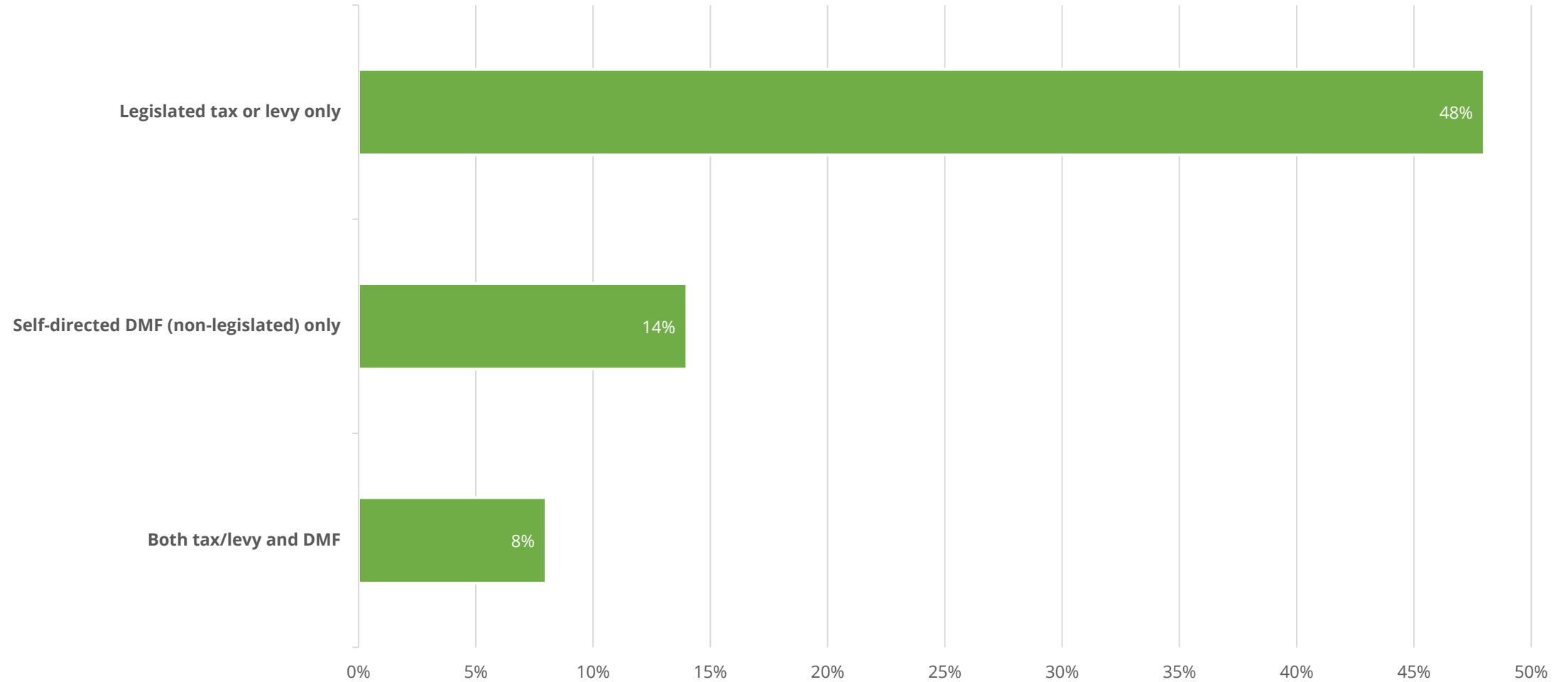
Types of VBAs in Canada by Region

The predominant type of VBA is a legislated hotel tax at the municipal level which is either enabled through provincial legislation or directly by the municipality. Alberta has a provincial hotel tax that, until recently, funded Travel Alberta.

	◀ Legislated Accommodation Tax ▶			Voluntary DMF	None
	Municipal (Provincial Legislated)	Municipal	Provincial		
BC	x			x	
Alberta			x	x	
Saskatchewan				x	
Manitoba		x			
Ontario	x			x ¹	
Quebec	x				
New Brunswick	x				
Nova Scotia	x				
PEI		x			
Newfoundland	x				
Northwest Territories		x			
Yukon					x
Nunavut					x

¹ Niagara Falls has a variety of fees

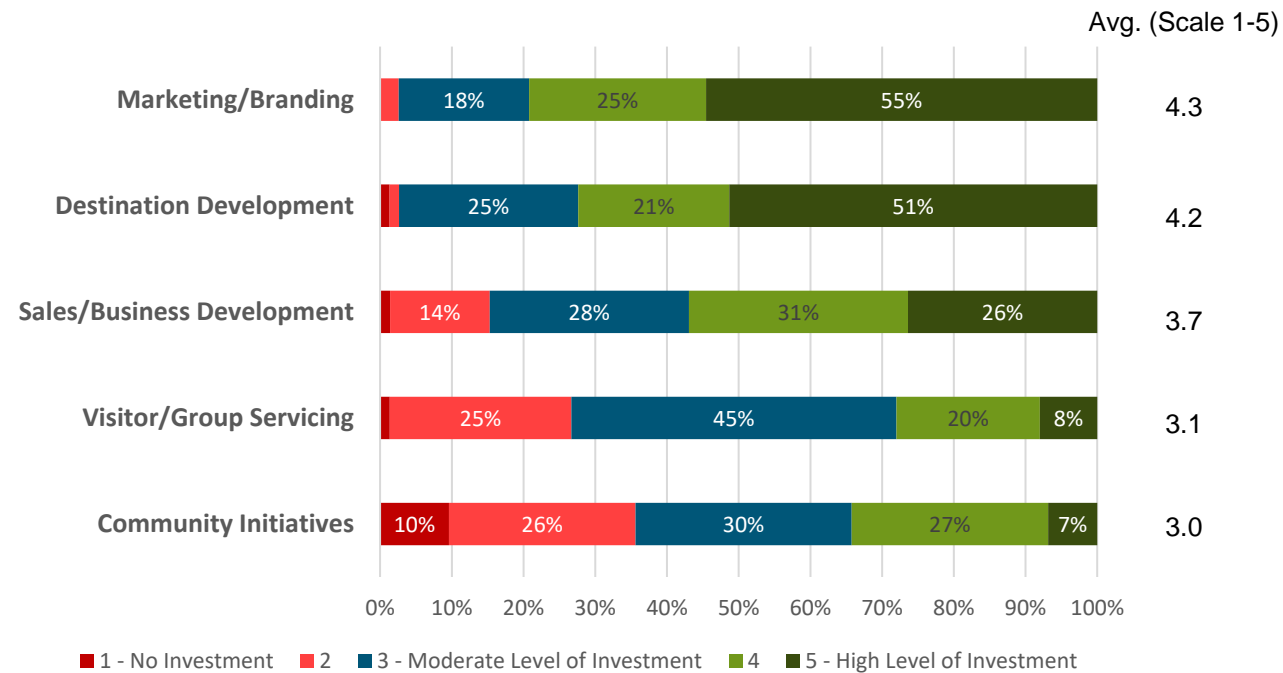
DMO Survey – Type of VBA in Destinations



Changes to VBA Use

Current/Past Use: The primary change in VBA use over the years has been the expansion of funding for destination development activities, in addition to the traditional functions of sales/business development and marketing. Interviewees discussed how their mandate has broadened to include various initiatives such as special event marketing programs, industry support programs, support for local businesses, advocacy, light product development, research, destination planning, and Indigenous collaboration and other considerations.

Future Use: The survey results support this shift in the future, as more than 97% of respondents say VBA should be used for destination development (moderate to high investment).



Benefits of VBAs (1 of 2)

VBAs have many benefits for the destinations that collect and use them. The primary benefits are:

- VBAs **provide much needed resources** to grow the visitor economy and support destination marketing and development initiatives
- VBAs **help Canadian destinations stay competitive** with U.S. and international destinations, who are increasingly implementing VBAs
- VBAs **enhance the visitor economy and the quality of life for residents**, as they contribute to economic growth, job creation, community development, and environmental sustainability
- VBAs **provide a stable, reliable, and performance-based** source of revenue for destinations, as they are based on actual sales of tourism products and services
- VBAs are a **success-based model** which provides an incentive for destinations to maximize revenue and performance
- VBAs are structured to **encourage working together and collaboration** among stakeholders, such as DMOs, accommodation and tourism operators, governments, and other organizations
- VBAs can **assist lesser-recognized areas** of tourism to access funding opportunities, allowing for growth and development in those areas

Benefits of VBAs (2 of 2)

Legislated VBAs have additional benefits:

- **Visitor spending reduces the tax burden from residents for a community benefit** – VBAs are used to attract visitors whose spending generates government revenues from other taxes, thereby helping to support health care, education, social services, and other public programs
- **Commonly supported across the political spectrum** - fosters collaboration and consensus and reduce potential conflicts or delays
- **Provides certainty over the long-term** – the relative certainty of VBAs gives confidence to businesses of the future growth of tourism in the destination, encouraging private investment in the local visitor economy
- **Enables focus on programming not fund raising** – enables DMOs and industry to concentrate on delivering quality services and outcomes, rather than spending time and resources on securing funding sources
- **Has a broad, inclusive, and equitable base** – participation from diverse industry operators in the planning, implementation, and evaluation of the VBA encourages a holistic, destination-wide view
- **Relatively easy to collect and remit** – government and industry mechanisms makes it straightforward to administer, monitor, and report

Voluntary VBAs have value as well, but they have a narrower base with less stability and may face more challenges in participation by industry (hotel) operators.

Risks of VBAs (1 of 2)

Legislated VBAs are not without risks, as they may face challenges and threats from different sources:

- **Local governments reduce or eliminate direct support** for tourism when a VBA is in place, leaving the responsibility and accountability to the VBA collectors
- **Being viewed as “cash cows”** by others (e.g., governments, non-profits) who may want to access or redirect the VBA funds for their own purposes or agendas
- **Changes in political leadership** may affect the support or approval of the VBA program or its objectives
- **Subject to political interference** that may compromise the autonomy or effectiveness of the VBA collectors or their activities
- **“Mission drift” or diversion for non-tourism** purposes may dilute the focus or impact of the VBA program for tourism marketing and development purposes
- **Lack of government and public awareness** of the benefits of the VBA program for the community and the visitor economy, leading to misunderstanding or opposition
- **Vulnerable to external factors** such as economic downturns, pandemics, or other crises that reduces VBA revenue when demand for tourism products and services decreases
- **Struggle getting some political and industry stakeholders to understand the long-term timeline** for payback with investments in tourism, as they may expect immediate or short-term results

Risks of VBAs (2 of 2)

Voluntary VBAs have additional risks, such as:

- **Small constituency asserting too much influence** over the use of the funds or the direction of the tourism strategy, without considering the interests of other stakeholders or the community
- **Susceptible to abuse without strong controls** in place to ensure accountability, transparency, and compliance with the VBA program requirements and objectives
- **Subject to variability** (strategies, funding) as operators join or leave the program, which may affect the stability and predictability of the VBA revenue and activities
- **Tactical focus** to the exclusion of strategy and brand, as some operators may prioritize their own short-term interests or benefits over the long-term vision or goals of the destination
- **Integrity compromised by those who collect and do not remit VBA funds**, which may undermine trust and credibility of the program and reduce resources available for tourism marketing and development
- **Little support for initiatives other than sales and marketing**, such as destination development, which may limit the scope or impact of the VBA program on tourism growth and sustainability
- **Potential disconnect from priorities and values of the community**, as some operators may not be aware of or aligned with the needs and expectations of the residents or other tourism stakeholders

Additional Issues and Challenges

- **Lack of consistency in how VBAs are applied** from one community to the next, which potentially could lead to challenges for branded hotel companies
- Some of the stakeholders interviewed said the **cumulative rate paid by the end-user and the stacking of fees/taxes** on their bill could be a deterrent for some visitors
- Some municipal **governments increasing the VBA rate without adequate notice** to the marketplace (e.g., tour operators and meeting planners) and the industry
- Some smaller DMOs find the **reporting requirements of a legislated hotel tax onerous** if they lack the resources, capacity, or expertise to comply, and they may face penalties if they fail to do so
- **Growth of unlicensed accommodation and short-term rentals** pose unfair competition to hotels
- **'Free rider' DMF hotels** (those who do not collect the DMF but benefit from the marketing efforts funded by the DMF) erode credibility in the program
- Recent negative media coverage¹ of 'hidden fees' in Niagara Falls, has the potential to create issues for VBAs in other parts of the country
- In some communities, VBA funds may barely generate enough revenue to fulfill their mandate

¹ CBC Marketplace story, February 10, 2023

6. Guiding Principles



Background

The 2020 VBA Study referenced a set of guiding principles developed by the Destination Marketing Association of Canada (DMAC) for visitor-based assessments. The recommendations approved by DMAC at the time were:

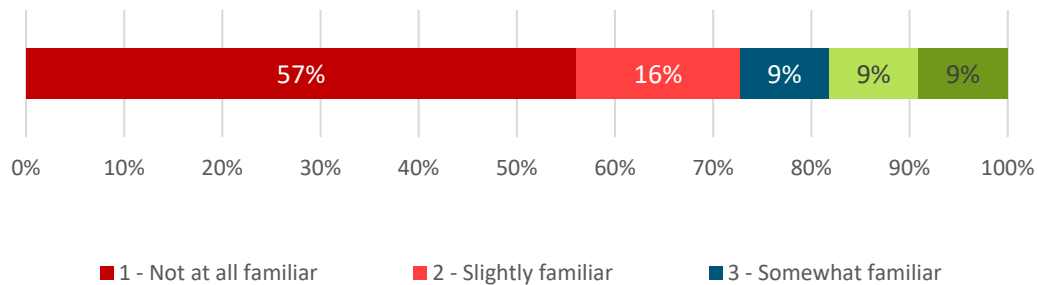
1. Develop and adopt a set of Standards and Guiding Principles with the aim of protecting the consumer and managing reputational risks for the industry
2. Work with key partners and associations on strategies to mitigate the risks and for the promotion of the guiding principles
3. DMAC should develop and adopt a common communication guideline or template to add transparency for consumers on the intent, purpose, and use of VBAs

For this project, we inquired during the 1-on-1 interviews with stakeholders and DMOS, as well as through the DMO survey, as to feedback on the guiding principles. Specific questions on revising or updating the 2020 principles were discussed.

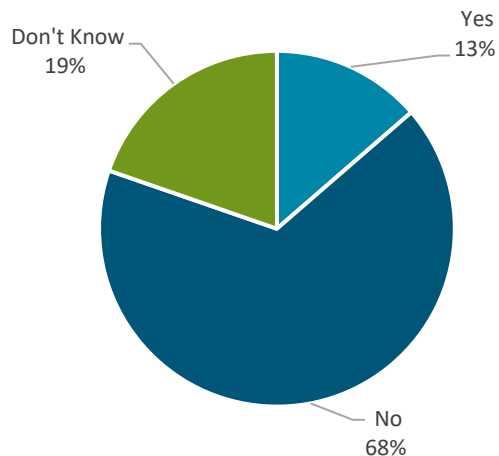
Feedback on 2020 Guiding Principles

- 43% of survey respondents have some familiarity, of which 13% have adopted these principles

Familiarity with 2020 Guiding Principles



Has your organization adopted these guiding principles?



- Although relatively low awareness amongst the 15 DMOs who were interviewed, two DMOs use them for orienting municipal councilors and new staff
- Of the 18 stakeholders interviewed, none were aware of these principles

- All of the interviewees (both DMOs and stakeholders) provided their input as to the criteria used for these principles
- Overall, a consensus surfaced as to the criteria which should be considered
- The results were supported by those responding to the survey

Guiding Principles for VBA Use (2020)

These are the guiding principles developed by DMAC in 2020.

Original	
1. Uses	Funds collected will be used exclusively on activities and programs that directly support the development of the tourism industry and the marketing of destinations from which they were generated. Furthermore, for additional clarity, any assessment collected should never be issued to shareholders in the form of dividends or accumulated retained earnings in a “for profit” company.
2. Industry Wide	Uses of funds should be for the broad benefit of the tourism industry. Notwithstanding certain strategies and programs may focus on certain industry segment(s). Destinations should seek governance checks and balances that represent the broader industry.
3. Transparency for Consumer	Consumers are entitled to full and accurate information regarding all assessments. Disclosure of visitor assessments should be made available at all points where prices are quoted including online sales tools, and at the point of purchase. Information should include reference to enabling legislation and/or the enabling collection agreement, as well as the types of uses and/or benefits available to the consumer.
4. Transparency for Industry	The tourism industry will determine the most effective use of funds and be prepared to communicate these to interested parties. Best practices in governance should be adopted.
5. Accountability	Funding collected should be accounted for independently and/or by dedicated accounts, cost centers, or business units. Annual reporting of the collection and spending should be undertaken.

Guiding Principles for VBA Use (Updated)

The guiding principles have been updated to reflect feedback given during this project. The following are recommended to drive a healthy and sustainable visitor-based assessment model for the future.

Updated		
Theme 1: Funding Commitment	1. Substantive	Generates the necessary funds for the recipient of the VBA funds to fulfill its mandate
	2. Dedicated Use¹	Funds collected have a clear and sole purpose to support leisure tourism, sports tourism, and business events
	3. Long-term	Funding remains in place for the long-term and grows based on proven results
Theme 2: Mandated Support	4. Supported	Eligible entity has a mandate from stakeholders to receive these funds
	5. Inclusive	Funds generated benefit the broader community and industry
Theme 3: Accountability	6. Accountable	Recipient of funds demonstrates clear benefits and line-of-sight between investment and performance
	7. Good Governance	Proper structure and processes are in place to provide fund oversight
	8. Financial Reporting	Funds collected and disbursed are clearly accounted for in financial reports
	9. Flow-through	Funds collected are for the purpose intended and never to generate dividends, retained earnings, or profit for private companies
	10. Transparent	Consumers and industry are entitled to full and accurate information as to the background, purpose, and benefits of VBAs
Theme 4: Fairness	11. Fair	Cumulative amount of fee(s) charged to consumer is reasonable
	12. Advance Notice	Introduction or changes to a VBA rate are communicated well in advance to industry and the marketplace

¹ More detail included on next page

Guiding Principles – Dedicated Use

‘Dedicated use’ means VBA funds have a clear and sole purpose to support leisure tourism, sports tourism, and business events. To that end, DMOs, who are commonly the stewards of VBAs, invest these funds in a broad range of services on behalf of their destinations.



7.

Recommendations for CDLC/TIAC



Overview of Recommendations

1. Advocacy Messages

- Identify clear and concise points which can be used to communicate the importance and value of VBAs

2. Guiding Principles

- Adopt the updated guiding principles for VBAs and encourage other industry associations (national, provincial, and regional) to review and endorse them

3. Economic Impact Assessment

- Consider developing a model to analyze the impact of DMOs and VBAs on local communities, businesses, and the overall economy

4. Purpose and Intent

- Advocate for VBAs to be used for tourism purposes only to help communities grow their visitor economies

5. Education and Support

- Provide education and support to DMOs and stakeholders in implementing and managing VBAs

1. Advocacy Messages (1 of 2)

DMOs in Canada have a critical role to play in stimulating economies and influencing positive change – by being catalysts to help their communities grow trade and foreign exchange, increase investment in new infrastructure, create jobs, build knowledge, and generate earnings. DMOs are committed to advancing the cause of tourism in their regions, all of which are enabled by VBA funding mechanisms.

At least 250 community-based DMOs exist in every corner of Canada, bringing together stakeholders to grow the visitor economies in their cities, regions, and towns and to help their communities succeed in the intensely competitive world of tourism. More than two-thirds of DMOs are funded, wholly or in part, by VBAs which are collected from visitors as a user pay system.

Community-based DMOs pool resources including VBA funds to provide the economies of scale and marketing infrastructure required to generate impact. They are directly responsible for generating a significant portion of tourism GDP and taxes in their regions, supporting small and medium businesses and their employees. VBAs are needed to remain competitive with other destinations globally.

DMOs invest VBA funds to not only generate economic returns but also stimulate social and cultural benefits, while working to mitigate environmental impacts. They strive to ensure local values are reflected in visitor experiences.

VBAs are reliable, success-based models which provide an incentive for destinations to innovate and grow revenues for the benefit of their communities. They can also assist lesser-recognized areas of tourism to access funding opportunities, allowing for growth and development in those areas.

1. Advocacy Messages (2 of 2)

VBA are used to attract visitors whose spending generates government revenue, thereby reducing the tax burden from residents. The government revenue helps pay for amenities and a quality of life to achieve community aspirations, such as:

- tourism jobs for youth to build skills and careers that can stay in the community
- increase community appeal for attracting new businesses and residents
- increasing sense of pride in where people live
- keeping restaurants/businesses open during slower periods of the year
- increasing community vibrancy and downtown appeal, or protecting cultural sites and natural places, or offsetting the costs for theatres and museums
- strengthening benefits for Indigenous businesses, entrepreneurs and communities and supporting reconciliation
- better managing visitors to a destination by proactively responding to local pressures

In addition to attracting leisure visitors, VBAs are invested by DMOs to attract business events, such as regional, national, and international associations and sports events. Hosting these events delivers community and social benefits leading to long-term legacy impacts such as:

- improved health care (e.g., cancer research association meeting)
- enhanced quality of life (e.g., academic education meeting)
- increased investment (e.g., domestic and international investors and buyers at a trade show)
- enhanced environmental sustainability (e.g., clean energy conference)
- improved physical participation (e.g., hosting a sport event)
- raise profile and reputation of local/national academia (e.g., research learnings from a scientific conference)
- new talent and business attraction (e.g., communities and governments targeting key sectors)

2. Guiding Principles

- a) Review and finalize the updated Guiding Principles for VBAs in Canada (discussed earlier in this report). These principles are intended to raise awareness and provide clarity to governments, DMOs, and industry stakeholders in the set-up, implementation, and ongoing delivery of VBAs.
 - i. Criteria: Theme 1: Funding Commitment (Substantive; Dedicated Use; Long-term); Theme 2: Mandate Supported (Supported; Inclusive); Theme 3: Accountability (Accountable; Good Governance; Financial Reporting; Transparent; Flow-through); Theme 4: Fairness (Fair; Advance Notice)
- b) Work with key national industry associations, such as TIAC, HAC, PTTIA, as well as provincial and territorial tourism industry and hotel associations, to adopt these principles.
- c) Once endorsed by the CDLC and key industry associations, implement a plan to communicate the guiding principles with national, provincial, and local government agencies and industry organizations.
- d) CDLC should promote the guiding principles are adopted by its members, as well as non-members across the country.

3. Economic Impact Assessment

- a) Consider developing an economic impact model to measure the impacts of DMOs, and VBAs, for the following benefits:
 - i. Provide an objective reference point for DMOs when discussing impacts in their community
 - ii. Enable the CDLC to extrapolate the results more broadly to the national level
 - iii. Create a methodology which could be replicated across the country by other DMOs
 - iv. Help establish a standard for DMO measurements/KPIs
 - v. Provide a data gathering toolkit to help DMOs with key metrics they should collect over time
 - vi. Help communicate the critical role VBAs play in enhancing destination competitiveness and growing local, provincial, and national visitor economies

4. Purpose and Intent

- a) Advocate to local and provincial governments for 100% of VBA funds to be reinvested in tourism-related initiatives, ensuring the funds directly benefit the industry and the community.
- b) Advocate for policies that provide flexibility in the utilization of VBA funds, allowing DMOs and local stakeholders to align spending with destination-specific goals and challenges.
- c) Consider developing guidelines on the permissible range of initiatives and activities eligible for funding under VBAs, while allowing for adaptation to local contexts.
- d) Encourage DMOs to establish local advisory boards or committees comprising representatives from the tourism industry, local government, and other organizations to provide input and guidance on the utilization of VBA funds.
- e) Develop reporting templates or guidelines that outline the information DMOs should provide in the use of VBA funds, including key performance metrics, such as visitation and economic impact, and qualitative outcomes.
- f) Develop key messages for consumers and residents about the purpose and intent of VBAs and encourage DMOs and stakeholders to communicate these messages in their destinations.

5. Education and Support

- a) Develop educational resources, such as online webinars, to provide DMOs with comprehensive information on VBA implementation, including data collection methods, impact assessment techniques, and fund allocation strategies.
- b) Establish a mentorship or peer-learning program where experienced DMO professionals can share their knowledge and expertise with those new to VBA implementation, providing guidance and support.
- c) Actively promote capacity-building initiatives, including training programs, workshops, or conferences, specifically tailored to enhance the skills and capabilities of DMO professionals in VBA management and utilization. Determine whether any funding or grants could be accessed to support these programs.
- d) Develop toolkits that outline best practices for stakeholder engagement in the VBA process, including strategies for effective communication, consensus-building, and conflict resolution.

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