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***Executive Summary - N.w.t. Tourism
Industry Association Review
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Executive Summary

N.W.T. Tourism Industry
Association Review

For The
Department of Economic Development and Tourism
Government of the Northwest "territories"

March 1995

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EXECUTIVE SUMMARY

Purpose

In February, 1995, the GNWT Department of Economic Development and Tourism contracted the consulting firm of Mike Freeland and Associates to work with a study team to conduct a review of the NWT Tourism Industry Association and its related tourism zone structure. We conducted the study between February and March, 1995. This report contains the results of our findings.

In brief, we are recommending that the present zone structure be abandoned. It should be replaced by two new industry associations, one for Nunavut, the other for the West, directed by the operators of the industry. The purpose of these associations is to facilitate and direct tourism marketing in the NWT and the two new territories.

Background

The tourism industry umbrella organization -- The Tourism Industry Association (T.I.A.) -- was set up in the early 1960s. It is not functioning today.

The present zone structure was introduced in the early 1980s. It now consists of 8 tourism zones, three in Nunavut and five in the West. Though these zone structures are functioning, they are doing so with mixed results. Some seem to work well, others don't seem to work well at all.

The Standing Committee on Finance instructed the Department of Economic Development and Tourism to review the present zone system. There were four motivating factors.

1. There has been an increasing number of complaints -- particularly from tourism operators -- who questioned the effectiveness of the zone system.
2. Like governments throughout Canada, the GNWT was facing severe financial restrictions. In the area of tourism, there have been recent departmental cutbacks, in addition to cutbacks in marketing funds provided by the EDA Agreement. There was an urgent need to re-think all tourism expenditures, including the funding of tourism association(s).
3. The increasing differentiation in products and tourism markets in the eastern and western N.W.T.

4. Concurrently there is need to **re-think** the longer term **implications** of tourism development in the light of the creation of **Nunavut** in 1999, and the consequent division of the Territories.

In commissioning the study, the Department wanted the answers to a number of basic questions.

- Is the present Zone system working?
- If the present zone system is not working, what new model or structure **should take its place (fictions, costs, membership, etc.)**
- How and when **should** the new structure or model be introduced?

Getting The Answers

To get the answers to these questions, we visited each one of the 8 zones, held focus group sessions with operators and other interest groups, and interviewed operators, board members of zone associations, government officials. and other **persons** with an **interest** in tourism. **We also** contacted individuals through telephone **surveys**. **Finally**, we reviewed a number of reports, statistical@ and background papers on the tourism industry.

Our Major Finding

Our major finding is this: **though** some zones are working more effectively than others, on the whole the zone system is not an effective or efficient way to represent members and to market tourism. It should be replaced by two separate tourism **associations**, one serving the **operators in Nunavut**, the other serving the operators in the West.

Purpose of the New Associations: The Vision

The purpose of the two new associations is similar:

To help develop tourism into a viable and prosperous industry in Nunavut and in the West through the marketing of tourism products and services—and to support and strengthen the working relationship among tourism operators, government and other stakeholders.

Functions of the New Associations

There **was** a great deal of consensus among the people we talked to about the **different functions** the new associations *could carry out*. *These* included:

- **marketing**
- **visitor services**
- **product development and packaging** product combinations
- strategic planning
- professional development
- networking
- **advocacy/lobbying**
- licensing, **regulation** and enforcement
- membership services-particularly providing group insurance.

There was much less consensus on which functions the two new associations *should carry out—especially* within the first few years. Many participants expressed the concern that the new associations **should start small and only take on those** responsibilities that they **could** handle. Their **primary** concern **should** be marketing. In time, as the new associations grow and **become** more **experienced**, they might want to take on additional functions.

Guiding Principles

The development of the **two** new **associations should** be guided by the following principles.

1. The two new associations **should be designed**, developed and remain under the *control* of the tourism association operators.
2. Though there will be similarities between the associations in the East and **West**, the two associations must be allowed to develop as separate entities, at their own pace, and according to the requirements of their members.
3. Both **associations** should **establish and** maintain cooperative relationships with government and with aboriginal **organizations** committed to the development of a healthy tourist industry.
4. Both **associations** should be funded, on a cooperative basis by government and the operators themselves--and be fiscally sound.
5. There must be on-going monitoring and evaluation of programs and services
6. Administrative structures (in particular the number of staff) **should** be kept to an absolute minimum.

Organizational Structure

In our focus group sessions we reviewed a number of organizational models that might serve the two new associations. The people in Nunavut and The West favoured a similar model for their new associations-but there were, of course, some differences. We discuss these differences in the document.

In proposing an organizational structure we wish to note that we are only making recommendations based upon our discussions and research. Tourism operators in both the East and West must be allowed to setup the kind of structure that responds to their needs.

Purpose: The principal purpose of both new organizations is to direct tourism marketing in the eastern and western N.W.T. on behalf of tourism operators.

Full Membership in the new associations would be exclusive to those individuals and groups directly involved in the tourist industry as operators. However, to facilitate working relationships with government and other organizations interested in tourism, most participants favoured having some kind of *associate memberships*. These associate members would be non-voting members of the organization.

Board of Directors: Most participants favoured a structure that would assign seats to various sectors of the industry: transportation, hunting and fishing, eco-tourism, arts and crafts, etc. The number of seats-and the types of seats- varied among groups. These would be decided upon by the membership at founding meetings.

Staff: The consistent message from all participants was that we keep the size of the staff quite small. In this report we will recommend that the two new organizations start with one full-time C.E.O. with very strong marketing skills. and a part-time assistant.

Funding: Ideally, the organizations should be joint-funded by both government and industry. Our research indicates, however, that the industry is still in its early stages of development. Operators are not in a financial position to provide significant funding to the organizations. However they can provide some funding--particularly through memberships and "in-kind" contributions. Meanwhile the organizations can pursue innovative sources of funding.

Strategic Issues

There are a number of strategic issues related to the development of tourism in the NWT and the creation of the two new associations. These include: the need for a strategic plan for tourism development in both the East and West; the need to identify the various factions of government and the tourism industry; the need for more public education about tourism at the local level; the need to establish partnerships with aboriginal claimant groups; the need for joint (industry and government) on-going funding for the new associations.

Transition Process

We **recommend that the two new associations be established** by August 1 of 1995. There **should** be **two months** for **the "wind-down" of the present zones**. Visitor information **service** contracts **must be in place by June 1**.

We also **recommend that the two organizations be allowed to** develop at their own **pace-taking** over more and more **responsibilities** for **various aspects** of **tourism** as they become stronger.

Recommendation

1. **That** government **discontinue the** present Zone System **and, instead,** work with the **industry** to develop two new industry organizations, one serving **Nunavut,** the **other** serving the **West**.
2. That the two new **associations** be developed and controlled by industry, its board **represent** the various sectors of industry, but include some form of membership **and representation** for **government** and other **stakeholder** groups. **The** essential purpose of these new organizations is marketing **and** membership support.
3. **That** founding meetings **be held in both East and** West to set up the new **associations**. **The** meeting should bring together representatives of industry, government **and other stakeholder** groups. These **founding** meetings **should** be held within the next six months.
4. That the two new associations be joint funded by government **and** industry.
5. That **government** work with Zone **Associations** and members of the industry to work out a rapid transition process from **the** present Zone System to the development of the two new tourism associations.
6. That government work with **the two new** associations to create a strategic **plan** for tourism development in Nunavut and in the West.
7. **That** The Department of Economic Development and Tourism conduct a **functional** review of **its** tourism activities to **help clarify its own** mandate **in** the tourism area and **its** working relationship with **the two new** associations.
8. That government **develop formal** partnership arrangements with the two new tourism associations. These arrangements **should spell** out the responsibilities of each party, articulate a common **vision, goals and objectives,** and cover cooperative arrangements and the transfer of responsibilities from government to the new associations.

9. **That government and** industry **work** out **partnerships** for tourism development with aboriginal claimant groups.
10. **That** government and industry develop and carry out a public relations program to explain and promote tourism to **local** communities.