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***Alberta Tourism Corporation - Together For
Tourism***

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ALBERTA TOURISM CORPORATION
TOGETHER FOR TOURISM

Sector: Tourism

11-12-3

Analysis/Review

ALBERTA TOURISM CORPORATION

Together for Tourism

Report of the Alberta Tourism Corporation Committee
June, 1994

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BACKGROUND

- ▶ **Tourism Zones Request Review of Zone Feasibility...**
...January, 1993
- ▶ **Zone Feasibility Study Begins - Committee Formed...**
...April, 1993
- ▶ **Industry Input/Committee Deliberations...**
...June to September, 1993
- ▶ **Report of the Committee on Zone Feasibility...**
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- ▶ **TIAALTA Board Direction to Continue...**
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- ▶ **Industry Input...**
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- ▶ **Alberta Tourism Corporation Proposal...**
...January, 1994
- ▶ **TIAALTA Board Acceptance of Proposal...**
...January 29, 1994
- ▶ **Alberta Tourism Corporation Committee Formed...**
...February, 1994
- ▶ **Industry Input...**
...February to April, 1994
- ▶ **Subcommittee Analysis and Reports...**
...April, 1994
- ▶ **Committee Ratification of Revised Proposal...**
...April 28, 1994

Introduction

This **proposal** to establish the Alberta Tourism Corporation (ATC) was created by seeking broad industry input and was guided by two **committees** representative of Alberta's Tourism industry,

As envisioned, the ATC will greatly enhance Alberta's existing strengths.

The ATC is based upon a globally accepted and successful model; a *win-win* system where all of industry works together with Government to develop and promote Tourism.

Building Upon Our Successes

Since 1988 the **Lottery-funded** and industry-partnered *Team Tourism* program has: increased the number and effectiveness of Tourism marketing partnerships; raised the level of marketing planning and expertise within industry and Government; contributed to a growth rate in Tourism receipts that exceeds other provinces; and opened the door to **dialogue** about how more effective the industry could be in a totally integrated system.

The Alberta Tourism Corporation Committee presents this proposal, acknowledging that Alberta's Tourism industry, through its public and private sectors, is regarded as a leader. The Committee encourages the industry to unite, to cooperate to compete, to **meet** the challenges and opportunities for the 21st century for the betterment of all.

Earlier studies, the *Report of the Committee on Zone Feasibility*, September, 1993, and *A Proposal for an Alberta Tourism Corporation*, January, 1994, will enable the reader to understand this document more fully. Contact the Tourism Industry Association of Alberta (TIAALTA) at 266-7452.

Why the Alberta Tourism Corporation Will Work for **Albertans**

A new **partnership** of public and private sector is developing in the rapidly **globalizing** world of Tourism. The ATC will be the new platform from which will grow the creative quality marketing and product initiatives.

The ATC will work in concert with Tourism Destination Regions (**TDRs**), Destination Marketing Organizations, Convention and Visitor Bureaus, and private sector consortia focused primarily on marketing. This renewed partnership will reap rewards in *collaborative* marketing activity and sales.

Small businesses will benefit from the ATC by having **access** to large, cooperative marketing programs.

Large businesses will receive the benefits of coordinated marketing. Their product will be expanded by their partners' offerings.

The Province of Alberta will benefit in many important ways:

- Tourism will operate more like other industries where the business decides on markets ✓ and marketing.
- Reduced public sector dollars will be partnered with industry dollars to the ultimate ✓ benefit of **Albertans**. As marketing dollars are *levered*, Tourism receipts will increase as well as tax revenues to all levels of Government.
- A more coordinated and focused use of public and private sector investment will ✓ present a consistent Alberta image.
- The system will be accountable to all stakeholders.

Albertans will see increased yield from the Tourism export sector. Tourism support businesses in Alberta will also receive such benefits as more services and amenities, more **exports** and more purchasers for their products. The ATC is truly a *win-win* initiative for **Albertans**.

The ATC will not make decisions which are inherently public decisions. It is a nonprofit corporation which will attract partners voluntarily because they recognize the benefits of partnership. The corporation will not **force** participation nor require membership in the corporation or in the TDRs.

This proposal deals with the **creation** of an **organization centered** primarily on marketing. It does not address product development in other than broad terms. As industry grows, new product will be developed. Policy concerning large investment in new product in emerging destinations will remain the policy decision of the Government of Alberta.

The ATC will actively advocate for the Tourism industry on matters of policy and development, **seeking** input from members and arranging contact with decision-makers.

Tourism in Transformation: The Need for the Alberta Tourism Corporation

Great transformation has occurred in the global Tourism industry the past two decades. Some mature destinations have lost market share to new destinations. Vacation travel patterns and product development have changed dramatically and will continue to change at an accelerated pace.

The Tourism industry is a sophisticated, global industry in which destination area partnerships pool marketing dollars to attract and retain customers. It is an industry in which travelers demand detailed information about their destination and its variety of product before leaving their homes. Competitors collaborate in marketing to attract customers to their region and then compete for their business once they arrive.

Due to origin market changes, globalization, expanding competition, distance from market and other factors, Canada as a destination has lost **global** market share in Tourism revenues over the past several years (from 3.6 % in 1985 to 2.4% in 1992). Western Canada, including Alberta, has managed to increase both visitation and revenue from international visitors despite what's been happening in the rest of Canada, thanks to a strong and desirable product in line with current market trends and efforts to coordinate industry and its marketing.

The Government of Alberta has been an important partner in developing and marketing the Tourism industry in Alberta, coalescing the industry around **shared** goals, objectives and activity plans. The result has been the growth **and** maturing of the Tourism **sector** in Alberta over the past **decade**. More must be done now to ensure continued growth.

We're on the Right Track, But the Existing System Can Be Better Coordinated

Alberta's Tourism system presently operates as follows:

- ▶ **Private Sector Operators** - operate Tourism businesses and expend funds on product development, staff development, marketing and customer service.
- ▶ **Destination Marketing Organizations - market** larger destinations using pooled funds, whose sources include municipalities, private operators, and provincial Tourism program funds. In Alberta only Banff has a dedicated business tax to fund its Tourism bureau, although many municipalities dedicate resources to fund their bureaus.
- ▶ **Marketing Consortia - initiate and carry out marketing initiatives using cooperative private** sector and available public sector dollars.
- ▶ **Tourism Zones** - market regions and destinations on behalf of their membership and provide coordination services.
- ▶ **Municipalities** - may promote Tourism and provide coordination services for industry.
- ▶ **Provincial Government - through its** various departments supports industry development, infrastructure and product development and conducts Tourism marketing and market intelligence gathering.
- ▶ **Federal Government** - supports infrastructure and Tourism product development and also conducts Tourism marketing and market intelligence gathering.
- ▶ **Industry and Sectoral Associations** - support industry development and cooperation through advocacy activities, marketing and other direct services and communications.

ALBERTA TOURISM CORPORATION CONCEPT

▶ **An integrated, industry-driven partnership**

▶ **'Accessible to the entire Tourism industry**

▶ **Organized in six Tourism Destination Regions**

▶ **Seined by a comprehensive Tourism information and planning system**

▶ **Based on an accountable fee-for-service contract**

-
- ▶ TIAALTA - advocates on behalf of industry and facilitates marketing funding and marketing planning. With the establishment of the ATC, TIAALTA will dissolve itself.

These players sometimes act in a coordinated fashion; often they act independently and miss key opportunities. While the existing system works well some of the time, it could be better coordinated, more efficient and more effective.

The global Tourism market today demands a *new kind of partnership* for industry and Government. It demands closely integrated, industry-driven planning, marketing and service approaches. It demands broadly shared information, tools for collaborative decision-making and the means to execute plans quickly. It demands an industry partnership prepared to invest and act collectively to achieve common goals. The ATC will serve as a structure and organization to foster this partnership to meet industry objectives.

The Solution: The Alberta Tourism Corporation

The ATC has been structured to create this new partnership. It will act as the forum for planning and executing the Tourism marketing strategy of Alberta's industry and it will provide marketing strategy, tactics and promotion opportunities for the whole industry. It will fulfill customer information needs efficiently on behalf of industry. It will collect and disseminate market information to the industry. *It will bring the players to the same table and focus them on the primary goal of marketing the Alberta destination.* **It will** more effectively invest the available dollars.

The ATC will be the forum for planning and delivery of Tourism industry services throughout Alberta. Its operation will embody the essence of the concept *think globally, act locally*. It will be organized in six TDRs, which will be focal points for distribution of quality services tailored to industry needs for maximum results.

The Government of Alberta today is working to get out of the *business of doing business*. The industry supports this direction but recognizes the important role Government **undertakes** in this globally competitive economic sector. The ATC can help implement this transition by placing major roles and responsibilities in the hands of those who can deliver them best: industry. Government's place in this partnership will be reduced; it will include sustained financial support, information, policy coordination and advocacy for balanced, sustainable Tourism to benefit all **Albertans**.

The *bottom line* will be continued growth of Tourism in Alberta. It will mean more revenue to the industry which will lead to private sector development of additional high quality Tourism product. It will mean more variety and choice for visitors and Albertans. It will mean more tax revenue for Government. It will require a stronger commitment from industry and a long-term but reduced level of financial investment from Government.

The ATC will organize the Tourism industry to increase the benefits to Alberta. The ATC will integrate the industry, simplify the distribution and marketing systems, and make it easier for Alberta Tourism businesses to participate. *Increased professionalism throughout all of the industry will increase participation.* The **result will** be a stronger, more sophisticated and more prosperous Alberta Tourism industry. The result will be an industry positioned to compete successfully in the 90s and beyond.

A meaningful and sustainable *Alberta Advantage* in Tourism is the ATC's desired objective.

KEY SERVICES NEEDED BY ALBERTA'S TOURISM INDUSTRY

- ▶ **Marketing**
 - ▶ **Product development (marketing)**
 - ▶ **Product development**
 - ▶ **Visitor services**
 - ▶ **Advocacy**
 - ▶ **Networking**
 - ▶ **Industry promotion**
 - ▶ **Professional development**
 - ▶ **Strategic planning**
 - ▶ **Research and evaluation**
-

How the Alberta Tourism Corporation Will Work

An **Integrated**, Industry-Driven System for Alberta

The ATC will link operators, Destination Marketing Organizations, sectors and Government in a new, industry-driven partnership. The ATC will conceive and prepare the Tourism marketing strategy and plan for Alberta. It will develop the tactics and the marketing activities. It will coordinate promotion activities by leveraging private marketing funds for each activity. It will evaluate results. It will be accountable.

The ATC will coordinate and provide support services the industry needs by supporting the efforts of six TDRs.

The new system will comprise these major components:

- Six Tourism Destination Regions - the heart of the new partnership. These regions will coordinate and service the Tourism industry, forming the core of the ATC and acting as the focal point for marketing leverage.
- The Alberta Tourism Corporation - a province-wide nonprofit corporation representing the industry and with:
 - a *Board of Directors* comprising 21 members;
 - a *Management Team* comprising a CEO and three division executives;
 - three main *divisions* of the corporation - marketing, industry services and administration;
 - a *Nominating Committee* responsible for preparing the slate of **nominees** to serve as Directors; and
 - *shareholders* with an interest in Tourism who may purchase a nominal value share in the ATC, giving them the right to elect or ratify its leadership.

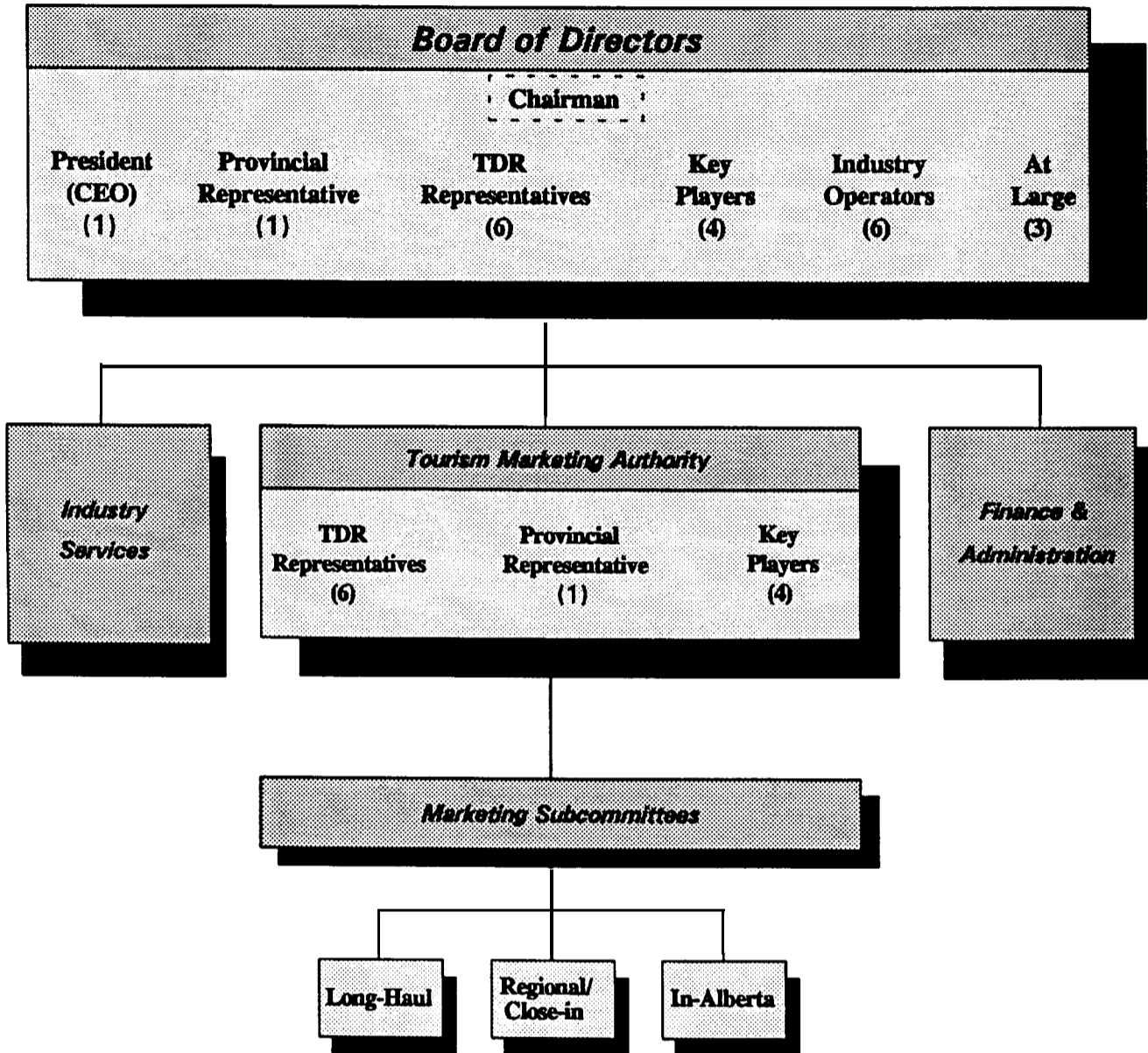
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- ▶ **Provincial Government** - represents **Albertans**. The Provincial Government will sit on the Board, participate in **committees**, provide a source of investment, continue to **operate** some services for Tourism through its basic economic development functions and provide an important intergovernmental role.
 - ▶ **Local Government** - will participate through Destination Marketing Organizations or as partners in TDRs.
 - ▶ **Tourism Operators** - will participate directly in activities of the corporation at a variety of levels, accessing and investing in marketing programs and utilizing industry services.
 - ▶ **Tourism Support Businesses** - will receive the benefits of more visitation and a stronger Tourism industry in Alberta; can support the system as shareholders or through the TDRs.

Principles for Selecting the Alberta Tourism Corporation Board

- ▶ **Focus** will be on Directors who operate Tourism businesses or are responsible for destination marketing.
- ▶ **The Board** will be drawn *broadly* from industry with regard for size, geography and sector.
- ▶ **Sectoral** representatives will be industry operators who, through their exemplary business practices, experience and knowledge, truly represent the priorities of that sector.
- ▶ **Associations** will *participate* by suggesting candidates for Board positions to the **Nominating Committee**.

ALBERTA TOURISM CORPORATION

Corporate Structure



The Board will comprise 21 Directors as follows:

- ▶ 6 **Directors** appointed directly by their respective TDRs.
- 4 **Key players** based on a minimum level of marketing expenditure.
- ▶ 6 **Industry operators**. Representatives drawn from those sectors most involved in Tourism marketing and who are actively operating Tourism businesses.
- ▶ 3 **Directors at large**. Selected specifically to provide balance on the Board with regard to size of operation, **geography** and **sector**; and to provide representation for the support industries and services of Tourism.
- ▶ 1 CEO of the ATC.
- ▶ 1 Government of Alberta representative, assumed to be the Minister responsible for Tourism or his/her senior designate.

Criteria for a Balanced Board of Directors

Creating a balanced Board is critical to the ATC'S success. The Nominating Committee will consider **geography**, sector and size of operation as they prepare a slate of Directors in this *sequential* approach.

- Step 1:** The TDRs each appoint one representative which forms the Board's core.
- Step 2:** The four *key players* will be selected with their location and **sector** taken into account.
- Step 3:** The six *industry operators* will be based on **sectoral** and geographic balance.

Step 4: The **three Directors at large** will be specifically chosen with a view towards balancing gaps in sector representation, **geographic** representation or representation by size of operation--or will be chosen to represent the support industries and services required by industry. These Directors will be elected by the shareholders.

The Minister responsible for Tourism will name five of the Directors (two **key players** and three **industry operators**) from a slate put forward by the Nominating Committee. The other members in these categories will be elected by the shareholders.

Tenure of Directors

Directors may sit for two consecutive two-year terms. The Chairman and Vice Chairman, **elected** by the Board, will be permitted to serve one additional two-year term. In all cases *individuals are* named to the Board; proxies or alternates are not accepted.

Shareholders

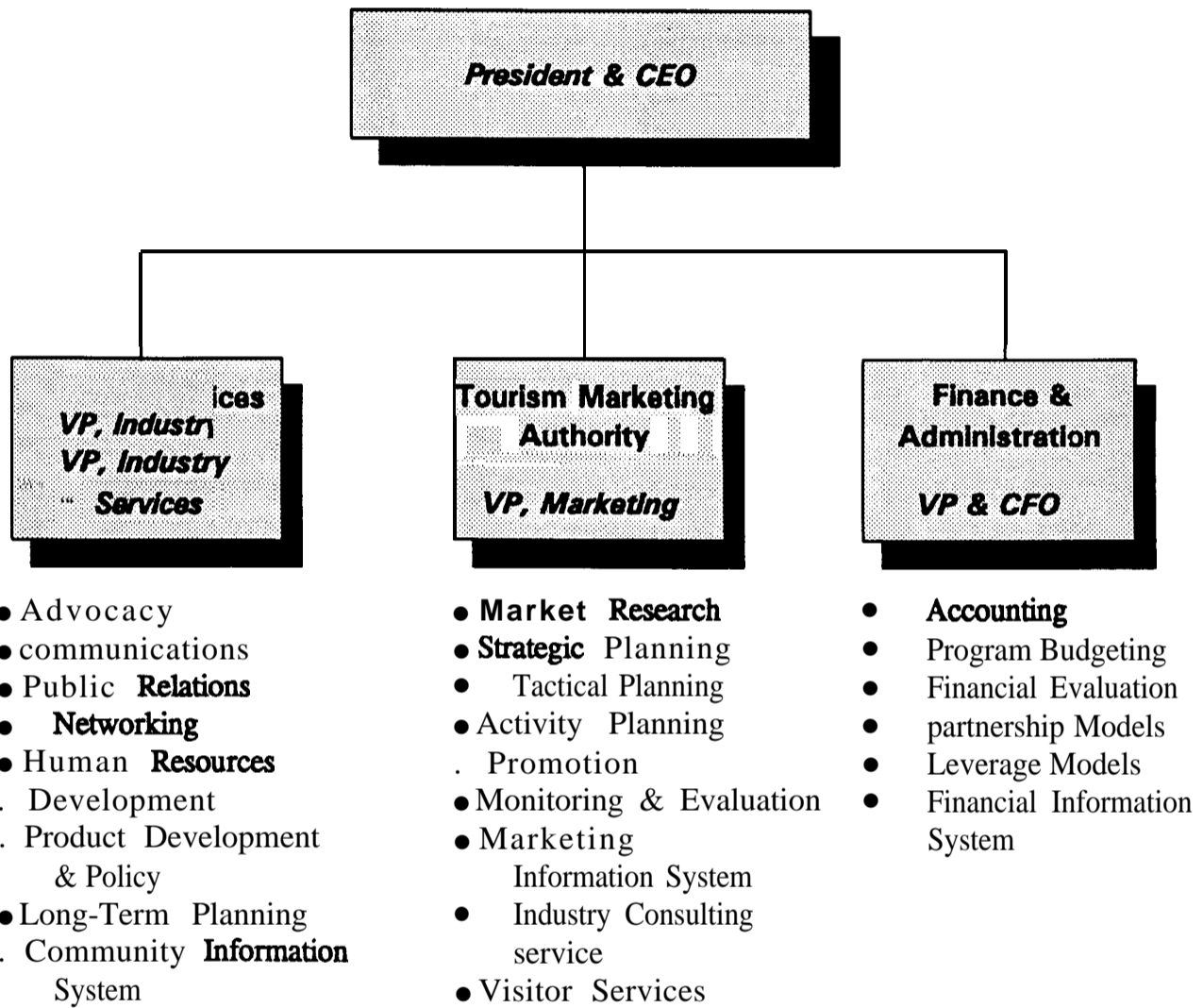
Shareholders in the ATC will be persons working for, or active in, a Tourism business operating in Alberta, and who purchase a share in the ATC. Shareholders will ratify all members of the Board and will elect two of the four **key players**, three of the six **industry operators** and the three *at large* candidates. They will also have the traditional rights of corporation shareholders as detailed in the articles of incorporation and according to the laws of the Province of Alberta. The **precise** corporate vehicle for the Alberta Tourism Corporation has not been conclusively determined. The exact nature will be decided in subsequent discussions.

Nominating Committee

The slate of nominees for Director will be put forward by the Nominating Committee. This **Committee**, chaired by the Past Chairman of the ATC, will consist of four members selected by the Chairman to provide balanced and equitable industry representation.

ALBERTA TOURISM CORPORATION

Organizational Structure



Nominating Committee members will:

- ▶ be knowledgeable about Alberta's Tourism industry;
- ▶ be **independent** of influences;
- ▶ not be employees of **sectoral** or industry associations in Alberta; and
- ▶ not have sat as Nominating Committee members for at least one year.

No two **people** from the same TDR will be permitted to sit on the Nominating Committee in any single year.

Functions of the Alberta Tourism Corporation

The *administration* function will operate a uniform system of accounts which will tie TDRs and the ATC together in a seamless structure from an accounting perspective.

The *industry services* function will help coordinate the provision of high quality services demanded by the industry. These services will be primarily delivered through and by the TDRs and not directly by the ATC.

The *marketing* function will be directed by a Committee called the **Tourism Marketing Authority**. This Authority will comprise the top Tourism marketing professionals in Alberta. Its job will be to coordinate regional planning, conceive the Tourism marketing strategy and plan for Alberta, develop **tactics and activities**, and prepare an open, leveraged *promotion activity opportunity* system which the Tourism industry can buy in to in a *barrier-free* manner. In this context, barrier-free means membership is not a requirement to access marketing programs.

The **Tourism Marketing Authority** will be *empowered* to do its tasks and will be accountable. It will be reviewed by the ATC Board only at specific stages of budgeting and strategy. Its performance will be measured on results targeted in the planning stage.

Membership in the Tourism Marketing Authority will consist of senior marketing professionals:

- ▶ 6 ~~TDR~~ representatives, one appointed by each of the TDRs;
- ▶ 4 *key player* representatives; and
- ▶ 1 Government of Alberta representative.

Members of the Tourism Marketing Authority will not be Directors of the ATC. The Tourism Marketing Authority will appoint its own Chair.

The Tourism Marketing Authority will report to the Board of the ATC. It will be connected directly to the corporation through the Vice President, Marketing, and the President (CEO) of the ATC. A Director of the corporation will be assigned an *ex-officio* role to liaise with the Authority.

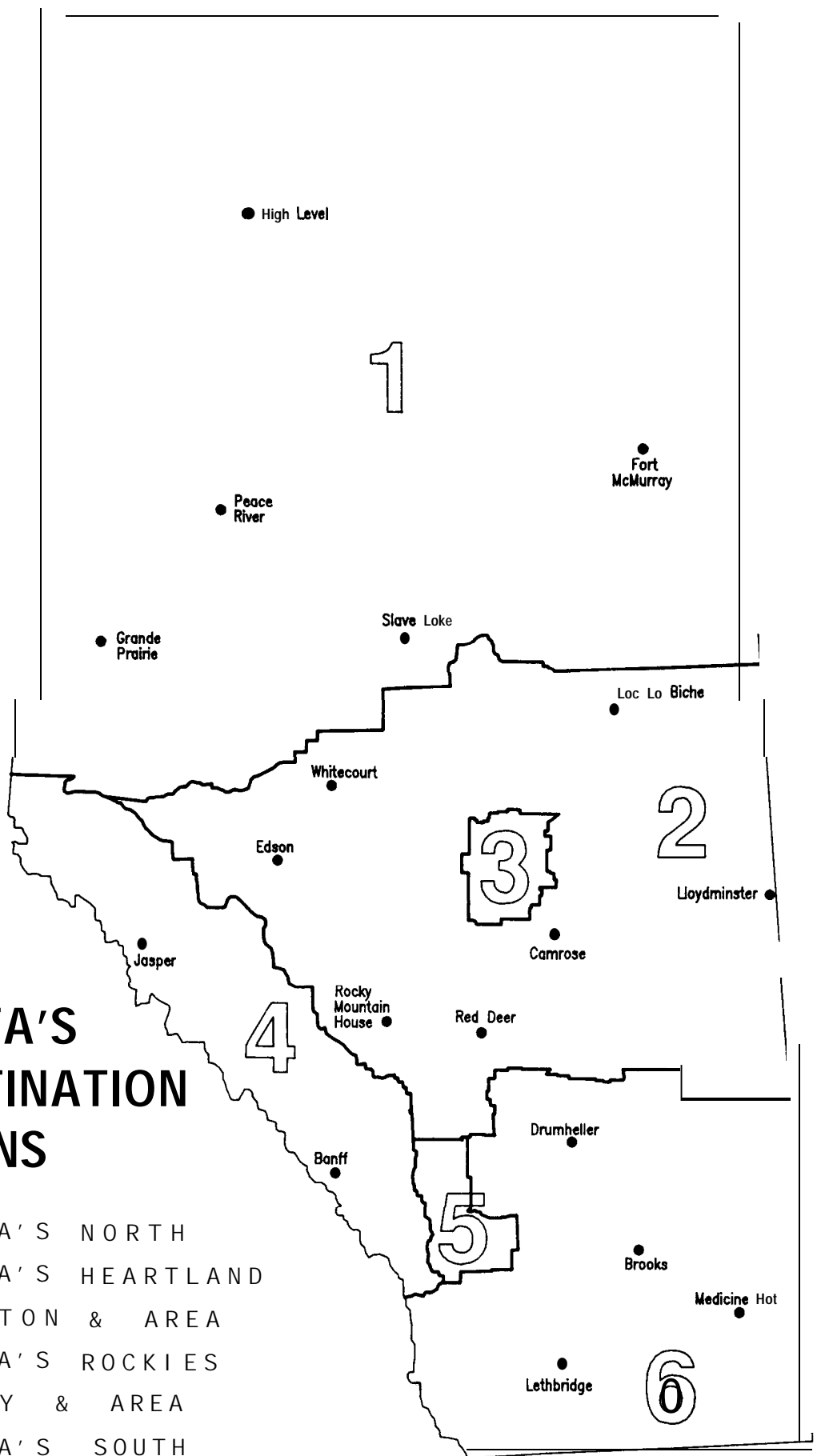
The Tourism Marketing Authority will rely on industry resources throughout Alberta in preparing its strategy.

Tourism Information and Planning System

Underpinning the Tourism system in Alberta will be a Tourism information and planning system which connects the industry in a network of operators and marketers.

- ✱ This system can be conceived as a computerized network connecting the industry. The network will carry market intelligence, marketing planning information, promotion opportunity information, an information *bulletin board* and **promotion templates** to assist industry and regions with preparation of **tailored** promotion material. All members of industry will have access to this information network through their own computer or through their region.

The system will be maintained and operated by the ATC on behalf of the industry.



ALBERTA'S TOURISM DESTINATION REGIONS

1. ALBERTA'S NORTH
2. ALBERTA'S HEARTLAND
3. EDMONTON & AREA
4. ALBERTA'S ROCKIES
5. CALGARY & AREA
6. ALBERTA'S SOUTH

Tourism Destination Regions (TDRs)

Alberta's six TDRs will form the core of the Tourism system in Alberta. The regions will be significant players on the ATC Board and the Tourism Marketing Authority. They will coordinate their Tourism industry to create a highly-levered marketing system which will maximize marketing monies.

TDRs will be created by application of the industry to a Selection Council. This Council of three independent leaders in Tourism will be appointed by the Alberta Tourism Corporation Committee. The Council will apply specific criteria and a selection process which is outlined below.

Criteria for Selection of the Tourism Destination Regions

The TDR will be a body corporate. It will contract with the ATC for specific purposes and activities, but will form as a separate corporate entity with all the rights, obligations and autonomy such organizations have under law.

The group that can demonstrate it has the broadest representation of the Tourism industry in its region *and* the ability to do the task will be selected as the TDR. The measures of this representation will be as follows:

- ▶ The TDR applicant will submit a three-year business plan which includes the following elements:
 - description of the leadership team and its approach to organization.
 - description of the management team and their experience.
 - marketing approach and overall plan including:
 - major target markets; and
 - proposed leverage of industry marketing dollars in major target markets

- operations approach and plan:
 - provision of marketing services to industry;
 - provision of **industry** services (refer to page 20 of the *Proposal for an Alberta Tourism Coloration*); and
 - provision of administration and support services.
- financial overview/plan.
- endorsements of the business plan by industry partners:
 - major industry operators;
 - Tourism suppliers, services and other businesses supportive to the industry;
 - existing and proposed Destination Marketing Organizations **reflected** by a motion of their Boards;
 - existing and proposed marketing consortia; and
 - municipalities providing support reflected by a motion of their Councils.

The Selection Council will account for all aspects of the three-year business plan in its deliberations. Their final selection will be based on:

- ▶ The ability of the leadership **and** management **teams** to execute the plan they've proposed.
- ▶ The tangible support of industry operators from within and outside the region. Their written expression of intent to market with the applicant will be considered positively.
- ▶ Broad representation of **businesses and organizations** throughout the region.
- ▶ Previous experience of the leadership and management team.

Contracting the Tourism Destination Regions

The **ATC** Committee maintains that contractual relationships should remain broad and open, essentially a record of the intent of the parties to work together mutually. The requirements of the TDRs would be essentially limited to those outlined in the following:

- ▶ The TDR is a body corporate, not accountable to the ATC except as provided for within the contract.
- ▶ The TDR will agree to **an annual** review of its representation of industry, based on the *marketing activity* of the TDR. Basically, the plans and programs which have been operated by the TDR will be assessed.
- ▶ The TDR will commit to preparing an annual marketing plan, marketing tactical outline, marketing activities plan and budget in a format set by the ATC. This plan will integrate with the marketing plans of the partners, including the ATC itself. The marketing plan will meet the needs of all industry within the TDR. Marketing activity plans and programs will be tracked using the ATC system.
- ▶ **The TDR will commit to developing and using** the collective information systems proposed by the ATC. Such systems will be used for tracking marketing activity, for financial administration, and ultimately for the preparation of marketing material.
- ▶ The TDR will commit to *barrier-free* marketing with its **ATC** funds. Operators who have, or plan to have, Tourism **business** in Alberta, **or** organizations wishing to market to attract **visitors** to or **within** Alberta, will be able to **access** programs specified in the plans without barriers or membership requirements.
- ▶ The ATC Board will decide in the event of disputes or complaints **between** TDRs and operators, after hearing the position of both sides.

- ▶ The TDR will commit to the accounting system of the ATC for the marketing funds and activities which are executed using the ATC funding system. The fiscal year-end set ~~by~~ the ATC will be the year-end used by the TDR for the purposes of this ATC funding.
- ▶ The TDR **will** commit to reporting market segment data on a regular basis as specified by the ATC. This reporting **will** include inquiry, fulfillment and conversion data for their TDR based on the ATC programs.
- ▶ The TDR will commit to floor ratios of expenditures **in** each of the major market segments as specified by the ATC. These floor ratios **will** be assessed from **time** to time by the partners in terms of their applicability to the market situation. These floor ratios may differ between TDRs and will be approved by the ATC Board of **Directors**.
- ▶ The TDR will commit to specific leverage.
- ▶ The TDR will commit its ATC Board representative to the bylaws and operating requirements of the ATC Board.

TDRs will be required to *contract* with the ATC. The contract **will** specify the rights and obligations of each party. The contract **will** be a three-year *rolling* contract with a one-year term for review and assessment.

The process for resolving disputes will be decided by the ATC Board. It is recommended by the Alberta Tourism Corporation Committee that existing provincial arbitration and mediation processes be used if appropriate in disputes between the ATC and a TDR.

The Process to Create the Tourism Destination Regions

The **process** to create the initial TDRs also creates the basis of the ATC. Specific aspects of the selection process are outlined below:

- ▶ The Alberta Tourism Corporation Committee names the members of the Selection Council.
- ▶ The Alberta Tourism Corporation **Committee**, or its Selection Council, will place advertisements in major newspapers throughout Alberta announcing the creation of the Selection Council, the process and the timing for the TDR selection. These advertisements will refer to an application package, which will contain logistical material as well as the detailed criteria for selection.
- ▶ The Selection Council will communicate by **direct-mail** with those existing organizations and consortia which are already marketing Alberta.
- ▶ Application packages will be sent to inquirers.
- ▶ The Selection Council will review the applications, notify applicants of the completeness of their applications, confirm the timing, and schedule meetings.
- ▶ Eligible applicants will be interviewed by the Selection Council. The purpose of the interview process will be to determine the ability of the applicant to carry through on the intentions recorded in the application.
- ▶ **Decision** criteria will be applied by the Selection Council, and decisions will be made on successful applicants for each region.
- ▶ Announcements of TDRs will be made.

Once the TDRs have been selected, the transition process to the ATC will begin.

Transition to the Alberta Tourism Corporation

Many **tasks** and negotiations must be completed before the transition to the ATC can begin in earnest. In particular, negotiations with the Province of Alberta must be concluded.

Assuming these tasks and negotiations are completed successfully, the Interim Board of the ATC will be formed as follows:

- ▶ The Interim Board will consist of 11 Directors and the Chair.
- ▶ Each TDR appoints a representative (6).
- ▶ The Minister responsible for Tourism appoints a representative (1).
- ▶ Marketing organizations with a threshold level of marketing Alberta are approached to suggest a member for consideration. Four *key players* are thus selected by the Nominating Committee (4).
- ▶ Interim Chair is the Chairman, Alberta Tourism Corporation **Committee**.
- ▶ Specific transitional activities will be assigned to the **Chair** by the Alberta Tourism Corporation Committee.
- ▶ The Interim Board will fill out its ranks according to the criteria and process suggested by the Alberta Tourism Corporation Committee.
- ▶ The ATC transitional Chair will resign once the permanent Board is established, to make way for the appointment of the permanent Chair of the ATC.
- ▶ The ATC Board will adopt and **execute** the start-up plans prepared by the Alberta Tourism Corporation Committee.

Funding the Tourism System in Alberta

A **New Concept** for Funding the System

The ATC will bring industry players together around a uniform promotion concept which uses *leveraged*, or *partnered*, dollars to address priority target markets. The marketing system will operate in a *barrier-free* manner. Any operator from industry will be able to participate in any promotion initiative province-wide simply by buying in to that initiative. Industry will move into those **areas** which make sense for their marketing. Promotion initiatives **which do not get funded by industry will not be launched.**

How does the ATC get its incentive pool of funds? By committing to a *fee-for-service* contract with the Government of Alberta.

The ATC will provide coordinated marketing and industry services for a fee. The contract will be a three-year *rolling* contract based on performance against measurable results. As the yield from Tourism increases, funding increases.

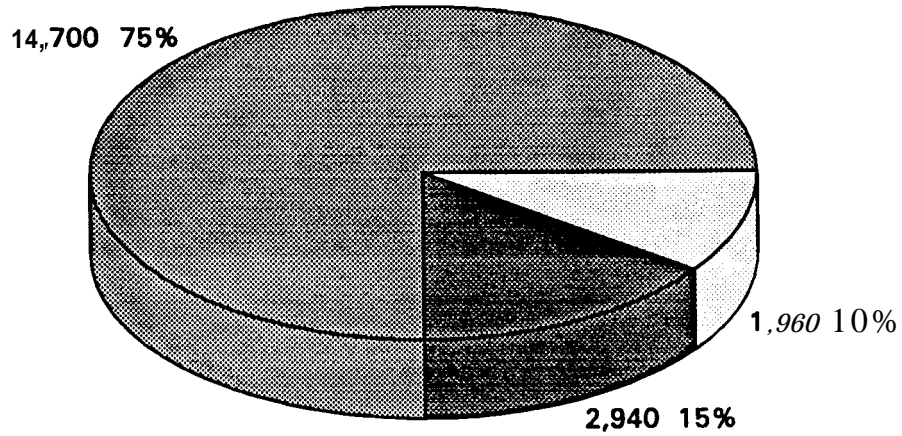
Based on the present economic impact of Tourism in Alberta and taxation yields of \$233 million accruing annually to the Government of Alberta, an initial contract of \$19.6 million per year will fund the system. This will cover all aspects of Tourism expenditures by the Government of Alberta. Compared to 1993/94 expenditures from all sources of approximately \$31 million, a saving of almost 40% will be realized.

The ATC will ensure a number of major commitments for this fee:

- ▶ 75% or more of the funding across the entire system will be allocated to marketing initiatives.
- ▶ No more than 10% of funding **across the entire system will be allocated to administration.** The remaining 15% will be allocated to reserves for research, policy and Tourism human resource development.

ALBERTA TOURISM CORPORATION

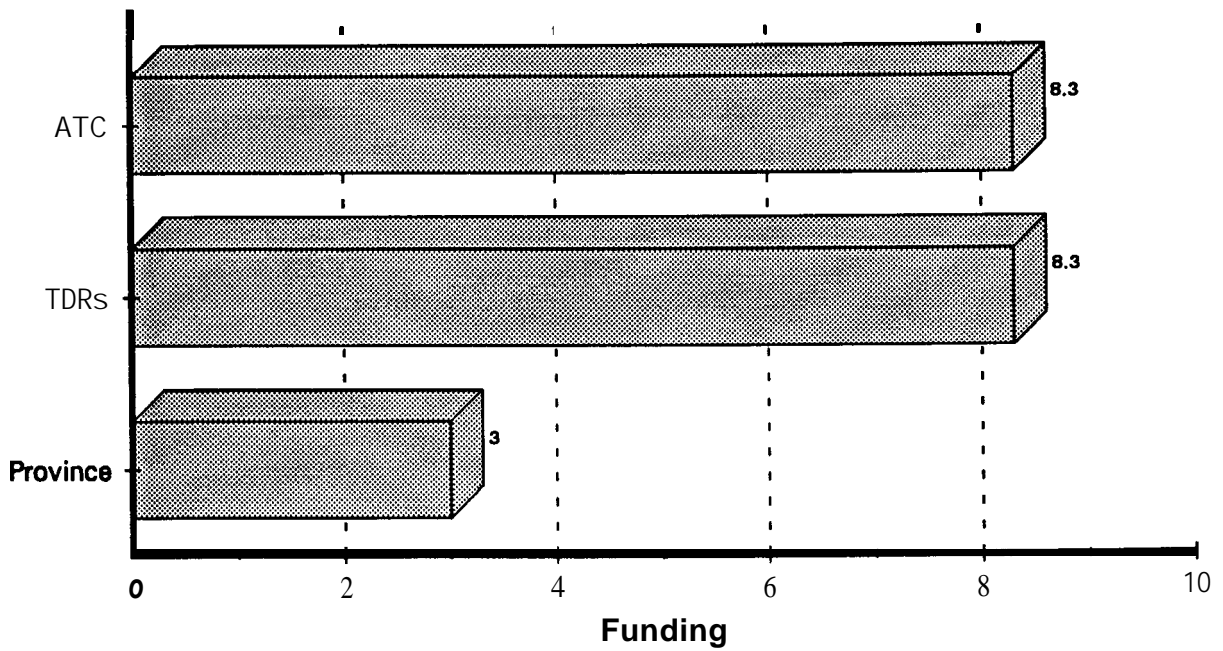
Total Funding -1995 (thousands)



Marketing ■ Research, Policy, HR Administration

Funding Allocations -1995 (millions)

Allocation



Funds will be allocated according to the funding percentages above.

-
- ▶ The ATC will guarantee on a system-wide basis that specific, agreed upon percentages of the marketing funds are allocated to:
 - long-haul markets;
 - regional/close-in markets; and
 - **in-Alberta markets.**

 - ▶ The Province will be *retained by the* ATC to provide services that *only* the Province can provide--for a fee estimated at some \$3 million.

 - ▶ The TDRs will be allocated approximately \$8.3 million in total each year. Each region will contract directly with the ATC and commit to specific levels of dollars allocated to **geographic** target markets. Contracts will be three-year *rolling* contracts and will be tied to meeting overall commitments.

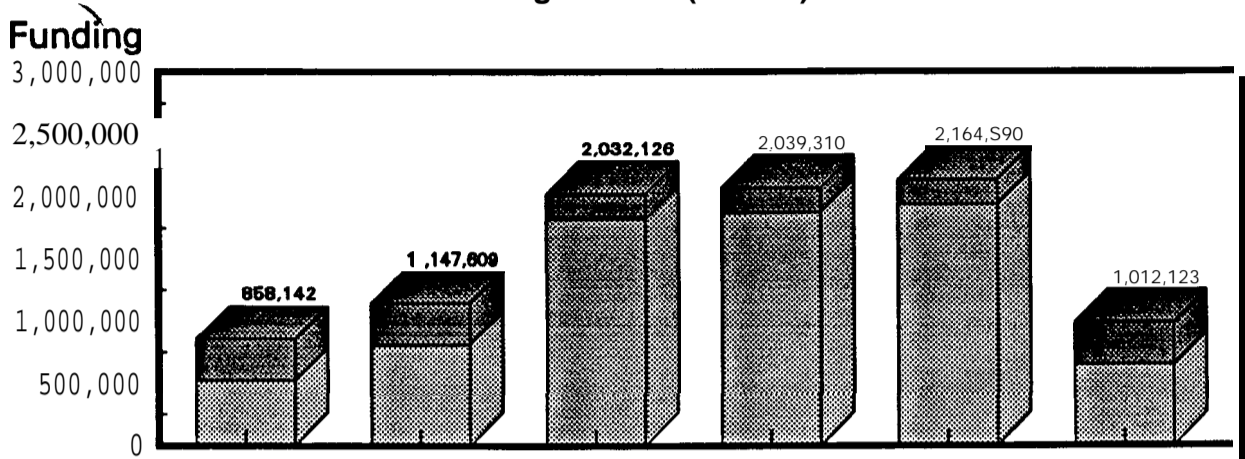
 - ▶ The TDRs will be allocated their portion of the revenue according to a formula based on:
 - the Tourism performance of each region;
 - the estimated relative operating costs of each region;
 - the required investment of each region in umbrella marketing programs for **near-in** markets.

The strength of each region in market terms is still recognized in this approach. The allocation system will assure an equitable distribution of revenue to each region.

- ▶ The ATC will receive \$8.3 million yearly. Most of this funding will be allocated to marketing, with a focus on long-haul markets.

ALBERTA TOURISM CORPORATION

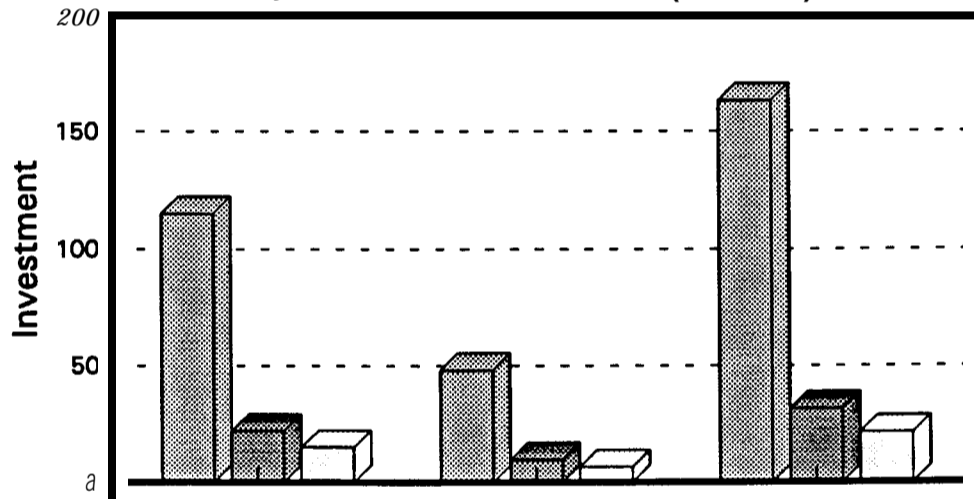
TDR Funding -1995 (actual)



Tourism Destination Regions	North	Heartland	Edmonton	Rockies	Calgary	South
Marketing	622,142	811,600	1,832,126	1,535,310	1,964,630	676,123
Other Functions	338,000	338,000	200,000	200,000	200,000	336,000

Marketing Dollars include ATC funds for provincial umbrella marketing campaigns.

Investment Analysis - 1994-1 999/2000 (millions)



	ATC	TDRS	Total
Marketing	115.0	48.0	163.0
HR/Research	22.0	9.6	31.6
Admin	15.0	6.4	21.4
Total	152.0	64.0	216.0

The Results: Increased Tourism Yield for Alberta

The **fiscal** goals established by the Government of Alberta are supported aggressively by the Tourism industry, but these goals will fundamentally impact the current relationship. Levered marketing will be more efficient than the present system. Guaranteed marketing expenditures will ensure a lean, focused approach to markets. The result will be increased economic yield to all players in Alberta. The accountability for the expenditure of public resources will require rigorous standards and achievement of results.

- ▶ By the fiscal year 1999/2000, the ATC will allocate almost \$152 million over six years.
 - Approximately \$115 million of this money will be allocated to marketing. Levered at a conservative 2:1 ratio overall, this will create \$345 million in total marketing expenditure over six years.
 - Approximately \$11 million will be allocated to Tourism human resources and \$11 million to policy and research over this same period, focusing on Alberta's hospitality and on market intelligence.
 - Approximately \$15 million over six years will be allocated to administration.
- ▶ The TDRs **will receive** almost \$64 million over the period and will allocate almost \$48 million to marketing Alberta and their regions. All marketing will be levered with private sector dollars.
- ▶ **Albertans** will be better off fiscally in this system. Their tax yield will increase from a low of approximately \$15 million to a high of \$308 million over the six years. This is based on a comparison of the lowest projected growth in the existing system against the highest **projected** growth in the new system.

This *new system* for Alberta is not entirely new to Tourism on a world scale. Tourism marketing organizations separate from Government have been established in many **jurisdictions** worldwide. The English Tourism Board, the Australian Tourism Commission, the Alaska Tourism Marketing Council and the Hawaiian Visitors Bureau are prime examples.

While Alberta's model has many aspects which make it unique, it is based on the fundamental principles shared by these and other internationally successful Tourism marketing organizations.

Beginning the Transition

It is **critical** that marketing functions now the responsibility of Government be transferred smoothly to the ATC. It is crucial that the TDRs be created through a fair and appropriate process.

The ATC will therefore operate in parallel with provincial marketing functions for a period of one year. Proposed timing for the transition:

- ▶ Complete detailed analysis and start-up planning for the ATC August, 1994
- ▶ Create the TDRs September, 1994
- ▶ Establish the Interim Board of ATC September, 1994
- ▶ Create the first Board of ATC November, 1994
- ▶ Dissolve TIAALTA March, 1995
- ▶ Operate in parallel with Government for one year September, 1995

A great **deal** of work must be completed before the Alberta Tourism Corporation becomes a reality. The concerted effort and **contributions of those operating in the industry** and of those who serve it are required in the coming year.

One major element of the *Alberta Advantage* is the **ability of key Albertans to recognize the need for change and to be proactive.** By working together the Tourism industry in Alberta will continue to lead in Tourism into the new millennium. The Alberta Tourism Corporation will enable the industry and the Government of Alberta to work *together for Tourism*, to the ultimate benefit of **Albertans.**

Appendix One

Alberta Tourism Corporation Committee

Ted Kissane, Canadian Pacific Hotels and Resorts (Co-chair)
Max McCann, Idavon Management Consultants Ltd. (Co-chair)
George Andrew, Jasper Tourism and Commerce
Jerry Beach, Land of the Mighty Peace Tourist Association
Keith Bryant, Alberta Hotel Association
Susan Costello, Calgary Convention and Visitors Bureau
Joe Couture, Tourism Industry Association of Alberta
Peter Crerar, Alberta Economic Development and Tourism
Mark Faubert, Ski Nakiska/Canada West Ski Areas Association
Chuck Graves, **Majic** Country Wilderness Adventures
Bob Gray, Edmonton Northlands
Richard Hudson, Calgary Convention and Visitors Bureau
Norman **MacDonell**, Tourism Industry Association of Alberta
Duane **MacPhail**, Greater Edmonton Visitor and Convention Association
Colleen Ovens, Evergreen Country Tourism Council
Gordon Peters, Motel Magic
Patrick Swain, Dinosaur Trail Campground
Russ Tynan, Tourism Industry Association of Alberta
Linda Poetz, Tourism Industry Association of Alberta (*ex-officio*)

The following Subcommittees reviewed industry input, deliberated, and made recommendations to the Alberta Tourism Corporation Committee. Their reports are available for review by calling 266-7452.

Corporate Structure Subcommittee

Jerry ~~Beach~~, Land of the Mighty Peace Tourist Association
Susan Costello, Calgary Convention and Visitors Bureau
Norman **MacDonell**, Tourism Industry Association of Alberta
Gordon Peters, Motel Magic

Funding Subcommittee

Joe Couture, Tourism Industry Association of Alberta
Frank Dietrich, Chinook Country Tourist Association
Bob Gray, Edmonton Northlands
Richard Hudson, Calgary Convention and Visitors Bureau

Tourism Destination Region Subcommittee

Vern Arnold, South East Alberta Travel and Convention Association
Tex Fimrite, Land of the Mighty Peace Tourist Association
Chuck Graves, Majic Country Wilderness Adventures
Virginia Haahr, Big Country Tourist Association
Duane **MacPhail**, Greater Edmonton Visitor and Convention Association
Colleen Ovens, Evergreen Country Tourism Council
Patrick Swain, Dinosaur Trail Campground

Communications Task Force

Jerry **Beach**, Land of the Mighty Peace Tourist Association
Bob Gray, Edmonton Northlands
Richard Hudson, Calgary Convention and Visitors Bureau
Gordon Peters, Motel Magic

Committee on Zone Feasibility (April, 1993, to January, 1994)

Barry Lazoruk, Tourism Industry Association of Alberta (Chair)
Jerry Beach, Land of the Mighty Peace Tourist Association
Susan Costello, Calgary Convention and Visitors Bureau
Norman MacDonell, Banff/Lake Louise Tourism Bureau
Duane MacPhail, Greater Edmonton Visitor and Convention Association
Colleen Ovens, Evergreen Country Tourism Council
Russ Tynan, Tourism Industry Association of Alberta
Joe Couture, Tourism Industry Association of Alberta (*ex-officio*)
Linda Poetz, Tourism Industry Association of Alberta (*ex-officio*)

Working Group

Cindy Beland, Greater Edmonton Visitor and Convention Association
Brenda Bruce, Tourism Industry Association of Alberta
Donna Chambers, Tourism Industry Association of Alberta
Kent Stewart, Western Management Consultants/The Strategy Group
Dan Sullivan, Calgary Exhibition and Stampede

Thank you to these and countless other industry volunteers. Their work has been facilitated by the Tourism Industry Association of Alberta (TIAALTA) with the assistance of Kent Stewart, Western Management Consultants/The Strategy Group.