Arctic Development
Library

Tourism Strategy, Draft Volume 3, Background Report, Western Arctic Visitors Association, Economic Development & Tourism
Type of Study: Plans/strategies Tourism, Tourism - Western Arctic Region
Date of Report: 1985
Author: Maclaren Plansearch Pelman Associates
Catalogue Number: 11-25-2

11-25-2

Western Arctic

Tourism Strategy

Draft Volume 3

Background Report

Western Arctic Visitors Association

Economic Development and Tourism

MacLAREN PLANSEARCH
PELMAN ASSOCIATES ARCHITECTS
ADDISON TRAVEL MARKETING

88-05 40313

Lavalin

PREFACE

In the fall of 1986, the Western Arctic Visitors Association commissioned the consortium of Pelman Architects, MacLaren Plan-search and Addison Travel Marketing to prepare a comprehensive tourism development and marketing strategy. The consultants were also asked to prepare architectural plans for a proposed WAVA Visitors Centre and a conceptual development scheme for the Dempster Highway.

The study was funded under the Economic Development Agreement and overseen by the Department of Economic Development and Tourism.

The goals of the study were to create an action oriented plan that will achieve the following:

- o increase awareness of the long term potential of the tourism industry;
- o develop a commitment by both individual operators and communities as to becoming involved in tourism; and
- o to identify the implementation requirements for the construction of much needed facilities and the implementation of new tourism opportunities (package tours, outfitters, etc.).

The objectives of the study are as follows:

- o to develop a background of information on tourism development in the Western Arctic Region for the public and private sector;
- o to detail a specific implementation strategy for tourism development;
- o to increase the community awareness of tourism opportunities and potential developments;

- o to provide a specific marketing strategy for the region with definite action oriented goals to be implemented prior to the completion of the study;
- o to develop tourism products and prepare prefeasibility studies for a number of projects during the planning process; and
- o to encourage private sector development in the Western Arctic tourism industry.

The study then was clearly meant to encourage locals to become actively involved in the travel industry as well as provide operators and government with a blueprint for future tourism development.

At the onset of the study, interest in tourism development opportunities was relatively low, and the impact of the oil and gas industry was very much in evidence. Gradually, however, as the reality of the downturn in gas exploration set in, many local entrepreneurs became enthusiastic about the travel industry. The last half of the study process was marked by extraordinary involvement of the local people.

The study also had the ongoing support of the GNWT particularly the Department of Economic Development and Tourism in both Inuvik and Yellowknife.

ACKNOWLEDGEMENTS

The Western Arctic Tourism Strategy has been one of the most comprehensive studies of its kind to ever be carried out in Canada. As such it involved many hundreds of hours of effort from local operators, supporters of the travel industry, government officials and interested citizens.

There were, of course, certain individuals whose creativity, insight and patience were of definite benefit to the study and their understanding is reflected throughout the document. In particular, Mr. Dick Hill, former executive director of WAVA, provided ongoing support and appreciation for the unique qualities of the Western Arctic. As well, the document reflects the sensitivities and enthusiasm for tourism of Mr. John Colford, Superintendent, Inuvik Region, Economic Development and Tourism. These two individuals were involved in virtually all stages of the planning process and their dedication is greatly appreciated.

The efforts of WAVA were greatly supported by the comments and involvement of the numerous Board of Directors. Because there were several changes in the Board over the duration of the Study it is perhaps most appropriate to mention the present Board who are charged with the challenge of implementing the Study. They include:

Mr. Gerry Loomis	- President
Mr. Walter Lennie	- Vice President, Mackenzie River Area
Mr. Freddie Carmichael	- Vice President, Delta Area
Mr. Randy Pokiak	- Vice President, Arctic Ocean Area.

The government of the N.W.T. was also represented by two individuals whose frank and honest assessment of the final strategy greatly contributed to its potential for implementation. Mr. Peter Neugebauer's appreciation for the working of government, attention to detail and concern for the practicality of the strategy added strength to the document. As well, Ms. Cheryl

Grant-Gamble's appreciation for the marketing approach of Travel Arctic greatly contributed to the credibility of the final marketing strategy.

There were, of course, several other government officials whose contribution is appreciated. Messrs. Al Kaylo, Fred Koe, Frank Pielak and Doug Bruce were among these individuals.

The greatest dedication however goes to those numerous operators who spent long hours with the consultants discussing product, pricing, markets and itineraries. A selection of the many who could be mentioned include:

Ms. Miki O'Kane	- Western Arctic Air
Mr. Randy Pokiak	- Tuk Tuk Tours
Mr. Gilbert Thrasher	- Thrasher Hotel
Mr. Frank Pope	Mackenzie/Great Bear D.I.Z. Society
Mr. Steiner Asbjornsen	- Eskimo Inn
Mr. James Ross	- Fort McPherson
Mr Billie Archie	Aklavik Outfitters
Ms. Kim Staples	- Arctic Tour Company
Mr. Les Carpenter	- Icicle Inn

The consultants on the Study were:

o MacLaren Plansearch:

Mr. James MacGregor	- Project Director
Ms. Julie Paul	Market Research and Co-ordination
Ms. Barbara Pringle	- Landscape Architect
Mr. Tim Smyth	- Graphics
Ms. Joanne Sparkes	- Report Production
Ms. Jan Vaccher	- Report Production

- Pelman Architects:

  Mr. Neil Pelman - Principal and Architect
  Mr. Ivor Cohen - Architect

- Addison Travel Marketing:

  Mr. Frank Addison - Market Strategy

- T and S Consultants:

  Mr. Turgut Var - Economist
  Mr. Joe Ilsever - Economist

TABLE OF CONTENTS

TABLE OF CONTENTS (Continued)

1. INTRODUCTION

"You mean you can really drive to the Arctic, sounds like a winner, what's there to do when you get there?"[1]

Despite his total lack of knowledge of the Western Arctic this gentlemen succinctly summed up the region - its product (the Arctic), its potential (a winner) and yes its problem - (what to do when you get there?).

The Western Arctic has product. And while it too easily conjures up adjectives like "unique", "diverse", "world-class" and "pristine" it does offer:

- o the only public highway to the Arctic - with a short flight to the Arctic Ocean;
- o diversity of cultures, including all 3 native cultures;
- o diversity of scenery, including mountains, a major Canadian river and delta, barren lands and ocean coastline;
- o world-class adventure such as wildlife observation on Banks Island, canoeing the Firth River, photography on Herschel Island, contacting native culture in Fort Good Hope and Paulatuk and trophy fishing on Great Bear Lake; and
- o pristine wilderness, Richardson Mountains, Northern Banks Island and Anderson River.

It would also seem to be a winner. In recent years and especially the 1987 season growth rates in most market segments achieved astonishing high levels.

Leading the increase in visitation and in revenues was the stellar performance in the recreational vehicle segment which grew by approximately 60% over 1986. Improved conditions on the Dempster

Highway, the affects of the N. W. T./Yukon pavilions at Expo '86, improved maps and promotion brought unprecedent numbers of vehicles to Inuvik. This growth also led to phenomenal increases in flightseeing, particularly to Tuktoyaktuk and Aklavik. Although the projected "tourism crisis" did not materialize in 1987, campgrounds were frequently filled to near capacity and retail outlets benefited.

More specifically tourism came into its own as an industry. Tuktoyaktuk was not exposed to the normal 100 tourists but instead 1,500 and Aklavik which knew very little of tourism saw 800 pass through the community. The growth was also part of a new and powerful trend towards adventure travel. While this rapidly emerging tourism segment has been experiencing 20% growth in the south for the past 5 years these markets are only starting to discover the north where similar growth rates are evident in the Yukon, Dawson City and Alaska. The particular element of the adventure traveller that is most appropriate to the Western Arctic is the casual category and particularly those that are recreational vehicle operators. This segment will continue to drive volume growth in the Western Arctic over the next 5 to 7 years.

Finally there is the issue of "what is there to do when you get there?"[2] At this time there are not enough activities and products to meet the demands of the markets. Consequently one of the objectives of this document is to indicate what can be done to satisfy existing markets as well as continue to attract new customers. The Tourism Strategy has also gone beyond the simple identification of development opportunities, based on perceived market demand, and provided on site, hands-on information on how to develop product.

The tourists will continue to come in great numbers despite what happens in terms of marketing and product development over the next 5 years. What this study addresses is the long term viability of a healthy tourism industry for the region based on qualified and quality tourism development.
This will require extensive:

o private/public capital investment;
o realistic and targeted marketing;
o extensive hospitality training;
o ongoing technical assistance in terms of product development and marketing; and
o commitment by the government, WAVA and the private sector.

These final five points have been described in great detail in virtually every Regional Master Plan to be produced in the Northwest Territories. There is no need to go into further detail other than to underline that where the requirements have been met, such as in the Baffin and the Keewatin regions, real growth has been realized.

If that commitment is shown, the economic impacts will be many times greater than those two regions (Baffin, Keewatin) combined.

The Western Arctic can become the number one tourism region in the Northwest Territories. Overall investment in this area will yield a greater return than in other regions and monies, particular government expenditures to defray construction and start-up costs will be paid back many times as the industry continues to grow.

1.1 METHODOLOGY

The Action Research Approach

The study was characterized by an action research approach that placed emphasis on:

- o providing ongoing technical assistance to operators throughout the region in terms of:
  - product design
  - product strategy
  - marketing advice
  - pricing;
- o meeting with wholesalers who were interested in selling the Western Arctic; and
- o responding directly to requests by steering committee, Economic Development and Tourism and WAVA members. This has included everything from attending the regional economic conferences to having articles in trade magazines.

The purpose of the approach was to:

- o heighten the level of tourism industry understanding at the operator level where it is most important;
- o assist the operators with their basic concerns about product development and marketing;
- o accelerate the rate of product development in order to respond to the immediate growing demand and interest in the region;
- o create a positive atmosphere for tourism development and elevate the status of the industry in a region that has been dependent on oil and gas for so many years; and
- o establish a base of information at the operator and wholesaler level that will support the industry during the ongoing implementation of the study.

During the process there were substantial changes in the regional tourism industry that are directly and indirectly a result of this action research approach. It resulted in:

- o greater involvement by many operators in WAVA and the regional travel industry;

- a basic core of operators that could respond to many of the existing demands of travelers to the Western Arctic;
- approximately one dozen wholesalers who are preparing to put tourists into the region by 1988; and
- a confidence in a number of operators that can count on technical assistance to assist them in the growth and promotion of their product.

1.1.1 The Steps

1. Development of Community Awareness

   Initial meetings were held in 12 Western Arctic communities in the fall of 1986 to heighten community awareness and to introduce each community to the opportunities offered by tourism development.

2. Inventory and Analysis of Resources

   An inventory of all existing and potential resources was completed. The inventory included the natural, cultural, historical, community, and human resources of the overall Western Arctic region and each community. In addition, the interest of each community in tourist development was assessed. At this stage, the study team identified the urgent need for technical assistance with individual operators.

3. Assessment of Markets

   Existing and potential target markets were assessed, markets were classified by activity segment. The market analysis was based on a detailed review of the literature, consultations with government officials and in depth interviews with private operators in southern and northern Canada.

4. Assessment of Community Carrying Capacity and Product/ Market Matching

Existing tourism-related resources and the ability of communities to accommodate tourism growth (community carrying capacity) were matched with existing and potential markets. Matching potential products and markets provided a preliminary estimate of tourism visitation as well as potential development opportunities.

5. Selection of Alternative Development Themes/Concepts

Matching resources with existing and potential markets suggested several development images - e.g. MacKenzie, Dempster Highway, Arctic Ocean, Inuit, Dene, etc. These images, in turn, suggested two development themes for the region. Both the 'Accessible Arctic' and 'Mighty Mackenzie' were selected as the preferred themes because the region is already strongly identified with the Mackenzie/Dempster access and they differentiate the region from other N.W.T. tourism zones.

6. Tourism Conference

In the spring of 1987 a Regional Tourism Conference/Workshop was held. It stimulated additional interest in the industry.

7. Formulation of the Development Strategy

The development strategy was formulated, including the development principles to be employed, development opportunities, travel products, and marketing strategies to be pursued, and other requirements for successful implementation. The development strategy identified three broad areas requiring concerted action: community awareness and training, product development and marketing.

8. Work on Product Development and Marketing

Further work was conducted on the two action areas under the strategy and plan: product development and marketing.

9. Formualtion of Implementation Plan

The formulation of the implementation plan involved final ranking of the development opportunities, identification of roles and responsibilities of different actors, the preparation of development projects, assessment of the feasibility and implementation requirements of each product, development of project costs and preparation of the implementation schedule.

10. Evaluation of Economic Impacts

The potential effects of the strategy and plan were evaluated on a range of economic indicators. Indicators included tourism expenditures, employment, personal income, business development and taxation.

1.2 STUDY PRODUCTS

The results of the study are presented in the following volumes:

Volume 1 : Executive Summary
Volume 2 : Tourism Strategy
Volume 3 : Background Report
Volume 4 : Dempster Highway Development Plan
Volume 5 : Western Arctic Visitors Centre Development Plan
Volumes 6 - 16: Community Reports

This volume, Tourism Strategy presents the full Tourism Strategy Master Plan which includes product development opportunities, a proposed marketing strategy and implementation plan.

2. TOURISM RESOURCES AND OPPORTUNITIES

During the initial stages of the study the consultants in collaboration with key contacts from each community identified resources which could be developed into tourism product opportunities. This section summarizes the resources and opportunities.

2.1 MACKENZIE RIVER AREA

2.1.1 Fort Franklin

o Existing Facilities

See Table 2.1 located at the end of this section.

o Resources

- one of the best (and relatively untouched) sport fishing areas in the world;
- several experienced native guides;
- historic boat, 'Radium Gilbert';
- direct and regular links to Yellowknife and Norman Wells;
- untapped nature interpretation and big game hunting (Barren Ground Grizzly) area; and
- obvious authentic Dene culture.

o Issues and Trends

- Band Council is extremely interested in a sports fishing lodge and could potentially expand the existing hotel which it operates;
- existing high quality lodge/restaurant management;
- special ARDA has provided $25,000 for the purchase of boats/ motors for outfitting; and
- Great Bear Lake Management Committee recommends no new lodges on the lake.

0 Development Opportunities

Short Term
- sport fishing lodge;
  - expansion (4 units) of existing hotel;
  - 2 outcamps at Jupiter Bay and Deerpass Bay; and
- arts and crafts workshop.

Long Term
  wilderness/adventure packages;
- big game outfitting;
- outpost camp development on Jupiter Bay;
- Great Bear River Canoe Route; and
- restoration of 'Radium Gilbert'.

2.1.2 Norman Wells

o Existing Facilities

See Table 2.1 located at the end of this section.

o Resources

- proximity to beginning of Canol Trail;
  close access to Mackenzie Mountains;
- excellent fishing on Kelly Lakes;
- staging area for naturalist/sport fishing trips to Colville Lake, Drum Lake Lodge, Great Bear Trophy Lodge; and
  access to 5 outfitting areas for big game hunts.

o Issues and Trends

- a development plan has been proposed for the Canol Trail and there is an expressed interest for involvement by the Metis Association and Travel Arctic; and

- Drum Lake Lodge is expanding and repositioning itself as a natural ist facility.

o Development Opportunities

Short Term

- development of the Canol Trail including drop off and pick up area;
- Canol Trail Packages including hiking, cross country skiing and naturalists activities; and
- river crossing facility and better access to trail head.

Long Term

- Sahtu Area Visitor Information Centre including oil and gas interpretive exhibit; and
- construction of Kelly Lake Sport fishing Lodge.

2.1.3 Fort Norman

o Existing Facilities

See Table 2.1 located at the end of this section.

o Resources

- Mackenzie River/Bear River;
- close access to 5 outfitting areas for big game hunts;
- Redstone River canoe route; and
- several quality sport fishing lakes.

o Issues and Trends

- potential acquisition of E/1-6 outfitting area by locals.

o Development Opportunities

Short Term

- boat trips on the Great Bear and Mackenzie Rivers including overnight in outpost camps; and
- package guided canoe trips on the Redstone and Mackenzie Rivers.

Long Term

- Tate Lake Fishing Lodge; and
  acquisition of E/1-6 outfitting area.

2.1.4 Fort Good Hope

o Existing Facilities

See Table 2.1 located at the end of this section.

o Resources

- Mackenzie River and Ramparts;
- proximity to Arctic Circle;
- dynamic and progressive Dene community;
- access to four big game outfitting areas including Area E-l-1 (Arctic Red River Outfitters) and E-l-2 as well as C-1, D-2, D-3;
- historic and culturally interesting church (national historic site); and
- community atmosphere created by extensive use of log construction.

o Issues and Trends

- the Band Council has expressed interest in acquisition of Arctic Red River Outfitters;

- the community has prepared a tourism strategy which outlines approximately 15 tourism programs and 6 tourism opportunities;
- traditional involvement with Colville Lake suggests combined package tours; and
- existing outfitter has shown interest in developing boat tours.

o Development Opportunities

Short Term

- acquisition of Arctic Red River Outfitters pending detailed purchase cost evaluation and feasibility analysis;
- institute a guide certification program and training workshops;
- establishment of a variety of river boat packages including trips to Ramparts, Fossil Lake, Arctic Circle, Mountain and Hare Indian Rivers. All trips could include visits to fish camps, nature interpretation hikes, photography stops, tea and bannock stops and sport fishing;
- development of community tour and hiking trails for those arriving by boat or travelers enroute to hunting, fishing camps. Hiking trails would be constructed to Ramparts and Old Baldy; and
- protection of Our Lady of Good Hope Church/Cemetery (National Historic Site) and creation Of a community church/museum.

Long Term

- further Locke Lake Sport Fishing Lodge development in collaboration with the community of Colville Lake and their potential outpost camps at Lac des Bois, Lac Belot and Lac Maunoir; and
- Fort Good Hope Cultural Centre including 2 - 4 day workshops on Dene culture, lifestyle and language. Developed in collaboration with the Language Centre.

2.1.5 Colville Lake

o Existing Facilities

See Table 2.1 located at the end of this section.

o Resources

- Colville Lake and the associated lakes (ales Bois, Belot and Maunoir) offer excellent sport fishing opportunities;
- the community is exceptionally traditional compared to other Western Arctic hamlets;
- Bern Brown is a nationally recognized artist; and
- scenic village including traditional native log cabins and contrasting manicured landscaped and polished architecture of lodge, church, museum.

o Issues and Trends

- the community has not progressed as much as others in the region due to its isolation;
- Colville Lake Lodge is only promoted to a very exclusive market which means lower occupancy rates and less opportunity for community involvement;
- Mr. Brown is seemingly less and less interested in promoting the lodge as he increasingly concentrates on his painting; and
- it would be advantageous to the local community if they could have involvement in the lodge in terms of its product development and promotion.

o Development Opportunities

Short Term

- community based and operated sport fishing lodge with outpost camps including additional cabins and tent frames at outpost camps. Seven day packages could be developed with Great Bear Lodge.

Long Term

- Native Lifestyle Package Tours. Summer and winter programs enabling visitors to take part in traditional activities such as trapping, setting and pulling fish nets, wearing traditional clothes, spring hunting etc.

2.2 MACKENZIE DELTA AREA

2.2.1 Fort McPherson

o Existing Facilities

See Table 2.2 located at the end of this section.

o Resources

- close proximity to outfitting areas in the Richardson Mountains;
- Peel River location for visits to fish camps;
- Piet Van Loon art studio;
- several crafts people;
- growing sense of community and increase in community events;
- Fort McPherson Incorporated Band Ltd. with quality management;
- historic churches, Hudson's Bay Co. post, archaeological sites, and Mad Trapper Cabin at Rat River/Lost Patrol;
- Fort McPherson Canvas Shop; and
- existing outfitter (Dempster Patrol).

0 Issues and Trends

- Special ARDA will fund a feasibility study for the development of a Visitor Service Centre on the highway;
- community is in a state of transition as increased interest in tourism development for travelers on the Dempster Highway is taking place;
- Midway Lake presents one of the best opportunities for a camp ground along the N.W.T. portion of the Dempster;
- this is the first complete native community that motorists encounter on their drive from Whitehorse/Dawson City along the Dempster; and
- several quality outfitting areas exist between the Peel River and Yukon Border.

o Development Opportunities

Short Term

- Dempster Highway Visitors Service Centre including winterized/non-winterized accommodation, restaurant, information desk, craft sales, community tours;
- Big Game Hunting Outpost Camp in the Richardson Mountains with HTA;
- dog team packages to Aklavik (4 days) with Dempster Patrol Outfitters;
- coordinated craft production; and
- naturalist package tours (3 - 4 days) to Rat River and Richardson Mountains, IBP site, etc.

Long Term

- Midway Lake Recreational Vehicle Campground including nature interpretation services, food and camper supply sales, craft outlet, canoe rental, stocking lake;
- package tours to fish camps on Peel River;
- Big Game Lodge; and
- Visitor Service Centre accommodation expansion.

2.2.2 Arctic Red River

o Existing Facilities

See Table 2.2 located at the end of this section.

o Resources

- historic landmark church;
- unique ferry access only;
- numerous crafts people eager to produce their wares;
- historic sites and Ramparts on Mackenzie and Arctic Red River;
- excellent river fishing; and
- archaeological dig sites.

o Issues and Trends

- although unannounced, the experimental fish camp was extremely popular with tourists this past summer;
- band is interested in expanding the fish camp as well as incorporating a craft/food sales area; and
- band wishes to proceed slowly and realistically with tourism development.

o Development Opportunities

Short Term

- tourist oriented fishing camp operated by two families including sale of dried fish, story telling, interpretation of fishing techniques. Also picnic tables, tent frame rentals (5), toilets and a concession stand including sale of arts and craft, snacks, camper supplies; and
- arts and craft production program including winter storage area of crafts.

Long Term

- expansion of fish camp and addition of campsite and more tent frames (10) for rent;
- additional fish camp up the Arctic Red River; and
- boat cruises to archaeological digs on Mackenzie and Arctic Red Rivers.

2.2.3 Inuvik

o Existing Facilities

See Table 2.2 located at the end of this section.

o Resources

- known as the community of the Midnight Sun;
- termination and destination of the Dempster Highway;
- natural resources of the Delta include fish, birdlife, proposed Caribou Hills National Park, Reindeer Station;
- proposed Chitisi (Campbell Hills) Territorial Park;
- full tourism services available;
- unique northern administration centre including power generator, expediting services;
- mixture of Inuit, Dene, Metis, Caucasian cultures;
- reputation as the most northerly town in North America accessible by highway;
- staging area for visitation to most communities in the Western Arctic;
- convenient proximity to Herschel Island, Yukon;
- 6 Dan Sheep tags; and
- located on tree line permafrost and Mackenzie Delta.

o Issues and Trends

- the overall experience upon arriving in Inuvik via the Dempster highway does not meet the visitors' expectations;

visitors usually leave within 2 days due to the lack of attractions;

- Whitehorse has carried out an effective $600,000 Downtown Revitalization program under EDA, and similar funding may be available in the N.W.T.;

  the availability of visitor information on the resources of the other Delta, Bear and Beaufort communities is inadequate. The staff in the Visitors Centre are uninformed about other communities;
- the Dempster will have substantial increases in traffic volume over the next 5 years;
- the downtown area is generally unattractive and contrasts sharply with the surrounding pristine wilderness. There is also a lack of a cohesive community image;
- there is an active and progressive Inuvik Visitors Committee;
- the town is an administrative centre for tourism development in the Western Arctic (e.g. WAVA, Economic Development and Tourism, Mackenzie Delta Development Corp., IDC, Guided Arctic, Renewable Resources, etc.); and
- the potential for river/delta cruises are being considered.

o Development Opportunities

Short Term

acquisition of a cruise boat for ½ day, 1 and two day cruises on the Delta - including fish camp visits, overnight in Aklavik, wildlife viewing, trips to Reindeer Station, Tuktoyaktuk, etc.;

- downtown revitalization including streetscape and building facade theming, extensive landscaping, creation of park and activity areas;

new Western Arctic Visitors Centre construction including; comprehensive information on Inuvik/Delta and all other communities, sales desk, charter flights, coupon booklets etc. and an attraction and entertainment area;
- packaged trips to Aklavik, Sachs Harbour, Tuktoyaktuk and Paulatuk out of Inuvik;
expansion and upgrading of Chuk Territorial Park (campsites) and Happy Valley Campground (8 seasonal accommodation units); and
- preparation of Waterfront Study to select opportunities and site location.

Long Term
- Native Cultural or Heritage Centre. Major cultural tourist attraction to present the lifestyles of the three native cultures - possibly using artifacts from the N.W.T. Expo Pavilion. Presentation of shelter, games, foods, customs beliefs, and transitions to encourage visitor participation;
major R.V. resort campground including full services, possible locations are the Cemetery or Microwave Tower;
- Arctic College tourism management program including a variety of hospitality and tourism courses;
a comprehensive waterfront activity area including working docks, barge activity, restaurant, marina and sightseeing boat departure; and
- fly drive Dempster Packages between Whitehorse and Inuvik (R.V. , automobile) .

2.2.4 Aklavik

o Existing Facilities

See Table 2.2 located at the end of this section.

0 Resources

- close proximity to Inuvik and Herschel Island;
- scenic delta location;
- abundant surrounding wildlife in Delta and nearby Richardson Mountains;
- HBC trading post at Old Aklavik;
- archaeological sites at Peel Channel and Willow River;
- several existing fish camps and summer camps;
- exceptional big game resources in Richardson Mountains;
- proposed IBP site around Canoe Lake;
- Dene/Inuit cultural mix;
- several qualified crafts people and a history (fur shop) of production; and
- Mad Trappers Grave.

o Issues and Trends

- proximity to Inuvik makes it a relatively inexpensive destination for flightseeing, day tours and overnight cruise packages;
- provides visitors with a greater sense of delta and native community than Inuvik;
- existing lodge is usually full all summer;
- proximity to Richardson Mountains and Herschel Island suggest opportunities for outfitters;
- several groups/individuals are attempting to establish big game outfitting into the Richardson Mountains. It seems that the present stalemate will continue for the immediate future; and
- several people would like to see the reconstruction and opening of the fur shop to rejuvenate craft production.

0 Development Opportunities

Short Term

reconstruction of craft shop for production sales in Aklavik and Inuvik, as an attraction for day packages and 2 - 3 day craft workshops;

establishment of a big game outfitting operation in the Richardson Mountains under qualified management to include only experienced Dene, Inuit and Metis guides;

community day tours including country food-style lunch, boat trip and entertainment;

- fly-in2- 3 day native fish camp packages at Walking River;
- 3 - 5 day wildlife/cultural packages to Herschel Island; and expansion of museum and visitors information centre.

Long Term

construction of a naturalist lodge on Peel River (MacLeods) with hikes to Richardson Mountains;

expansion of existing motel (4 - 6 units) to include serviced restaurants;

reconstruction of HBC trading post at Old Aklavik for trips from Aklavik; and

- Black Mountain Territorial Park Development.

2.3 ARCTIC OCEAN AREA

2.3.1 Tuktoyaktuk

o Existing Facilities

See Table 2.3 located at the end of this section.

o Resources

- Pingos;
- Eskimo Lakes;

- Arctic Ocean/beaches;
- picturesque/interesting bay;
- Beluga/Bowhead whales;
- archaeological sites along shoreline; and
- Beaufort drilling islands.

o Issues and Trends

- Tuktoyaktuk enjoys an international reputation. When the Intuk highway is constructed it will become a major northern destination to the benefit of Sachs Harbour, Paulatuk and Inuvik;
- its proximity to Inuvik makes it ideal for 1 - 3 day packages;
- there are several individuals interested in operating a passenger tour boat;
- whalewatching has grown at an incredible rate throughout North America;
- Tuktoyaktuk must undergo a major social transformation due to the loss of jobs and income. Tourism training courses will be essential;
- HTA has been unsuccessful in attracting significant numbers of Polar Bear Hunters due to lack of packaged product; and
- its Arctic Ocean location will always make it a major 'hook' for the Western Arctic.

o Development Opportunities

Short Term
- 1 - 3 day packages including charter flight, hotel accommodation, whalewatching, coastal cruise, Whitefish Whaling Station, Pingos Park;
- development of a Tourist Activity Area including existing Sod House, information cultural centre in restored co-op buildings, The Bay, cruise boat wharf;
- provision of quality guide training; and
- offering of polar bear hunts.

Long Term

- naturalist and fishing resort at Eskimo Lakes;
- coastal tours with overnights at Fish Camps; and
- overnight accommodation at coastal outpost camps including visits to archaeological sites.

2.3.2 Sachs Harbour

o Existing Facilities

See Table 2.3 located at the end of this section.

o Resources

- a unique landscape characterized by rolling hills, meandering rivers, and spectacular sea cliffs;
- the most productive area in the world for muskox and an abundance of polar bear;
- a variety of birdlife including snow geese, gyrfalcon, sand-hill crane and peregrine falcon; and
- Parks Canada proposes a 8,250 km^2 area at north end of Banks Island and a 100 km^2 area at the south end as a national park, eventually bringing international recognition to the island and region.

o Issues and Trends

- Banks Island has the potential to become one of the most unique and exclusive areas in the world for naturalist package tours;
- the HTA has a poor record of hunt management and cost control. Sachs Harbour, although relatively popular with hunters has an unacceptable level of complaints caused by inadequately experienced guides. Their long term reputation is in jeopardy;

the recently purchased AES station (Isiciles Inn) has the potential to become one of the finest resort facilities in the Western Arctic.

o Development Opportunities

Short Term

institute immediately a high quality guide certification program enabling only the top 50% to 60% to become accredited. Use this action for a new product promotion with Guided Arctic Expeditions. This will increase the number of hunts per hunter and greatly improve the reputation of Arctic hunts;

- convert the AES station to a first class resort including 13 double suites, seminar and conference facilities, recreation/T.V./video room, interpretation exhibit area;
- develop 2 - 5 day packages out of Inuvik including side charters to the Thompsen River, Masik Pass, Nelson Head, Gyrfalcon Bluff, archaeological sites, etc.; and
- community tours and visits to seal fishing camps.

Long Term

- market Banks Island as an international wildlife and Inuit culture area;
- four day fishing - observation packages including Capron Lake/Masik Pass;

  outpost camp at Big River including lodge and tent frames; and
- tundra excursions on 4 wheelers to visit archaeological site restorations.

2.3.3 Paulatuk

o Existing Facilities

See Table 2.3 located at the end of this section.

0 Resources

- several excellent craftspeople and a history of excellent craft production;
- possibly the most culturally authentic Inuit community in the Western Arctic;
- scenic location on Darnley Bay;
- popular and emerging Arctic Char (Ikalukpik) Jamboree;
- historic resources including HBC sites at Cape Parry, Letty Harbour, Pearce Point and Paulatuk R.C. Mission;
- 17 polar bear, 50 muskox and 75 barren ground cariboo tags, however, animal concentrations are not as good as other communities;
  excellent char fishing on Hornaday and Brock Rivers;
- dramatic local sites including sand dunes of Brock Lagoon, cliffs and caverns of Hornaday River;
- local soapstone deposits for craft production; and
- new 37′ Islander boat owned by HTA.

o Issues and Trends

- the recent Paulatuk Economic Plan indicates the community is very interested in developing their tourism resources especially guided hunts and wilderness appreciation tours and the development of a craft centre;
- many of the skill development problems associated with polar bear hunts in Sachs Harbour are also evident in Paulatuk;
- the community once had a dynamic and seemingly profitable craft (sewing) production centre; and
- the addition of a planned hotel will greatly increase potential for package trips from Inuvik.

0 Development Opportunities

Short Term

institution of a credible certification program for guides as well as comprehensive guide training workshops for those who fail to meet the qualification;

establishment of hunting outpost camps, possible locations are Delesse Lake, Tom Cod Bay, Tsoko Lake, Ewariege Lake, Pearce Point, Cape Parry and Hornaday River;

in collaboration with HTA and Guided Arctic Expeditions, the active promotion of hunting for polar bear, muskox, Peary Caribou, barren ground grizzly bear, fishing for arctic char, etc.

- the use of new HTA boat for packaged boat trips to Hornaday River, Paul Steen's Camp, Letty Harbour, Pearce Point or Cape Perry. Two to five day packages will include, shore hikes, wildlife viewing (seals, grizzly bear) char and cod fishing, rockhounding, evening entertainment; and
- the continued development of the Jamboree.

Long Term

a major craft production/sewing centre for wall hangings, mukluks and mitts as well as more contemporary art works; and

an international level craft workshop that provides lessons in Inuit craft production to southern artists and interested individuals.

2.4 DEMPSTER HIGHWAY CORRIDOR

o Existing Facilities

hotels/restaurants at either end (Dawson City and Inuvik) as well as a 20 unit all inclusive motel, R.V. campground at Mile 226 - Eagle Plains;

- gas only at Fort McPherson (Mile 345) and minor repairs at Government Maintenance Garages; and
- 6 campgrounds along the route.

0 Resources

- one of the most scenic and spectacular highways in North America;
- the only highway north of the Arctic Circle and, with the proposed construction of the Intuk Highway, the only vehicular access to the Arctic Ocean; and
  extraordinary diversity in views, landscape types, wildlife and wildflowers.

o Issues and Trends

- the Dempster Highway is associated with what will eventually become one of the major tourist attractions in Western Canada - Dawson City;
- the highway is the last truly frontier route in North America but is generally considered unsafe and too great a challenge for most motorists and R.V. operators. Since this is not, the case, a major promotional campaign will be necessary (once more attractions and services are in place in Inuvik and Fort McPherson);
- the Yukon is eager to participate with any development on the Dempster Highway and will consider cooperative construction and marketing ventures; and
- the R.V. market is growing at approximately 10% per year (R. V. rentals at 25%) and represents a major growth segment for proposed facilities along the highway including new visitor service centres, R.V. campgrounds, etc.

o Development Opportunities

Short Term

- tourist information centre at junction of Klondike and Dempster Highways. This facility could be staffed by Yukon and WAVA councillors and could include the necessary static and audio visual information to lure the traveller onto the Dempster Highway - if only for an initial introduction to km 31;

- observation point and visitor information kiosk at km 31, which is meant to expose travelers to the beauty of the Dempster Highway;

  visitor service centre - Fort McPherson including restaurant, service station, supplies and craft sales, campground, and motel;
- pull off at km 61 with trails to Klondike River;
- pull off at km 73.5;
- pull off at km 758;
- Arctic Red River fish camp including native fish camp, craft and food concession, overnight accommodation in 10 tent frames, picnic area;
- pull off - observation tower and interpretation kiosk with views on to Fort McPherson and Peel River at km 538.
- picnic area at Pengling River; and
- the improvement to the fish stock in Midway Lake for sportfishing.

Long Term
- Midway Lake R.V. Resort Campground including 30 - 40 sites, country food outlet, craft sales, amphitheatre for entertainment, canoe rental, interpretation trails, barbeque area;
- Tombstone Mountain Visitor Service (Secondary) Centre (Yukon side). Up the hill from the campground, a facility including motel, restaurant, service station. An alternative site could be Engineer Creek also combining visitor services with an existing campground; and
- Development of fly/drive packages for R.V.'s and car rentals between Whitehorse and Inuvik.

2.5 INVENTORY/ANALYSIS OF FACILITIES

The following tables outline all the various tourism related facilities and resources in the Western Arctic.

While most components of the tourism plant are listed (hotels, outfitters, etc.), major tourism resources (natural, cultural) are also mentioned that could potentially draw people to the community.

TABLE 2.1: EXISTING TOURISM RESOURCES IN THE MACKENZIE RIVER AREA

Component	Name	Facilities
FORT FRANKLIN		
Accommodation	Great Bear Lake Motel	4 rooms, 12 guests, dining area
	Great Bear Trophy Lodge	22 rooms, 44 guests, airstrip dining area
Attractions	Great Bear Lake	
	Roman Catholic Mission	
Activities	2 dog teams	
	HTA Outfitters	
	Several powerboats	35′ steel hull boat
Services	Great Bear Co-op	craft sales
	The Bay	
Transportation	Sahtu Air Ltd.	Fort Franklin based charters (floatplane, 3 aircraft)
	Nahanni Air	scheduled flights
	Winter road access	
NORMAN WELLS		
Accommodation	Mackenzie Valley Hotel	22 rooms, 33 guests, dining area
	Rayuka Inn	10 rooms, 20 guests, dining area
	Norman Wells Inn	8 rooms, 16 guests, dining area
Restaurants	Dennie's Fast Foods	
	Mike Mark’s Chinese Food	
Campgrounds	Campground for canoeists	
Attractions	Canol Trail	
	Oil and gas refinery/islands	
	Mackenzie River	
Activities	Mackenzie Mountain Oufitters	hiking tours
	Bear Island Outfitters	fishing, hiking,
	Several powerboats	
	MW Suvukti	10 passengers (40′)

Component	Name	Facilities
NORMAN WELLS (Cent'd)		
Services	Tee Pee Craft Shop	
	Norwell General Store	
	Roman Catholic Mission	
	Anglican Church	
Transportation	Bow and Arrow Taxi	
	Spruce Valley Taxi	
	Nahanni Air Services Ltd.	Norman Wells based, scheduled and charter flights
	Pacific Western Airlines	scheduled flights
	Page Flight Services Ltd.	Norman Wells based, charters
	Can-Arc Helicopters Ltd.	charters
	Okanagan Helicopters	
	Winter Access Road	
FORT NORMAN		
Accommodation	Bear Lodge	8 rooms, 15 guests, dining area
	Drum Lake Lodge (Wrigley Lake)	35 guests, lodge, tents, airstrips
Restaurant	Metis Coffee Shop	
Attractions	Anglican Church	
	Archaeological Artifacts	
	Mackenzie River	
Activities	Several powerboats	
	Arctic Red River Outfitters	hunting, hiking
Services	The Bay	
	Sarah's Arts and Crafts	
Transportation	Ursus Aviation	Fort Norman based charters
	Nahanni Air	scheduled flights
	Winter Road Access	

Component	Name	Faci 1 i ti es
FORT GOOD HOPE		
Accommodate on	Rampart's Hotel	4 rooms, 12 guests, dining area
Attractions	Our Lady of Good Hope Church	Father Emile Petitot murals
	Mackenzie River	
Activities	Several powerboats	
	HTA Outfitters	fishing, hunting
	Tony Grandejambe	outfitter
	Contemporary Hamlet Office	large public space
Services	The Bay	
	Co-op	
Transportation	Taxi	
	Nahanni Air Services Ltd.	scheduled flights
COLVILLE LAKE		
Accommodation	Colville Lake Lodge	cabins, 12 guests outpost, 10 guests
Attractions/	Roman Catholic Church	
	Museum	
	Log Cabins	
	Art Gallery	Bern Brown paintings
	Colville Lake	
Activities	Several powerboats	
Transportation	Nahanni Air Services	scheduled flights

TABLE 2.2: EXISTING TOURISM RESOURCES FOR THE MACKENZIE DELTA AREA

Component	Name	Facilities
FORT McPHERSON		
Accommodation	Cariboo Motel (closed) and restaurant	6 units dining area
Campground	Nutuiluie Campground	20 sites
Attractions	Peel River Dempster Highway Fort McPherson Canvas Shop Piet Van Loon Peel River Information Centre	 crafts, tent making artist studio
Activities	7 dog teams several powerboats Dempster Partol Outfitters	 14' - 18' in length fishing, wildlife
Services	The 8ay Tetlit Co-op Krutko's General Store Wheton Gas Bar (under construction)	
Transportation	PMB Taxi Kenn Borek Air	 scheduled flights
ARCTIC RED RIVER		
Accommodation	Mackenzie River Fish Camp Transient Centre	 not available for tourists
Attractions	Fish Camps craft shop	 open part time
Activities	Several powerboats	
Transportation	Ferry service connects to Dempster Highways	

Component	Name	Facilities
INUVIK		
Accommodation	Eskimo Inn	78 rooms, 156 guests, dining area
	Finto Motor Inn	31 rooms, 47 guests, dining area
	Inuvik Inn	5 rooms, 10 guests
	Mackenzie Hotel	38 rooms, 74 guests, dining area
	Sitidgi Lake Fishing Lodge	2 cabins, 6 guests, 2 tents
Campgrounds	Chuk Territorial Park	campground, 20 units
	Happy Valley Campground	campground, 17 units
Restaurant	Anton's Dinning Lounge	restaurant
	The Back Room	restaurant
	Inuvik Deli and Bakery	restaurant
	Raven's Nest	restaurant
	The Roost	restaurant
	Mad Trapper	lounge
	The Wolf's Den	lounge & cabaret
Attractions	Mackenzie Delta	
	Igloo Church	
Activities	Mackenzie River Cruises	Fort Simpson to Inuvik
	Several power boats	
	Visitors Information Centre	
	Guided Arctic Expeditions	wholesaler and outfitter
	Beluga Tours	outfitters
	Inuvik Marina Outfitting	freighter canoes
	Inuvik Charter Bus Service	city tours
Services	The Bay	
	Several retail stores	full range of services
	Marine Service	marine supplies
	Ulu Foods	game meats/country foods
	Northern Images	crafts
	Inuvik Parka Enterprises	hand crafted clothing
Transportation	Delta Cabs	taxi
	Inuvik Taxi	taxi
	Airport Bus Service	
	Avis Rent a Car	
	Aklavik Flying Services Ltd.	Inuvik based, charters
	Aklak Air Ltd.	Inuvik based, schedule flights
	Antler Aviation Ltd.	Inuvik based, charters
	Inuvik Coastal Airways Ltd.	Inuvik based, charters
	Kenn Borek Air Ltd.	Inuvik based, schedule fl· ghts
	Pacific Western Airlines	scheaule flights
	Ram Air Charter Ltd.	Inuvik based, scheduled f" ights
	Trans North Air	scheduled flights
	Nahanni Air Services	scheduled flights
	Sunrise Helicopters	Inuvik based, charters

Component	Name	Facilities
AKLAVIK		
Accommodation	Mcleod's Motel	lodge, 6 guests
	Bed and Breakfast	3 rooms
Restaurant	Arey's Cafe	
Attractions	Historic Church	
	Museum	
	proximity to Richardson Mountains	
	Herschel Island	
Activities	HTA	
	several power boats	
Services	The Bay	
Transportation	Aklavik Taxi	
	Arey's Taxi	
	12 passenger van	
	6 passenger ATV	
	Kenn Borek Air	scheduled flights
	Ram Air	scheduled flights

TABLE 2.3: EXISTING TOURISM FACILITIES FOR THE ARCTIC OCEAN AREA

Component	Name	Facilities
TUKTOYAKTUK		
Accommodation	Nunuksivik Lodge	7 rooms, 14 guests, dining area
	Pingo Park Lodge Ltd.	24 rooms, dining area
	Eskimo Lake Fishing Lodge	8 rooms, 16 guests, dining area
	Hotel Tuk Inn	14 rooms, 31 guests, dining area
Restaurant	Igloo Café	restaurant
Attractions	Our Lady of Lourdes	
	Mission Boat	historic boat
	Sod House	under construction
	Cemetery	
	Dew Line Site	
	Oil industry/gas camps	
	Beluga/Bowhead Whales	
	Tuk Bay	
	Beaches	
	Whitefish Whaling Camp	
	Pingo National Landmark	
Activities	3 dog teams	
	several power boats	3 passenger boats (20 max.)
	Tuk Tuk Tours	
	Tuk Enterprises Ltd.	tours
	HTA Outfitters	big game hunts
Services	The Bay	
	Christina Felix Parkas	handcrafted clothing
Transportation	Polar Cabs	
	Tuk Taxi	
	Kenn Borek Air	scheduled flights
	Aklak Air	scheduled flights
	Ram Air	scheduled flights
	Ice road to Inuvik	
SACHS HARBOUR		
Accommodations	Banks Island Lodge	lodge, 5 units, dining area
	Isicles Inn	13 double units, dining area

Component	Name	Facilities
SACHS HARBOUR (Cent'd]		
Attractions	Banks Island wildlife resources proposed Banks Island National Park	
Activities	4 dog teams HTA Outfitters several power boats	 big game hunts
Services	Ikahut Co-op	retail
Transportation	Aklak Air Kenn Borek Air	scheduled flights scheduled flights
PAULATUK		
Accommodation	Thrasher Hotel (new) Transient Centre	6 rooms, 12 guests, dining area
Attractions	Catholic Mission Historic House Hor ıday River	
Activities	several power boats HTA Outfitters 3 dog teams	18' Lunds big game hunts, 37' islander
Services	Inupiam Store (Co-op)	retail
Transportation	Kenn Borek Air Aklak Air	schedule flights scheduled flights

3. MARKET ANALYSIS

3.1 INTRODUCTION

Following the identification of the development opportunities for each community the consultants conducted a market analysis which identifies the existing tourism markets for the Western Arctic and assesses the future market potential for the Western Arctic's tourism product. The tourism markets have been identified by market segment. The market analysis estimates the volume and identifies the demographics for each market segment. By matching the market segment characteristics with the existing tourism product in the Western Arctic, the consultants are then able to identify and priorize the requirements for tourism product development. In addition, the market characteristics will provide the basis for the marketing strategy. The end result will be a tourism strategy which is market driven.

The objectives of the market analysis are to:

- o identify the volume of tourists to the Western Arctic;
- o identify the various market segments and provide information on the market size, profile and expenditure of each;
- o analyze the impact and marketing efforts of the tourism regions that compete directly with the Western Arctic;
- o identify tourism development and marketing trends and their implications; and
- o identify by market segment the potential for short or long term growth.

In order to complete the market analysis the consultants relied largely on qualitative data. At the present time accurate quantitative visitor data are not available for the Western Arctic. The only survey conducted in the region is the 1985 Dempster Highway Exit Survey which represents only one mode of access to the region.

The primary source of information was through personal interviews and follow up phone interviews with local tourism operators. Very few of the accommodation facilities maintain historical records of their guests and the information obtained from the operators is based on their knowledge of the industry. Additional sources of information included the review of N.W.T. market studies, Yukon market surveys and phone interviews with government officials and various travel intermediaries.

3.2 TOURISM MARKETS TO THE NORTHWEST TERRITORIES

The last 5 years have seen a definite recognition and acceptance of tourism as a major economic force in the N.W.T. economy. This has been clearly demonstrated at both the government and individual operator and community level. While the GNWT has provided funding and expertise for planning, data collection and marketing, specific communities and several operators have shown real initiatives in providing tourism services.

In 1984, 41,800 visitors travel led to the N.W.T., 71% by air and 29% by road.[1] The average expenditure per party was $600.00/trip with an average of 1.76 people per party.2 A recent report by the Department of Economic Development and Tourism compiles all the survey data from 1982 through to 1987 and estimates the volume of visitors to the N.W.T. at 58,000 in 1987.3 This represents a 12% increase in visitor volume over 1986.

The value of non-resident expenditure is estimated to be approximately $51 million.[4] This is very impressive when compared against the Yukon for instance, where the volume of non-resident travel is 10 times greater yet the revenue generated is only $90 million[5].

Most visitors are Canadian (88%) with:

41% from Alberta
19% from Ontario
12% from British Columbia

Unlike the Yukon which has a high American (65%) visitation, only 9% of visitors to the N.W.T. are from the U.S. Overseas visitors account for a mere 2%, or a quarter of that in most provinces.

Most visitors arrive by air (70%) while the remaining 30% come by some form of vehicle including:

automobile - 10%
camper - 6%
motorhome - 4%
truck - 6%
van - 3%

The Fort Smith Administrative Region which comprises the Big River and Northern Frontier Tourism Regions attracts 60% of the tourism traffic to the N.W.T. These regions are perceived as the most accessible regions as they have direct road and air access to major population centres in the south. The Western Arctic which is the only other tourism region with road access captures the second largest tourism market share (25%).

3.3 TOURISM MARKETS TO THE WESTERN ARCTIC

The Western Arctic's pleasure travel market can be divided into several segments. The market segments identified for the Western Arctic are:

o rubber tire (recreational vehicle, automobile, motorcoach);
o air pleasure/touring travel;

o hunting;
o sportfishing;
o outdoor adventure travel; and
o visiting friends and relatives.

3.3.1 Rubber Tire

The majority of pleasure travelers are entering the Western Arctic along the Dempster Highway via the Yukon by either their personal or rented automobile, R.V. or by motorcoach. These visitors primarily travel to the region to sightsee. This segment has also been identified as the "General Touring" segment in the recent Product Development Plan for the N.W.T.[6]

Volume

It is estimated that in 1987, 6,360 visitors travel led the Dempster Highway. This volume represents a significant increase of 70% over 1986 (Table 3.1). Prior to 1987 the highway volume had remained somewhat static over the previous 5 years. It is felt that the reasons for this dramatic increase are:

road improvements;
- the placement of a Western Arctic representative at the Dawson City Visitors Centre;
- increased tourism to the Yukon as a result of increased marketing efforts there;
- 33% growth in visitation to Dawson City;
- production and distribution of the Dempster Highway Brochure;
- popularity of the N.W.T. and Yukon pavilions at Expo '86; and
- product development and marketing support provided by the study team.

The rubber tire segment can be subdivided into four components: R.V.; automobile; bus/coach; and small vans. The R.V. and auto-

TABLE 3.1 ESTIMATED DEMPSTER HIGHWAY PASSENGER AND VEHICLE VOLUME

	1985		1986		1987	
	Passengers	Vehicles	Passengers	Vehicles	Passengers	Vehicles
Recreational Vehicles	2,324	830	2,632	940	4,815	1,720
Automobiles	412	147	515	184	850	304
Bus/Coach Tours	600	19	580	18	649	20
Small Vans					47	6
Total	3,336	996	3,720	1,142	6,361	2,050

Source: Dempster Highway Exist Survey. 1985. Acres International Limited, prep. for Economic Development and Tourism, G. N. W.T.

The Market for Motoring Visitors to the N.W. T. 1986. Dept. Economic Development and Tourism, G. N. W.T.

Preliminary 1987 Dempster Ferry Counts. Keith Thompson, Dept. Economic Development and Tourism, G. N.W. T.

mobile vehicle and passenger counts (Table 3.1) are derived from licence plate counts on the Peel River Ferry[7] and an estimated party size of 2.9 derived from the Dempster Highway Exit Survey[8]. The breakdown between R.V. (85%) and automobile (15%) is based on discussion with R.C.M.P. officials in Fort McPherson and Inuvik and visitor statistics obtained through the Inuvik Visitors Centre. The bus/coach vehicle and passenger volume is based on conversations with the three motorcoach operations managers who currently use the Dempster Highway[9]. The small van traffic represents a new component to the Dempster Highway and in 1987 two operators, Rainbow Adventure Tours (Whitehorse) and Swiftsure Tours (Victoria) ran six trips.

Expenditures

The 1985 Dempster Highway Exit Survey indicates that 78.5% of the travelers are primarily pleasure travelers with an average trip expenditure of $150.36 per person while in the N.W.T. In addition, 11.2% of the travelers combine their Dempster Highway trip with "other" reasons and claim an average trip expenditure of $356.71 per person.

Visitor Profile

For the past three years the non-resident license plate origins have been recorded on the Peel River Ferry (Table 3.2), however, these data do not account for rental vehicles and consequently do not always reflect true visitor origin. An analysis of these results on Table 3.2, the 1985 Dempster Highway Exist Survey plus an analysis of the Inuvik Visitor Centre's 1986 and 1987 visitor registration books (Table 3.3) indicates that in descending order, the origins of rubber tire segment are as follows:

1. Canadian - the four major provinces are B.C., Alberta, Ontario and the Yukon.

TABLE 3.2

DEMPSTER HIGHWAY LICENSE PLATE COUNTS 1985-1987

	1985[1] %	1986[2] %	1987[3] %
Canada			
Yukon	18	16	15
British Columbia	18	15	14
Alberta	13	12	13
Ontario	10	7	7
Other Prairie Provinces	4	5	6
Other Eastern Provinces	2	2	4
Sub-Total Canada	65	57	59
United States			
Alaska	6	7	5
California	5	9	6
Washington	3	4	3
Texas	2	2	2
Michigan	2	2	3
Oregon	2	N/A	2
Remaining States[4]	14	18	19
Sub-Total U.S.A.	34	42	40
Overseas	1	1	1
TOTAL	100	100	100

Sources:

1 The Market for Motoring Visitors to the N.W.T. 1985. Dept. Economic Development and Tourism, G.N.W.T.

2 The Market for Motoring Visitors to the N.W.T. 1986. Dept. Economic Development and Tourism, G.N.W.T.

3 preliminary 1987 Dempster Ferry Counts. Keith Thompson, Dept. Economic Development and Tourism, G.N.W.T.

4 Remaining USA comprised Of 30 States,

5 Overseas composed of Germany, Switzerland and Austria.

TABLE 3.3

DEMPSTER TRAFFIC: POINT OF ORIGIN

	1985 DEMPSTER EXIT SURVEY		1986 INUVIK VISITOR CENTRE REGISTRATION		1987 INUVIK VISITOR CENTRE REGISTRATION	
Canada	% Can.	% Total	% Can.	% Total	% Can.	% Total
N.W. T.	N/A		6		5	
Yukon	19		4		8	
British Columbia	34		25		31	
Alberta	21		22		19	
Ontario	13		24		27	
Other Prairie	8		10		4	
Other Eastern	5		9		3	
	100%	58	100%	43	100%	45
United States	% U.S.		% U.S.		% U.S.	
Western	39		34		55	
Midwest	24		9		10	
Mideast	20		22		13	
Eastern	17		35		22	
	100%	38	100%	30	100%	34
Europe	% Europe		% Europe		% Europe	
West Germany	50		25		36	
Switzerland			43			
Great Britain	50		9		11	
Others			23		53	
	100%	4	100%	25	100%	19
Other	% Other		% Other		% Other	
Japan			12		15	
Australia			54		51	
Others			34		34	
	100$		100%	2	100%	2
		100%		100%		100%

2. U.S.A. - the western and eastern states represent the largest proportions especially California, Alaska, Washington, Florida and Texas.

3. Overseas - Germany, Switzerland and to a smaller degree Australia and Japan are key countries.

Other data obtained from the 1985 Dempster Highway Exit Survey and the 1987 Inuvik Visitor Centre Registration survey makes it possible to develop a typical Dempster Highway Traveller Profile:

- average party size is 2.8 travelers per vehicle;
- 35-45% are 41 years or older (IVC suggests average age may be decreasing);
- the proportions of professional and skilled labourer occupations and retirees are fairly equal at 20-25% each;
- close to 50% earn incomes greater than $40,000.00 per annum;
- average length of stay (travel on the Dempster to Inuvik and back) was 3 nights/4 days in 1985 but appears to have increased in 1987 as IVC indicates 67% of registrants spent 2-3 days in Inuvik alone;
- average per person expenditure was $209.45 or $52.00 per day in 1985. This is estimated to have increased to $70.00 in 1987; and
- five activities dominate visitors' interests, namely camping, shopping for crafts, visiting museums/historic sites, nature study and fishing. These can all be categorized as either outdoor or heritage related, perhaps indicating how most tourists view the Northwest Territories.

As a result, Dempster Highway visitors are typically older and have the time and money to spend at various visitor attractions during their travels. The fact that length of stay has increased in recent years can largely be attributed to the greater number of visitor activities available in Inuvik and the surrounding communities. Similarly, longer visitation in the Western Arctic could be expected with the development of additional activities and facilities along the highway and communities connected to Inuvik.

Additional comments from the 1985 survey indicate that Dempster Highway travelers seek improved road conditions and services, information outlets and activities. These needs were confirmed by recent interviews with several R.V. caravans operators who also indicated that there is concern over the Dempster Highway's safety in terms of its road conditions and facilities, especially gas pumps, and that there is a general lack of information (both before and while on the highway) on activities and festivals.

3.3.2 Air Pleasure Travel

This segment consists of those travelers arriving to the region by air and primarily for pleasure travel. This segment includes the visiting friends and relatives component. Very little information is known about the activities these visitors participate in, however, it is assumed that these visitors are primarily arriving into the region to sightsee and cannot be identified under any of the other market segments.

Based on phone interviews with airline officials, it is estimated that 750 visitors arrived to the region by air in 1987 for pleasure travel. An average trip expenditure of $340.00 per person can be applied to these visitors. This expenditure is derived from the overall N.W.T. average party expenditure of $545.00[10] assuming an average party size of 1.6[11]. The principle market origins are Alberta and Ontario[12].

3.3.3 Hunting

Big game hunters to the Western Arctic can be divided into 2 categories based on their destinations: the Arctic Ocean and

Mackenzie River Area hunters. Although there are tags available, there are no hunts occurring in the Mackenzie Delta area at the present time.

The typical hunter visiting the Arctic Ocean Area flies into Inuvik and from there is transported to one of three communities; Tuktoyaktuk, Sachs Harbour, or Paulatuk. These visitors hunt for polar bear and muskox in the spring (March to May) and for caribou and muskox in the fall (September to November).

Most Mackenzie River Area hunters fly into their base camp from Norman Wells; one outfitter interviewed uses Watson Lake out of the Yukon. These hunters are primarily hunting for Dan sheep, caribou, moose and wolf. The hunting season in this area is from July to October.

Volume

The number of hunters to the north has increased dramatically (76%) over the past two years. In 1987, Guided Arctic Expeditions registered 86 hunters. It is anticipated that the number of hunters will increase in 1988.[13] In the Mackenzie River Area, the outfitters registered approximately 180 hunters in 1987.

Expenditure

Hunters traveling to the Arctic Ocean Area pay between $10,000.00 to $15,000.00 for a 10 day trip. In 1987 the 86 northern hunters generated $1,067,000.00 in revenue. In the Mackenzie River Area total hunting expenditure was $900,000.00. This is based on an average trip cost of $5,000.00 (range is $3,000.00 - $7,000.00).

Profile

The Arctic Ocean Area only attracts hunters from the U.S. and although U.S. hunters are the prime market for the Mackenzie River Area outfitters, the number of Canadian hunters is increasing. Using the 1983/84 GNWT tag registration the overall breakdown of the hunters by origin is:

- 67% U.S. - west coast 15%, California
  central 41%, Texas, Louisiana
  east coast 11%, Florida
- 28% Canadian - Alberta 22%
  - British Columbia 4%
  - Other 2%
- 5% European - West Germany 3%

While information regarding the income and age of the Western Arctic hunters is not available, a recent Yukon study provides detailed hunter profile data.[14] The typical hunter in the Yukon is male, aged 35-60 and earns $40,000.00 a year or more and is a senior business executive or professional. The study also classified the hunters based on experience from novice to veteran. The northern region of the Yukon tends to attract the veteran hunter as opposed to the southern region which attracts a wider variety of hunters (novice to veteran). The veteran hunter is not price conscious, is interested in trophy hunting and is looking for the exotic hunt (remote locations, rare species, unusual equipment). Repeat visitation tends to be higher with the more experienced hunter given that his expectations are met (quality guide and accommodation play a vital role).

3.3.4 Sportfishing

There are two types of sport fishermen who travel to the Western Arctic, the trophy fishermen and the wilderness fishermen. The trophy fishermen travels to Great Bear Lake where he can select from five fishing lodges, one of which is in the Western Arctic (Great Bear Trophy Lodge). The wilderness fishermen can fly to one of four lodges within the Western Arctic to fish for a variety of northern freshwater species. The four lodges are Colville Lake Lodge, Sitidgi Lodge, Drum Lake Lodge and Eskimo Lakes Lodge. The following market information is based on interviews-with lodge operators.

Volume

All of the lodges operate over a short season, from July 1 to August 31. In 1986 Great Bear Lodge was in receivership and was not fully operational. As a result, the occupancy was low and by 1987 the lodge was able to attract 260 guests. The other lodges in the Western Arctic also experienced low occupancies due to a variety of factors (new ownership, limited marketing and limited operations) and the four lodges in total registered only 92 guests.

Expenditures

Great Bear Lodge traditionally offers 7 day all-inclusive packages ranging from $2,200.00 to $2,700.00 depending on the gateway (Yellowknife, Edmonton and Winnipeg). In 1987, due to financial problems, the lodge offered 4 day packages at a reduced rate and generated $448,000.00. The fishermen to the 4 wilderness lodges spent a total of $50,000.00 in 1986.

Visitor Profile

Visitor profile data are limited for the sportfishing segment. In the past the fishermen to Great Bear Lodge have primarily come from the U.S. (approximately 80%) with a small Canadian component (20%, Alberta and Ontario). The owners are noticing an increase in the number of females as more fishermen are traveling with their spouses.

3.3.5 Adventure Travel

Presently Outdoor Adventure product is very limited in the Western Arctic and the only available outdoor adventure packages have been developed by tour operators located outside of the N.W.T. Eco-summer (B.C.) in co-operation with Guided Arctic Expeditions operating on the Firth River and Blackfeather (Ontario) operating on the Mountain River attracted in total 57 canoeists in 1987. The primary markets for these two operators are eastern Canada and the U.S. The average per diem expenditure is $150 and the trips were two weeks in length. Photo Safaris (New York) guided 128 visitors to Banks Island for a wildlife photography tour in 1987. The average per diem expenditure was $280.00.

In comparison with the other tourism regions the Western Arctic is only capturing 0.8% of the total Outdoor Adventure Travel to the N.W.T.[15] The Fort Smith, Baffin and Arctic Coast regions have developed numerous adventure packages and attract the greatest market share of the adventure segment.

3.3.6 Summary of Market Segments

Table 3.3 summarizes the 1987 visitor volume for each market segment to the Western Arctic. Approximately 7,804 tourists visited the region in 1987. The percent market share for each of the five tourist market segments is:

82% Rubber Tire
10% Air Pleasure
3% Hunting
4% Fishing
1% Adventure Travel

3.4 REVIEW OF TOURISM MARKETS TO OTHER NORTHERN DESTINATIONS

3.4.1 Tourism Markets in the Yukon Territory

In 1987 it is estimated that 503,000 visitors travelled to the Yukon.[16] This volume represents an overall increase of 4%. Historically the Yukon has experienced higher growth rates. From 1982 through to 1985 the Yukon experienced an average annual growth rate of 9.5%.[17] This has decreased to 4% for 1986 and 1987.

TABLE 3.3

1987 VISITOR TRAVEL TO THE WESTERN ARCTIC

MARKET SEGMENTS	VISITOR VOLUME	%
Rubber Tire		
R.V.	4,815	62
Auto	850	11
Coach	649	8
Van	47	1
Air Pleasure	750	10
Hunting		
Arctic Ocean Area	86	1
Mackenzie River Area	180	2
Fishing		
Trophy	260	3
Wilderness	92	1
Adventure Travel	75	1
TOTAL TOURIST TRAFFIC:	7,804	

Source:
- Dempster Highway Exit Survey, 1985.
- The Market for Motoring Visitors to the Northwest Territories, 1985.
- Tourism Facts Northwest Territories, 1987.
- Telephone Interviews with Western Arctic Tourism Operators.

Like the Western Arctic, most people come to the Yukon by personal vehicle (62%) and stay for more than one night. Thirty-two percent of the visitors arrive by motorcoach and 6% by air. The average party size is 2.19 and individual expenditure is $250.75. The average length of stay is 4.25 days.[18]

The origin of visitors to the Yukon closely resembles that of the Western Arctic. In the Yukon 26% come from Canada with British Columbia, Alberta and Ontario being the major markets. License plate counts on the Dempster suggest similar markets.

While 65% of tourists to the Yukon are American compared to 42% on the Dempster and perhaps 45% overall to the Western Arctic the geographic origin of both is similar. They include California, Alaska, Washington, Michigan, Texas and Florida.

Dawson City

When discussing the Western Arctic tourism markets in relation to the Yukon it is important to focus on Dawson City. As discussed in the previous section 83% of the visitors to the Western Arctic arrive via the Dempster Highway and in 1987 it is this "rubber tire" or "touring" segment which experienced the greatest growth increase. This market originates in Dawson City and therefore tourism patterns within Dawson City will directly affect the volume of visitors on the Dempster Highway.

It is estimated by Tourism Yukon officials that in 1987 54,000 visitors arrived in Dawson City. Of these visitors, approximately 46,000 signed in at the Visitor Reception Centre. Attendance at the Dawson City Visitor Centre for 1982 through to 1987 is indicated in Table 3.4. Both Dawson City and Watson Lake Visitor Centres experienced the highest growth increases when compared to the other visitor centres. In addition, these two centres are typically well above the overall average for all Yukon Visitor

TABLE 3.[illegible]

ATTENDANCE AT YUKON VISITOR RECEPTION CENTRES 1982-1987

	1982	1983		984		985		1986		1987	
	# people	# people	% increase	# peop'e	% increase	# people	% increase	# people	% increase	# people	% increase
Dawson City	26,683	29,157	9	34,094	17	32,995	-3	34,583	5	45,826	38
Watson lake	13,904	18,468	33	22,706	23	20,350	- 0	25,977	28	N/A	
Yukon Total[1]	114,090	109,305	4	118,105	8	1[illegible]554	-6	135,089	22	N/A	

1 Includes attendance from Watson Lake, Whitehorse, Haines Junct[illegible]n, Beaver Creek, Dawson City, and Carcross Visitor Centres

Yukon Tourism Highlights, 1986. Department of Tourism, Whitehorse
George Sinfield, Research Division, Department of Tourism, Whitehorse

Centres. According to the marketing officials with Tourism Yukon this high growth rate in Dawson City is due to two factors; Tourism Yukon's extensive marketing campaign for Dawson Cit. and the increase in tourism development (facilities, attractions, activities) in the community financially supported by Parks Canada. Over the next five years both Tourism Yukon and Parks Canada have committed to continue their financial and marketing support to Dawson City and as a result growth to Dawson City is anticipated to increase by 15-20% per year.[19]

In summary, the profile of tourists to the Western Arctic more closely resembles that of the Yukon than that of the N.W.T. As tourism on the Dempster increases, this factor will become even more significant and result in a very particular focus to the Western Arctic Development and Marketing Strategy.

3.4.2 Tourism in Alaska

Since 1982 Tourism in Alaska has been increasing by approximately 4% per year except for 1986 when traffic increased by 12%. The high growth rate for 1986 reflects the increase in cruise ship activity due to Expo '86. In 1985, 700,000 non-residents visited Alaska and 787,000 in 1986 generating $659,000,000 and $700,000,000 in revenue respectively.[20]

Unlike the Yukon and Western Arctic the majority of the visitors arrive by air (66%, and cruise ship (21%). Only 9% or 71,000 of the visitors[21] arrive by personal vehicle. Information regarding the number of visitors who arrive by air and rent an automobile or R.V. to tour the State and Territories is not available. There are 12 car rental agencies in Alaska and all operators are experiencing growth. Visitors to Alaska stay an average of 8.1 days.

The origin of the visitor to Alaska is primarily west coast U.S. (55%), with California (19%) and Washington (17%) being the dominant states. The remaining visitor breakdown by origin is:

Midwest U.S.	- 15%
South U.S.	- 15%
East U.S.	- 8%
Canada	- 4%
Overseas	- 3%

The average age is 47 years, and 46% of the vacation travelers are employed and 44% retired.

Alaskan visitors are primarily interested in sightseeing and visiting the Alaska coastline. The spectacular glaciers have been the main drawing card to Alaska. Freshwater fishing and hunting are available but are secondary market segments.

3.4.3 Tourism Markets to Adjacent N.W.T. Regions

Big River/Northern Frontier

In 1987 the total number of visitors to the two zones was 34,500 representing 60% of the total N.W.T. volume. The 1987 visitor volume estimation represents a 6% increase over 1986. Of these visitors, 62% arrived by air with the balance arriving via the two highways serving the area. Nearly half of the total arrivals to the areas are from Alberta which is logical considering Edmonton is the major gateway north.[22]

The average length of stay was 16 days for business travelers while vacationers spent an average of 10 days in the region. The average party size is the same as for the N.W.T. as a whole. Approximately 38% of visitors stay with friends and relatives with the balance split between roofed accommodation (42%) and camping/

R.V. sites. The estimated expenditures are $29,500,000.00. Forty-eight percent of the visitors had Yellowknife as their primary destination.

3.5 COMPETITION

As a northern destination, located in the northwestern region of North America, the Western Arctic must compete with two of the most aggressive and sophisticated northern destinations in the world - the Yukon Territory and Alaska.

They have established both individual and joint marketing programs, for the past decade, resulting in extensive recognition throughout the United States and Canada. They are also perceived as true northern destinations and have generated a strong image of providing quality northern activities, attractions and experiences.

For instance, the Yukon Visitors Association attended 45 trade shows per year over the past three years and advertised in many R.V. and west coast leisure living magazines. It is within this context that the Western Arctic must promote its own unique character as well as collaborate, when appropriate, with the established Yukon and Alaska northern travel product.

3.5.1 The Yukon Territory

Like the Yukon, whose high tourism volume is closely linked to Alaska, so too is Western Arctic tourism closely associated with that of the Yukon. Discussions with tourists indicate that traveling the Dempster and visiting the Western Arctic is only part of a trip to the north, with the Yukon being an important part of that experience. Both the competitive and cooperative links with the Yukon are significant.

Market Segment Comparison

The Yukon and the Western Arctic basically share the same market segments:

- o R.V. and automob "ile travellers;
- o sport fishermen;
- o hunters;
- o motorcoach passengers;
- o air travelers; and
- o adventure travelers.

They are even very similar in terms of percentage of volume as the following figure suggests.

SEGMENT	WESTERN ARCTIC	YUKON
R.V., Auto	73%	73%
Air Pleasure	10%	12%
Motorcoach/Van	9%	12%
Fishing	4%	3%
Hunting	3%	0.5%
Adventure	1%	6%

Of course the Yukon enjoys approximately 100 times the visitor volume of the Western Arctic which means that 3% for fishing in the Yukon translates into 1,600 anglers while the 7% in the Western Arctic represents 377 anglers.

It therefore becomes important to compare travel to the Yukon with that of the Western Arctic on a segment by segment basis.

Recreational Vehicle/Automobile

The Yukon has aggressively pursued the R.V. market over the past five years. They advertise in Milepost Magazine and are now represented in 5 major U.S. camping magazines. This has resulted in a significant 356,300 R.V. and auto visitors. Many of them are definitely enroute to Alaska, (there are 212,000 entries into the Yukon at the Alaska border crossing).[23] With an average length of stay of 4.3 days, it can be assumed that this segment has a substantial impact on the economy.

The Yukon's success with the R.V. market is due to its marketing efforts but also to its quality campgrounds and attractions. Campsites are larger and have more services than in the Western Arctic. There are better roads and many more attractions, especially in Whitehorse (M.V. Schwatka, Frantic Follies) and Dawson City (Diamond Lils, Yukon Belle, etc.).

In summary the costs are lower and the product is different in some areas. This is the environment in which WAVA must compete. Nevertheless the potential for growth to the Western Arctic is impressive. For instance, there are approximately 54,000 visitors to Dawson City, of which 38,000 arrive by R.V. or automobile.[24] In 1987 an exit study was conducted in the Yukon and the initial counts for the southern section of the Dempster indicate 8,000 non-resident visitors. When compared with the 1987 estimation of the Peel River ferry counts, it appears that the Western Arctic captures 75% of the visitors who travel the Dempster Highway. While the Yukon may have convinced them to come to Dawson City, WAVA is in an excellent position to encourage them to drive further on the Dempster to Inuvik and the Arctic Ocean.

Motorcoach Traffic

There were 58,500 overnight bus tour passengers to the Yukon in 1986 and although the 1987 figure is not available it is estimated that this number is down 5-7% for 1987 (primarily due to the absence of Expo touring buses).[25] Ninety percent of this volume is due to cruise/coach packages. A portion of this volume visited

Dawson City and represent potential traffic to Inuvik. There are 5,850 bus passengers who are not on a cruise itinerary and most go to Dawson City. Inuvik receives only 10% of this total (and only 1% of all the motorcoach traffic to the Yukon). There is an opportunity however to sell to these existing tour groups and increase the bus traffic to the Western Arctic by aggressively marketing the fly/bus packages.

For as long as the Yukon continues to sell aggressively to this group, it can put more motorcoach traffic on the Western Arctic doorstep. Cooperative packaging with the Yukon represents an opportunity to combine an Arctic/Dempster experience with the increasingly successful Yukon bus tours.

Huntina

Hunting is a well established segment in the Yukon and hunters increased from 405 in 1985 to 446 in 1986.26 The Western Arctic has a certain competitive edge in that it can also sell Polar Bear and Muskox hunts. Growth in demand for these two species, in the N.W.T., resulted in an overall increase of 33 hunts from 1985 to 1986 (230 hunts).

Hunting in the Yukon is extremely well organized and competitive. All operators live in the Yukon and they actively engaged in cooperative marketing with Tourism Yukon through their Outfitters Association. The operators in the MacKenzie Mountains on the other hand are mainly non-resident.

Guided Arctic Expeditions on the other hand is doing an admiral job in organizing and training the local HTA guides in the Beau-fort Area. Since the Yukon and the Western Arctic largely compete in the same markets for the hunter any improvement on the latter’s product development and packaging will greatly enhance their competitive position.

Fishing

Like hunting, the Yukon has a well established sportfishing product. Operators are residents and cooperative marketing has given Yukon sportfishing an international reputation. While the Yukon attracts more anglers (1,600 total, 150 trophy), the Western Arctic offers more opportunity for trophy fishing (320 total, 285 trophy) on Great Bear, Drum, and Sitidgi Lakes.

Outdoor Adventure Travel

The Yukon totally dominates the canoeing, hiking, kayaking, photography, nature interpretation market. This is because there has been virtually no product development of this type in the Western Arctic. No more than 75 people came to the Western Arctic in 1987 for a wilderness/adventure experience. The Yukon on the other hand had approximately 1,650 adventure travel visitors.

3.5.2 Alaska

Alaska is the most popular northern destination in North America receiving approximately 800,000 visitors annually. Unlike the Yukon, it is not a direct competitor with the Western Arctic. Firstly, 66% of tourists to Alaska arrive by air. Flights to Anchorage, for instance, are considerably less expensive than to the Western Arctic and the state benefits from the intense competition between Alaska Airlines, Delta and Northwest Orient.

The market segments are consequently very different from both the Yukon and the Western Arctic. Only 9% arrive by R.V. or automobile and the remainder arrive by cruise ship.

The product offering is also considerably different with most visitors interested in marine-based activities such as cruises, coastline tours and saltwater sportfishing.

There is however, a shift towards the new outdoor adventure products and in the long term this may have an impact on Canadian northern destinations.

As well, there are plans for a road to Point Barrow. This would remove Inuvik's exclusive claim to having the only route above the Arctic Circle and to the Arctic Ocean. However additional quality attractions at Inuvik should offset any potential competition arising from this new Alaska route.

3.5.3 Big River/Northern Frontier

From a competitive standpoint the key concern is in trophy/ sportfishing. With the lodges on or near Great Slave Lake, plus the lodges in the Big River Zone and those within the Northern Frontier located on Great Bear Lake there is definite competition. In total there are 3 times as many lodges in these zones as in the Western Arctic. In addition, they are generally located closer to major population centres; and, in the case of Great Bear Lake, the lodges are on direct charter routes from Alberta with resulting cost savings for air travelers.

3.6 EXISTING MARKETING PROGRAMS

3.6.1 Western Arctic Marketing Programs

The Western Arctic Visitor's Association has become slight? ' more aggressive in promotion of the region. During the past year, they have been actively pursuing the R.V. Market and have strengthened their coverage of the Dempster Highway which accounts for 75% of its non-resident visitor count. Specifically, they participated in a series of R.V. shows with the Yukon Visitors Association throughout the southern U.S. in the spring of 1987. They also participated in 4 travel consumer shows with TIA N.W.T. For the first time they joined in the Whitehorse Travel Show in May 1987 and as well have produced a new four colour brochure on the Dempster.

In addition to this R.V. promotion, WAVA has placed ads in a variety of consumer magazines in Canada and the U.S. in order to assist in selling their other market segments which are also promoted in the 'The Explorers Guide'. Inquiries are fulfilled by TravelArctic. For instance, they answer inquires from travel writers and sponsor an average of 4 writers per year for various market segments. A formal monitoring method needs to be established in order to keep track of international contacts who are able to assist TravelArctic in qualifying media leads.

WAVA has effectively used operator assistance funds' to support the printing of additional operator brochures. This needs to be continued, but as well there should be increased assistance for external promotions. For example, assistance is required on how to access and follow up on potential client mailing lists.

The region has been weak in contacting potential tour operators. In order to strengthen other market segments, direct linkages need to be developed with various types of operators. For instance a tour operator who specializes in wildlife or Inuit culture, such as Tuk Tours, could be connected with an existing ground operator for joint promotion of special group travel such as canoeing, zodiac trips, fishing, river boat touring, rock hounding, arts and crafts workshops, etc. As well, local operators such as Banks Island Outfitters or Mackenzie River Tours would also be able to work through the Arctic Tour Company once it gets established.

3.6.2 Collaborative Marketing

WAVA is now working closely with TIA - N.W.T. and is participating in the three year marketing plan and the one year implementation plan.

The distinction between the efforts of TIA - N.W.T. and TravelArctic are now more clearly defined. For instance all consumer travel shows are now coordinated through TIA - N.W.T. and this allows WAVA to pick and choose its participation. If a show covers a market segment of interest WAVA either can participate or decide to abstain if the show is not considered to be immediately relevant. This enables WAVA to efficiently disperse its financial and human resources across a number of target markets.

TIA - N.W.T. is coordinating those joint consumer advertising programs that include multi-zones. WAVA therefore has the option to participate depending on the specific target market of the publication. This assists the zone on overall budgeting as the funds for these ads flows from EDA to the zones.

Through both TIA - N.W.T. and TravelArctic, their full participation provides them with a better understanding of what other zones in the N.W.T. are doing and allows them to better position themselves. In other words, if the Arctic Coast has had some success with Arts and Crafts workshops, then there may be the potential for similar activities in adjoining communities in the Western Arctic.

TravelArctic is handling most of the Travel Trade promotion for the zones. It is one area in which WAVA has not been as active as it should have been and this linkage needs strengthening. One of the problems has been lack of tour operator/travel agent product. Tourism and Parks and WAVA will work closer in the future to develop new product to at least satisfy existing demand especially as requests come in through the new 1-800 telephone line.

During 1987 the first ad agency was appointed by TravelArctic. This is a very important step and will assist the department and the zones in the quality and consistency of the message directed at consumers. This will continue to be TravelArctic's responsibility. However, while TravelArctic continues to build an overall image and increase awareness, the Zones can take a more segmented approach in their marketing.

3.6.3 Marketing by the Competition

The major competitor for the Western Arctic is the Yukon Territory and to a much lesser degree other N.W.T. zones. Because of the high percentage of arrivals on the Dempster highway, Tourism Yukon marketing efforts have had a greater impact (on the Western Arctic) than any other N.W.T. zone.

The Yukon Visitors Association is responsible for attendance at consumer shows and in 1986 covered, either by themselves, or with private sector partners, over 40 shows. They also coordinated consumer advertising but generally only when cooperative programs were in place. They are not responsible for general image advertising.

Tourism Yukon, as with TravelArctic, handles all of the travel trade advertising and travel trade shows. They have been aggressive in this area and particularly so in the R.V. and other rubber tire markets. For instance, they usually cover 30 to 40 automobile club offices each year with training seminars for the auto trip planning staff. Recently they have started to promote in Australia and New Zealand. This region has been a developing market for them in their adventure travel segment. Tourism Yukon handles all the consumer advertising through their ad agency and it has been very professionally carried out.

Tourism Yukon is particularly effective in supporting various market segments. For instance in 1986 they assisted the Yukon Outfitters Association in analyzing the Big Game Hunters and then created a 4 year marketing plan directed at their target markets. At the same time they also took a thorough look at the Outdoor Adventure Market and came up with a single brochure to cover the important market segments such as canoeing, back packing, fishing, trail riding, etc. With this brochure in place they then target marketed the product offerings through specific media.

3.7 MARKET POTENTIAL: RUBBER TIRE TRAVELERS

3.7.1 The North American R.V. Market

Although their was no growth in 1986 R.V. sales in the U.S. the demand for R.V. rentals has increased steadily over the last several years. According to David Humphreys, President of the R.V. Industry Association, rental figures have almost doubled every year for the past few years. It is estimated that approximately 75% of the non-resident traffic on the Dempster Highway is R.V. traffic. These visitors either drive their own vehicle or rent a vehicle from one of the 5 agencies in the Yukon or 12 agencies in Alaska.

Approximately 30 North American R.V. Clubs and Associations were contacted. Of these, 20 groups representing 624,220 members have members who have travelled to the North. All 20 clubs are interested in the Dempster Highway and requested information. The R.V. owners travel to Alaska either along the B.C. - Yukon - Alaska highway route, or take a ferry to Alaska one way and highway another, or rent R.V.'s in the North. They are also combining their R.V. trip with air excursions or a cruise along the Inside Passage.

Over 15 R.V. caravan operators were contacted representing over 74 trips each year (1,660 R.V.'s) along the B.C. - Yukon - Alaska route. Only two of these operators offer trips on the Dempster Highway. Many of these operators offer air excursions to the Western Arctic in their itinerary.

The overall interest in the Dempster Highway ranged from 30% to 70% of the individual and group travel. The majority of R.V. traffic is independent travel. Even though there is a strong interest in the Dempster Highway the majority of people contacted are concerned with the road conditions and lack of facilities, in particular gas pumps. The caravan operators also identified the need for:

- o arts/cultural festivals in Inuvik;
- o trained local tour guides/operators;
- o short flight excursions from Alaska;
- o R.V. rentals in Dawson City;
- o collaboration with existing tour operators in Alaska to upgrade facilities;
- o alternatives to driving back down the same route; and
- o promotion of the Dempster.

The lack of awareness of the Dempster Highway was evident with the majority of interviews. All clubs, organizations and tour operators requested information for their newsletters. There is a strong demand for promotion of the highway and the uniqueness of the Arctic Circle including wildlife, native culture and arts and crafts. Several marketing avenues were identified:

- o newsletters;
- o club and association rallies;
- o brochures in R.V. rental and sales outlets; and
- o discounts for facilities and activities to club/association members.

3.7.2 R.V. and Automobile Travelers Seven Year Projections

As previously discussed the R.V. and automobile travelers account for 74% of the traffic to the Western Arctic. Dawson City is the point of departure for these visitors and as a result tourism growth on the Dempster Highway is directly related to growth in Dawson City. According to Tourism Yukon officials the tourism growth in Dawson City is anticipated to average 15 to 20% per year over the next five years and then decrease to 5% per year (see Section 3.4). In 1987 Dawson City experienced a 32% growth rate and the Dempster Highway traffic experienced a 70% increase. It is felt that this extremely high growth rate is primarily due to two factors; the improvement of the highway for automobile/R.V. use and the positioning of a Western Arctic representative at the Dawson City Visitor Centre to promote and encourage the use of the Dempster Highway. In all probability if the status quo is maintained the Dempster Highway growth rate will drop in 1988 to reflect the Dawson City growth rates. However the results of the WATS study clearly outline a marketing and product development strategy which focuses on the Dempster Highway traveller. If the recommendations within the Tourism strategy are acted upon and an aggressive marketing campaign is conducted it is projected that the R.V./automobile segment could obtain growth rates of 30% within the first few years. It is projected that within seven years the Dempster Highway traffic (including motorcoach and van passengers) to Inuvik could capture a 20% share of the tourism traffic to Dawson City (Table 3.5).

3.7.3 Motorcoach/Van Potential Market

There are two operators who offer trips on the Dempster Highway. Horizon and Atlas tours do not anticipate substantial growth in this product over the next few years. Horizon predict an increase of 3-5% over the next 5 years. Atlas is indicating a decline after a difficult year in 1986, however they are now hauling for Wells Gray Tours based out of Kamloops and this will reverse the decline by 1988. In order to expand this market, the highway needs to continue its upgrading of services with particular emphasis on the N.W.T. portion. Additionally there needs to be more attractions/ activities at the Inuvik end of the trip.

There is potential for growth in the type of program being offered on a more formal basis this year by David Howe of Rainbow Adventure Tours out of Whitehorse. He is offering a small van program for up to 10 passengers per trip. This tour may increase in

TABLE 3.5

SEVEN YEAR VISITOR PROJECTIONS FOR THE DEMPSTER HIGHWAY AND DAWSON CITY

	1987	988	1989	990	1991	1992	1993
DEMPSTER HIGHWAY							
Rubber Tire	4,815	5,906	7,677	9,980	12,475	15,594	17,933
Automobile	850	1,027	1,334	1,735	2,168	2,710	3,116
Coach	649	690	750	810	870	930	990
Van	49	83	113	143	173	193	230
Total Rubber T re	6,363	7,706	9,874	12,668	15,686	19,427	22,269
DAWSON CITY							
Visitor Count	54,000	62,100	71,400	82,000	94,000	99,000	104,000
% Market Share	12	2	14	15	17	20	21

popularity because of its reduced risk to the operator and attractiveness to consumers who want to stop along the route. Rainbow Adventure Tours have built up a strong European market over the past 10 years for the Yukon small van adventure market (300 in 1986). There is excellent potential for this product, along the Dempster.

Based on interviews with motorcoach and small van operators the growth potential for these travelers are considerably less than for the R.V./automobile travelers (less than 5% per year). Only three operators are presently interested in the Dempster Highway and they project an increase of four additional passengers plus one additional tour over the next five years. The small van operators are optimistic in the growth potential of the Dempster Highway and project an increase of approximately 200 passengers over the next seven years.

3.8 MARKET POTENTIAL: HUNTERS

3.8.1 Arctic Ocean Area

There has been an increase of over 100% in Polar Bear/Muskox hunts from 1985 to 1987. This rate of increase will slow down in 1987 but will probably reach 80 hunters (up from 54 in 1986). This market has been controlled by Guided Arctic Expeditions who currently have a strong marketing campaign. The growth in this market segment is, however, restricted by the number of permits available as well as the expertise of the guides and the quality of dog teams.

Hunting on Banks Island and the areas around Paulatuk and Tuktoyaktuk is a unique experience for the exotic hunter and demand will increase as long as tags are available. From a baseof 86 hunters in 1987, approximately 8 to 10 tags could be added for sports hunting each year for a total of 120 hunters by 1992.

3.8.2 Mackenzie River Area

In the unit "E" area which falls within the Western Arctic there are 6 registered big game outfitters. They cover areas E/l-l through E/1-6. This area supports Dan sheep, caribou and moose as the main species. The peak for this market was in 1981 when 297 hunters were in that area but this decreased to 180 hunters in 1986 because of lack of marketing and a low level of interest by the non-resident operators. The Yukon has experienced a decrease in hunters from 1981 to 1984 for the same species due to the drop in the European currencies. In 1985 and 1986 however there was an increase of 10% per year.

There is room for growth in the Mackenzie River hunting area and it is possible to increase the volume back up to the 1981 level. Two of the ways to achieve this is through more N.W.T. ownership of these hunting areas and increased marketing efforts.

The Yukon has experienced 10% growth in the wilderness hunting segment, which is similar to the Bear area. Increased marketing and more resident-based operations could maintain this growth resulting in 300 hunts by 1992. This is based on the fact that both areas have common game species.

3.8.3 Hunting and Trappers Association

There is a potential for an increase in hunts in areas outside of the two covered above. With involvement by the communities of Aklavik, Fort McPherson, Arctic Red River and Fort Franklin there is potential for new non-resident hunting development. Marketing is one of the key factors and a joint effort with Guided Arctic or Canada North Expeditions is recommended. Because there are sufficient tags, 12 hunters are projected for 1988 and 40 hunters by 1992.

3.9 MARKET POTENTIAL: FISHING

3.9.1 Trophy Fishing

This market segment is dominated by the one lodge in the Western Arctic, namely Great Bear Trophy Lodge - which is now owned by N.W.T. residents. Fully 90% of the total fishing activity in the area is centered around this one operation. It operated below capacity in 1986 due to a receivership problem but has recovered in 1987 and anticipates full capacity of approximately 400 anglers by 1990. In addition, to the Great Bear Trophy Lodge a second lodge to be owned and operated by The Fort Franklin Band is proposed for 1990 (See Volume 2). A prefeasibility study for this proposed lodge was prepared as part of the WATS study (Volume 7). The preliminary market projections for this facility are based on five years to develop a strong clientele base. By 1993 it is projected that the two facilities will attract 600 sportfishing visitors to the Western Arctic.

3.9.2 Wilderness Fishing

The balance of the fishing activity in the Western Arctic is sport and not trophy oriented and centers around four other lodges, two of which are considered more for overnight trips than day trips. The two overnight facilities are Colville Lake Lodge and Drum Lake Lodge both in the Bear Area. Both are experiencing low occupancies in part due to limited marketing. By the end of year five it is projected that they increase by 180 anglers with existing facilities (80 Drum Lake, 100 Colville Lake). The two lodges in the northern area, Sitidgi and Eskimo Lakes certainly have room for growth. Sitidgi has a greater long range potential with a target of 10 overnight guests by the end of year five.

There is new potential for the Hornaday River's char run because of the opening of Gilbert Thrashers Hotel in Paulatuk. Packages need to be developed, with the hotel serving meals or at least dinner. Ten overnight guests are projected in 1987 rising to 60 by the end of year five.

3.10 MARKET POTENTIAL: OUTDOOR ADVENTURE

3.10.1 Canoeing/Zodiacs/River Boating - Wildlife Viewing

There are no operators based in the Western Arctic who are offering visitors the opportunity to go canoeing, take a zodiac or other kinds of river boat trips and view wildlife. On the other hand, the leading request at both Chuk Park and Inuvik Visitor Center is for these activities.

Over the years, the Yukon has built these segments into a fairly strong part of their outdoor adventure experience. There is an opportunity to do the same for the Western Arctic although the volumes will not reach those of the Yukon for sometime. Both segments, the canoeing/zodiacing for the more action-oriented person and the river boating for the more passive person show growth potential. Visitors traveling the Dempster Highway by car, R.V. or coach are strong market potential for water based activities. In order to fill this product market opportunity gap and expand its potential, this area should be addressed as soon as financially feasible.

There are four other communities interested in becoming involved in hunting - particularly in the MacKenzie and Richardson Mountains.

The HTA in these communities will take several years before they build up their expertise and clientele. If they start with a conservative 10 hunts in 1989 and grow by 10 hunts per year, this will result in 40, 7 to 10 day hunts by 1992.

Adventure Travel - Package Tours

Since there is little existing adventure travel market, projections are based on the high growth rates in other areas of the north. Once again, the variety in this market makes necessary a segment by segment analysis.

- Hiking

The Canol Trail could well begin with a base of 30 hikers in 1988. Based on improvements and marketing the facility as a world-class hiking trail, volume should grow to approximately ¼ of that on the Chilkoot Trail, i.e. 360 by 1992. This can be achieved by doubling the visitation each year for five years or 100% annual growth.

- Canoe/Kayak/Zodiac Trips

This segment has shown the greatest growth in Alaska and the Yukon according to interviews with the wholesalers. A growth rate of 30% per year is in order considering the very small base we have started with.

- Boat Cruise

While the R.V. traffic will make up most of the boat cruise volume, there is an opportunity for specific packages (Delta, Herschel Island and whalewatching).

From a base of 20 in 1988 it could grow dramatically in 1989 and then level out to 20-25 percent, reaching 140 by 1992.

- Wildlife Tours/Photo Safaris

The natural resources such as Banks Island, Richardson Mountains and Herschel Island have a high drawing potential. Travel industry interviews suggest a potential for at least 4 Operations including a lodge at Sachs Harbour. 1988 is projected at 60 increasing to 351 by 1992.

- Culture/Arts and Craft

Interviews with tourists indicate a definite interest in native culture. Other northern destinations have demonstrated a potential to promote arts and craft workshops, archaeological tours, etc. but interest and product capacity is defined to a limited market. If two tours/workshops were available in 1988 and two added each subsequent year, this would result in 120 participants by 1992.

3.11 MARKET POTENTIAL: INDEPENDENT AIR TRAVEL

Air travel is largely based on visiting friends and relatives and independent travelers. There is no breakdown of the estimated 750 travelers to Inuvik in 1987 but growth is not expected to exceed overall growth to the N.W.T. It is projected to grow at an average of 5% per annum.

3.12 SUMMARY

Growth rates vary by market segment from a low of 5% for air travel to a high of 30% for R.V. and auto traffic. Assuming the necessary marketing programs and product is in place, it is anticipated that visitor volume will more than triple to 22,964 by 1992 (Table 3.6).

Total rubber tire traffic currently represents 80% of the traffic to the Western Arctic. Even though other market segments will continue to grow the dominance of the rubber tire will continue. In fact by 1992 it will have grown to 84% of the total market. The continuation of linkages with the Yukon are critical to this growth.

TABLE 3.6

MARKET PROJECTIONS FOR THE WESTERN ARCTIC

MARKETS	ACTUAL 1987	1988	1989	1990	1991	1992	1993
Rubber Tire							
R.V.	4,815	5,906	7,677	9,980	12,475	15,594	17,933
Auto	850	1,027	1,334	1,735	2,168	2,710	3,116
Coach	649	690	750	810	870	930	990
Small Vans	47	83	113	143	173	193	230
Hunting							
Beaufort Area	86	95	-	104	112	120	125
Bear Area	180	204	228	252	276	300	320
Aklavik/McPherson	-	5	10	20	30	40	45
Fishing							
Trophy	260	300	360	440	520	560	600
Wilderness	92	100	120	200	260	300	320
Adventure Travel							
Hiking	-	30	60	120	240	360	*20
Canoe/Kayak/Zodiac	57	100	130	170	220	286	52
Boat Cruise (Package Only)	-	20	72	88	106	140	60
Wildlife/Photo/Herschel	18	60	120	80	270	351	56
Culture/Arts and Crafts Workshops	-	20	40	60	80	120	40
Air	750	790	830	870	915	960	1,156
TOTAL:	**7,804**	**9,430**	**11,845**	**15,172**	**18,715**	**22,964**	**26,263**

SECTION 3: FOOTNOTES

1. Visitors to the Northwest Territories 1984. Canadian Facts. prep. for Economic Development and Tourism, GNWT.

2. IBID

3. Tourism Facts Northwest Territories. 1987. Economic Development and Tourism, GNWT.

4. IBID

5* Yukon Tourism Industry Highlights 1986. Department of Tourism.

6. A Product Development Plan for the Northwest Territories' Tourism Industry. 1987. Derek Murray Consulting Associates Inc. prep. for Economic Development and Tourism, GNWT.

7. The Market for Motoring Visitors to the N.W.T. 1986. Economic Development and Tourism, GNWT.

8. Dempster Highway Exit Survey. 1985. Acres International Limited.

9. Telephone interviews with operations managers from Atlas Tours, Horizon Holidays and Wells Grey Tours, Fall 1987.

100 Visitors to the Northwest Territories. 1984. Canadian Facts.prep. for Economic Development and Tourism, GNWT.

11. Tourism Facts Northwest Territories. 1987. Economici Development and Tourism, GNWT.

12. IBID.

13. Terry Cooke, Guided Arctic Expeditions, Inuvik.

14. Yukon Outfitters Association Marketing Plan. 1986. MacKay & Partners. prep. for Yukon Outfitters Association, Whitehorse.

15. A Product Development Plan for the Northwest Territories Tourism Industry. 1987. Derek Murray Consulting Associates Inc. prep. for Economic Development and Tourism, GNWT.

16. Don Weisbeck, Department of Tourism, Whitehorse, Yukon.

17. Yukon Tourism Highlights. 1986. Department of Tourism, Whitehorse.

18. IBID.

19. Don Weisbeck, Department of Tourism, Whitehorse, Yukon.

20. Visitors Industry Statistics. 1987. Dept. Commerce and Economic Development, Juneau, Alaska.

21. Anchorage Convention and Visitors Bureau Statistics. 1986. Alaska.

22. Tourism Facts Northwest Territories. 1986 and 1987. Economic Development and Tourism, GNWT.

23. Yukon Tourism Highlights. 1986. Department of Tourism, Whitehorse.

24. Don Weisbeck, Department of Tourism, Whitehorse, Yukon.

25. IBID.

26. Yukon Outfitters Association Marketing Plan. 1986. McKay & Partners.

4. ECONOMIC IMPACT EVALUATION (1989-1998)

4.1 CONTEXT AND CONDITIONS

In order to determine the economic impact of the Western Arctic Tourism Strategy, it is essential to clearly identify the various components in which economic impacts can be quantified. Although the Western Arctic Region covers a large territory, in terms of its economic composition, it represents a very isolated economy with greater leakage than most economies. There is very little impact of external economies since the mode of transportation to the area makes it very difficult to trade with the outside. Air transportation remains to be a vital link between the northern communities and southern Canada. This reliance is further demonstrated by the fact that some 18% of total N.W.T. energy consumption is accounted for by aviation and turbo fuel.

Because of relatively few alternative economic opportunities, tourism has become an important sector of growth over the last few years. Its growth in the last five years is mainly attributable to Travel Arctic/TIA-NWT marketing as well as WAVA product development and promotional activities.

One of the other sectors of the N.W.T. economy which is important to mention here in order to better highlight the important role of tourism in the local economy is renewable resource harvesting which includes: hunting and trapping, commercial fur production, marine mammal forestry. Although no current data is available to show the exact impact of these sectors, their seasonal and localized impacts are considered to be relatively small, in terms of economic wealth generation, particularly when compared to the impact of sports fishing which in 1985 was worth $7.3 million.

Another important criteria which needs to be considered in conducting an analysis of an economy is the lack of capital expenditures which are more likely to happen in primary sectors such as manufacturing and production. Because these types of sectors require continuous upgrading of facilities and equipment, they significantly affect local economies. Lack of such industries in the Western Arctic make it more difficult to obtain capital funding and accordingly no real economic impacts can be expected form these sectors in the foreseeable future.

In order to better indicate the current and historical perspective of tourism in the region, we will consider some overall N.W.T. tourism data.

According to N.W.T. Data Book 1986-1987, some "70 hotels, 60 lodges, and 75 outfitters operate within N.W.T.". The same source also indicates that "approximately 15,654 people visited the N.W.T. during the summer of 1984 and spent some $10,650,000 in the N.W.T.". It is estimated that the distribution of expenditures, by area, was as follows:

- 52% in Fort Simpson Region (including Yellowknife);
- 26% in the Inuvik Region;
- 16% in the Baffin Region;
- 5% in the Central Arctic; and
- 1% in the Keewatin Region.

If we hold the above distribution constant and apply it to absolute dollars spent, we will see that some $2.7 million would have been spent in the Inuvik Region in 1984.

The focus of the economic impact evaluation will determine the affects of the proposed tourism capital expenditures on the local economy in terms of both capital expansion programs and the multiplier impacts of the resulting spending, otherwise expressed as the "fallout" impacts.

4.2 ASSUMPTIONS

Regional capital expenditures have been considered over the 1989-1998 time frame. Although a number of costs which would normally represent operating expenses are highlighted in the development costs (i.e. start-up costs for campgrounds), it is assumed that all costs were retained on a generic basis and treated as capital costs* Forecasted tourist expenditures were computed by considering market projections, by segment, based on average number of days of stay and average per diem tourist expenditure. These three variables are shown on Tables 4.1, 4.2 and 4.3 (at end of section). The overall multiplier impact of these computed total expenditures were also measured via the application of multiplier coefficients which will be dealt with in the following section.

4*3 MULTIPLIER IMPACTS

Multiplier impacts of both the tourist and capital expenditures were computed by the application of income and employment multipliers. A number of areas with economies similar to the Western Arctic were considered in order to determine the multiplier coefficients. An area which displays a similar economy to the Western Arctic is that of the Queen Charlotte Islands. In a study conducted by Dr. Turgut Var, in 1984, a number of multipliers were measured which display similarity to the Western Arctic. These similarities are: isolation of the economy, greater dependence on the outside for goods and services, no primary manufacturing sector, seasonability, natural beauty and great potential for tourism.

Application of the Queen Charlotte model resulted in the following multiplier coefficients being used for this study:

- Income Multipliers:	Direct	.2
	Indirect	.043
	Induced	.125

- Employment Multipliers:	Direct	.02
	Indirect	.006
	Induced	.019

4.4 MODEL APPLICATION

The base year is 1989 as it represents the operating period of capital injections.

Briefly, the application of the input output model as applied to the Western Arctic involves determining the following factors:

- o The total dollar revenues generated, both directly and indirectly, through activities and various capital programs proposed;
- o The total dollar value of payrolls, measured in FTE (full time equivalent jobs) and seasonal help;
- o The total indirect payroll generated through secondary sources; and
- o The total tax implications were also considered along with incremental impact of added incomes to the region.

A cost benefit analysis model was employed by the application of **NPV** (net present value) factors so that the feasibility of capital expenditures via tourist revenue generation could be matched within the defined time frames. **NPV** is defined as the discounted value of future dollars in terms of today's dollar value **ie:** how much is $1 in 1988 worth in terms of 1987 dollars.

Gross tourist expenditures were also matched with the net present values of capital expenditures in order to determine the cost benefit ratios, **ie.** is it worth making the capital investment in light of the forecasted tourist spending which will ultimately service the economy?

A further "incremental revenue analysis" was conducted as a secondary method, via the utilization of 1989 as the "base" year, upon which incremental revenues would accrue. Net present values of these incremental benefits were also matched against the net present values of capital expenditures in order to determine more realistic payout ratios.

Briefly, the following key information must be considered:

At approximately 10% NPV, incremental revenues will provide a net value of $43.8 million. Within 1989-1998, total capital expenditures to be spent in the local economy, again at 10% NPV, would equate to $15.7 million, indicating that from a cost benefit point of view, the proposed capital expenditures are well justified. Furthermore, in any capital expenditure situation, the residual impacts of expenditures will normally be felt over an extended period of time, benefiting the local area far beyond the "defined payout" analysis period. The attraction of the Western Arctic which has already been drawing high numbers of tourists will continue to improve as more services and attractions such as scheduled boat cruises, wildlife/photography tours, etc. become more available.

4.5 FINANCIAL AND ECONOMIC ANALYSIS

By utilizing the "cost and benefit" method as well as the "incremental revenue" approach, proposed capital costs and the resulting revenues to be generated via tourist spending were computed. Given the scope of capital expenditures proposed and the tourism potential of the region, it is feasible to view tourism development in light of its economic impacts which is essential from a regional "wealth generation" point of view.

4.6 PRESENT ECONOMIC VALUE

By calculating tourist spending in the various market segments, the total value of expenditures have been estimated to be $8.9 million in 1987. The multiplier impacts of this particular expenditure which represents direct, indirect and induced[1] impacts, has been estimated to be $3.3 million, thus making the total value of tourism for the region to be $12.3 million 1987.

As a result of projected tourism development marketing efforts and the resultant visitation, the following is projected for the years 1989, 1993 and 1998.

PROJECTED VALUE OF TOURISM TO WESTERN ARCTIC

	1989	1993	1998
Total Tourist Spending	$15.2 million	$43.8 million	$ 87.1 million
Total Multiplier Impact	5.6 million	16.1 million	32.1 million
Total Combined Impact	$20.8 million	$59.9 million	$119.2 million

In fact, the overall wealth generation, inclusive of all multiplier impacts, represents a truer picture of the significance of the tourism and travel industry as a viable economic generator for the Western Arctic. While the economic impacts of each of the year's shown above is impressive, it does not adequately portray the real value added dimensions of tourism.

As shown above, the multiplier impacts of tourist expenditures into the local economy is tremendous. If we strictly consider the impact of pure tourist spending, ie. how much tourists will spend in the region during their stay, inclusive of the purchasing of travel packages, boat tours, camping etc., the total impact of this type of expenditure, not expressed in net present value terms will total $480.4 million from 1989 to 1998 (see Table 4.9). This type of expenditure is not a multiplier impact but strictly a consumer spending. If we focus our attention from 1989 to 1998 which represents the period of proposed capital expenditures and review purely the net present values of tourist spending, the following figures will indicate the impacts, at different NPV values:

NET PRESENT VALUES OF TOURIST SPENDING
IN WESTERN ARCTIC
FROM 1989-1998

Present Value Rate	Net Present Value
8%	$289.6 million
9%	$273.3 million
10%	$258.3 million
12%	$231.4 million
14%	$208.2 million
15%	$197.8 million

As can be seen by projections on Table 4.10 (end of section), total value of tourist spending from 1989-1998 is estimated to be $480.4 million. Expressed in NPV value terms, this total expenditure has been shown in the above figures. Even under the highest NPV percent, ie. 15%, net present value of tourist expenditures from 1989-1998 will represent $197.8 million which is far above the net present value of proposed capital expenditures.

4*7 COST AND BENEFIT APPROACH

It therefore appears from cost, benefit analysis that when NPV of tourism expenditures and multiplier impacts are considered, (eg. NPV at 8%), capital costs will equate to $16.6 million and tourism expenditures to $289.6 million, showing a 17 times payout over eleven years. An acceptable capital payout ratio is considered to be around 2 times. This would seem to be an excellent economic opportunity.

4.8 INCREMENTAL APPROACH

Another way of looking at the expenditures is the incremental spending approach whereby the impact of tourist expenditures are considered without taking into account multiplier impacts.

TOTAL TOURIST SPENDING
INCREMENTAL APPROACH
FROM 1989-1998

Net Present Value of Capital Expenditure	NPV Rate	Net Present Value of Incremental Tourist Spending
$16.6 million	8%	$48.4 million
$16.2 million	9%	$45.9 million
$15.7 million	10%	$43.8 million
$14.9 million	12%	$39.8 million
$14.2 million	14%	$36.3 million
$13.8 million	15%	$34.7 million

Even using the incremental approach, at 15% NPV and looking at the net present value of incremental tourist spending and the net present value of the proposed capital expenditures, the payout ratio is 2.52 times, that is, the incremental tourist revenue generation will payout the net present value of all projects 2.52 times.

Under a more optimistic scenario, ie; at 8% NPV rate, the payback becomes almost 3 times the expenditure. Again, the standard ratio in capital spending is considered to be twofold.

4.9 TAXATION

Another important area which needs recognition is the tax implications of tourist and capital expenditures in the region. this can be summarized as follows:

ESTIMATED TAX IMPACTS
TOURIST AND CAPITAL EXPENDITURES

Year	Federal Income Tax	Federal Sales Tax
1989	$0.8 million	$0.8 million
1998	$4.8 million	$4.9 million

Again, as can be seen above, large tax implications can be expected for the region.

4.10 EMPLOYMENT IMPACT

Since the capital projects are spread over an eleven year time frame, their impact on employment will be gradually phased in. Only 1993 has been considered and highlighted in the following figures.

Four to six positions will be full time/12 months per year, another 10 will require six to eight months of employment duration each, 50 will be seasonal employment. When all the projects are fully operational by 1998, the total FTE impact (annualized) can be expected to be approximately 70.

EMPLOYMENT AND PAYROLL IMPACTS
FULL TIME EQUIVALENT JOBS (FTE)

1998 # FTE	1998 ($) Payroll
70	$2.1 million

The generation of this type of employment in an isolated economy is considered to be excellent. A further consideration, of course, has to be the continued impact, ie. the servicing impact of these expenditures. Because of the serious winter conditions experienced in the region, many of the campgrounds, fishing lodges and tour facilities will require upkeep and maintenance thus enforcing the need for continued employment in the Region.

4.11 NO DEVELOPMENT

Existing growth rates indicate that even if no development takes place the momentum exists to increase tourism over the next few years. However this growth would not be maintained for more than 2 to 3 years before experiencing negative growth and then returning to similar visitation levels of a few years ago.

Nonetheless, tourism expenditure under a no development scenario will be approximately $130 million between 1987 and 1988 (Table 4.15).

SECTION 4: FOOTNOTES

1. Definitions

Direct Impacts: The initial injection of tourist spending is called the direct expenditures. This particular expenditure creates a direct revenue source to hotels, motels, lodges and campgrounds.

Indirect Impacts: The indirect component refers to those types of businesses whose turnover will be augmented by the portion of initial expenditure that remains within the region as factor incomes such as wages, rents and salaries.

Induced Impacts: The induced effect normally constitutes a general increase in the overall economic activity due to increased household consumption as the incremental wages injected into the local economy provide additional consumption power.

MARKET PROJECTIONS FOR THE WESTERN ARCTIC

MARKETS	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
RUBBER TIRE												
RV	4,542	5,906	7,677	9,900	12,475	15,594	17,933	19,727	21,700	23,870	26,257	28,823
AUTO	790	1,027	1,335	1,735	2,168	2,710	3,116	3,583	4,121	4,733	5,450	6,267
COACH	649	690	750	810	870	930	990	1,054	1,123	1,196	1,274	1,356
SMALL VAN	47	83	113	143	173	193	230	253	270	306	337	370
HUNTING												
BEAUFORT AREA	86	95	96	104	112	120	125	126	128	129	130	131
BEAR AREA	180	204	228	252	276	300	320	323	326	330	333	336
AKLAVIK/MCPHERSON		5	10	20	30	40	45	45	46	46	47	47
FISHING												
TROPHY	260	300	360	440	520	560	600	642	687	735	786	842
WILDERNESS	92	100	120	200	260	300	320	342	366	392	419	449
ADVENTURE TRAVEL												
HIKING		30	60	120	.240	360	420	490	572	668	779	909
CANOE/KAYAK	57	100	130	170	220	286	352	433	533	655	806	991
BOAT CRUISE		20	72	88	106	140	160	190	200	221)	240	260
WILDLIFE PHOTO	18	60	120	180	270	351	456	593	771	1,002	1,302	1,693
CULTURE ARTS&CRAFTS WORKSHOPS		20	40	60	80	120	140	160	180	200	220	240
AIR	750	790	830	070	915	960	1,056	1,162	1,278	1,406	1,546	1,701
TOTAL	7,472	9,430	11,941	15,172	18,715	22,964	26,263	29,124	32,309	35,894	39,926	44,416

Table 4.1

TOTAL NUMBER OF OAYS STAY/BASED ON PROJECTED MARKET SEGMENTS

MARKETS	1987	1988	1989	1990	1991	1992	1993	1994	1955	1996	1997	1998
RUBBER TIRE												
RV	4B,156	62,604	81 ,376	105,788	132,235	165,296	190,090	209,106	230,020	253,022	27B,324	205,524
AUTO	8,374	10,886	14,151	18,391	22,981	28,726	33,030	37,980	43,683	50,233	57,770	66,430
COACH	6,879	7,314	7,950	8,586	9,222	9,858	10,494	11,172	11,904	12,678	13,504	14,374
SHALL VAN	49B	BBO	1, 198	1,516	1,834	2,046	2,430	2,682	2,941	3,244	3,572	3,922
HUNTING												
BEAUFORT AREA	B60	950	960	1,040	1,120	1,200	1,250	1,263	1,275	1,288	1,301	1,314
BEAR AREA	1,530	1,734	1, 930	2,142	2,346	2,550	2,720	2,747	2,775	2,802	2,830	2,859
AKLAVIK/MCPHERSON	0	38	15	150	225	300	33B	341	344	34B	351	355
FISHING												
TROPHY	1,820	2,100	2,520	3,0B0	3,640	3,920	4,200	4,494	4,809	5,145	5,502	5,894
WILDERNESS	506	550	660	1,100	!, 430	1,650	1,760	1,881	2,013	2,156	2,305	2,470
ADVENTURE TRAVEL												
HIKING	0	150	300	600	1,200	1,800	2,100	2,450	2,860	3,340	3,895	4,545
CANOE/KAYAK/ZODIAC	798	1,400	1, 820	2,3B0	.3,080	4,004	4,928	6,062	7,462	9,170	11,284	13,874
BOAT CRUISE	0	60	216	264	318	420	480	570	600	660	720	780
WILDLIFE PHOTO	180	600	1,200	1,800	2,700	3,510	4,560	5,330	7,710	10,020	13,020	16,930
CULTURE ARTS&CRAFTS WORKSHOPS	0	100	200	300	400	600	700	BOO	900	1,000	1,100	1,200
AIR	750	790	B30	070	915	960	1,056	1,162	1,278	1,406	1,546	1,701
TOTAL	70,351	90,155	115,394	148,007	183,646	226,840	260,143	288,640	320,579	356,512	397,025	442,170

Table 4.2

AVERAGE PER DIEM DOLLAR EXPENDITURE BY MARKET SEGMENT

	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
RV	$90	$90	$101	$113	$126	$142	$150	$156	$162	$169	$175	$182
AUTO	$110	$110	$123	$138	$155	$173	$175	$182	$189	$197	$205	$213
COACH	$140	$140	$148	$157	$167	$177	$180	$187	$195	$202	$211	$219
SHALL VAN	$140	$140	$148	$157	$167	$177	$180	$187	$195	*202	$211	$219
HUNTING												
BEAUFORT AREA	$1,241	$1,241	$1,241	$1,241	$1,241	$1,241	$1,241	$1,241	$1,241	$1,241	$1,241	$1,241
BEAR AREA		$600	$600	$600	$600	$600	$600	$600	$600	$600	$600	$600
AKLAVIK/MCPHERSON	$700	$700	$700	$700	$700	$700	$700	$700	$700	$700	$700	$700
FISHING												
TROPHY	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200
WILDERNESS	$175	$175	$175	$175	$175	9175	$175	$175	$175	$175	$175	$175
ADVENTURE TRAVEL												
HIKING	$100	$100	$100	$100	$100	$100	$100	9100	$100	$100	$100	$100
CANOE/KAYAK/ZODIAC	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	$150	*150
BOAT CRUISE (PACKAGE	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200	$200
WILDLIFE PHOTO	$280	$280	$280	$280	$280	$280	$280	$280	$280	$280	$280	$280
CULTURE ARTS&CRAFTS WORKSHOPS	$175	$175	$175	$175	$175	$175	$175	$175	$175	$175	$175	$175
AIR AVG.	$130	$130	$142	$154	$168	$184	$200	$200	$200	$200	$200	$200
TOTAL	$295	S295	$299	$303	$307	$311	$314	$316	$317	$319	$321	$324

Table 4.3

AVERAGE LENGTH OF STAY BY SEGMENT
[AVERAGE NUMBER OF DAYS]

MARKETS	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
RUBBER TIRE												
RV	10.6	0.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6
AUTO	10.6	0.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6
COACH	10.6	0.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6
SMALL VAN	10.6	0.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6	10.6
HUNTING												
BEAUFORT AREA	10.0	0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
BEAR AREA	8.5	5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5	8.5
AKLAVIK/MCPHERSON	7.5	5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5	7.5
FISHING												
TROPHY	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0	7.0
WILDERNESS	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5	5.5
ADVENTURE TRAVEL												
HIKING	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
CANOE/KAYAK/ZODIAC	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0	14.0
BOAT CRUISE [PACKAGE]	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0	3.0
WILDLIFE PHOTO	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0	10.0
CULTURE ARTS&CRAFTS WORKSHOPS	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0	5.0
AIR	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0	1.0
TOTAL AVERAGE	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9	7.9

Table 4.4

CAPITAL COSTS
BY EACH COMMUNITY

	1989	1990	1991	1992	1993	1994-1998	TOTAL	NPV @ B %	NPV @ 9 %	NPV @ 10%	NPV @ 12%	NPV @ 14%	NPV @ 15%
INUVIK	$855,000	$305,000	$1,085,000	$980,000	$760,000	$450,000	$4,435,000	$3,435,612	$3,335,460	$3,239,782	$3,060,855	$2,897,004	$2,020,221
AKLAVIK	$170,000	$225,000	9245,000	$125,000	960,000	$20,000	$845,000	$690,115	$674,001	$658,489	$629,158	$601,905	$588,996
PORT MCPHERSON	$140,000	$415,000	$615,000	$400,000	$290,000	$195,000	$2,055,000	$1,587,896	$1,540,753	$1,495,652	$1,411,134	$1,333,532	$1,297,098
ARCTIC RED RIVER	$55,000	$90,000	$113,000	$55,000	$30,000	$20,000	$363,000	$291,237	$283,853	$216,762	$263,395	S251,027	$245,187
SACHS HARBOUR	$130,000	$245,000	$175,000	$25,000	$30,000	$10,000	$615,000	8s14,434	$503,781	$493,489	S473,923	$455,614	$446,896
PAULATUK	$05,000	$185,000	$240,000	$280,000	$165,000	$30,000	$985,000	$764,841	$742,502	$721,111	$680,970	$644,052	$626,698
TUKTOYAKTUK	$260,000	$255,000	$420,000	$420,000	$250,000	$60,000	$1,665,000	$1,309,440	S1,273,275	$1,238,624	$1,173,547	$1,113,624	$1,085,431
NORMAN WELLS	$150,000	$200,000	$365,000	$330,000	$270,000	$245,000	$1,560,000	$1,180,2,14	$1,143,145	$1,107,222	$1,040,218	$979,072	$950,493
FORT GOOD HOPE	$65,000	$175,000	$290,000	$285,000	$290,000	$185,000	$1,290,000	$963,865	$931,551	$900,754	$843,364	$791,059	$766,638
FORT NORMAN	$170,000	$190,000	$285,000	$215,000	$110,000		$970,000	$779,440	$759,759	$740,844	$705,163	$672,116	$656,502
FORT FRANKLIN	$60,000	$355,000	$445,000	$335,000	$90,000		$1,285,000	$1,020,654	$993,280	$966,961	$917,284	$871,245	$849,483
COLVILLE LAKE			$35,000	3220,000	9260,000	$30,000	$545,000	$305,347	$369,750	$354,933	$327,456	$302,585	$291,035
DEMPSTER HIGHWAY	$235,000	$365,000	$290,000	$155,000	$140,000	$170,000	$1,355,000	$1,077,073	$1,048,904	$1,021,927	$971,206	$924,672	$902,742
VISITOR CENTRE/CULTURAL CENTRE	$1,000,000	$675,000	$900,000	0335,000	$180,000	$40,000	$3,130,000	$2,613,025	$2,558,691	$2,506,280	$2,406,866	$2,314,115	$2,270,049
TOTAL CAPITAL EXPENDITURES	$3,375,000	$3,680,000	$5,503,000	$4,160,000	$2,925,000	$1,455,000	$21,098,000	$16,613,793	$16,158,705	$15,722,830	$14,904,620	S14,151,621	$13,797,475

Table 4.5

EMPLOYMENT CREATED BY THE ARCTIC PROJECT

	SEASONAL	F.T.E	1986 EXPECTED PAYROLL	1989 EXPECTED PAYROLL
INUVIK	30	12	216,000	226,800
AKLAVIK	18	6	108,000	113,400
PORT MCPHERSON	18	6	100,000	113,400
ARCTIC RED RIVER	8	3	54,000	56,700
SACHS HARBOUR	14	6	108,000	113,400
PAULATUK	10	3	54,000	56,700
TUKTOYAKTUK	15	6	108,000	113,400
NORMAN WELLS	14	6	100,000	113,400
FORT GOOD HOPE	13	5	90,000	94,500
FORT NORMAN	9	4	72,000	75,600
FORT FRANKLIN	Is	6	108,000	113,400
COLVILLE LAKE	5	3	54,000	56,700
DEMPSTER HIGHWAY	8	3	54,000	56,700
VISITOR CENTRE/CULTURAL CENTRE	4	1	18,000	18,900
TOTAL CAPITAL EXPENDITURES	181	70	1,260,000	1,323,000

Table 4.6

ESTIMATED DIRECT & INDIRECT & INDUCED EMPLOYMENT
1987-1998

YEAR	DIRECT	INDIRECT	INDUCED	TOTAL
1997	1s0	54	171	405
1988	225	68	214	507
1989	303	91	288	6a2
1990	414	124	394	932
1991	553	166	526	1,245
1992	738	221	701	1,661
1993	077	263	833	1,973
1994	1,002	301	952	2,255
1995	1,148	344	1,090	2,582
1996	1,317	39s	1,251	2,963
1997	1,514	454	1, 438	3,406
1998	1,742	523	1,655	3,919
TOTAL	10,014	3,004	9,513	22,531

Table 4.7

ESTIMATED DIRECT & INDIRECT & INDUCED
1987-1998

YEAR	DIRECT	INDIRECT	INDUCED	TOTAL INCOME
1987	$1,723,643	$386,708	$1,124,152	$3,209,502
1988	S2,253,148	$404,427	$1,408,218	$4,145,793
1989	$3,032,876	$652,068	$1,895,547	$5,580,492
1990	$4,143,901	$890,939	$2,589,938	$7,624,777
1991	$5,534,770	$1,189,976	$3,459,231	$10,183,977
1992	$7,383,000	$1,587,345	$4,614,375	$13,5S4,720
1993	$8,768,857	$1,88s,304	$5,480,536	$16,124,697
1994	$10,021,768	$2,154,680	$6,263,605	$18,440,053
1995	$11,475,419	$2,467,215	$7,172,137	$21,114,772
1996	$13,167,368	$2,830,984	$0,229,605	$24,?27,957
1997	$15,139,593	$3,255,012	$9,462,245	$27,856,850
1998	$17,418,968	$3,745,078	$10,886,855	$32,050,902
TOTAL	$100,138,312	$21,529,737	$62,586,445	$184,254,493

Table 4.8

TOTAL TOURIST EXPENDITURES BY SEGMENT

MARKETS	1987	1988	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
RUBBER TIRE												
RV	$4,334,022	$5,634,324	$8,202,721	$11,943,042	$16,720,259	$23,408,738	$20,513,470	$2?,620,567	$37,218,445	$42,692,301	$48,839,992	$55,757,463
AU10	$921,140	$1,197,482	$1,743,403	$2,537,664	$3,551,501	$4,972,[illegible]	$5,780,[illegible]	$6,912,324	$8,268,243	$9,888,505	$11,826,978	$14,143,337
COACH	$962,116	$1,022,960	$1,179,780	$1,350,612	$1,537,697	$1,742,370	$1,888,920	$2,091,473	$2,317,527	$2,566,904	$2,843,683	$3,147,783
SHALL VAN	$69,748	$123,172	$177,754	$238,441	$305,772	$361,589	$438,540	$502,033	$573,707	$656,750	$752,214	$858,908
SUB-TOTAL	$6,288,026	$7,978,938	$11,303,658	$16,069,759	$2?,115,228	$30,484,797	$36,521,410	$42,126,297	$48,477,921	$55,804,459	$64,262,867	$73,908,091
HUNTING												
BEAUFORT AREA	$1,067,037	$1,178,704	$1,191,111	$1,290,370	$1,389,630	$1,488,889	$1,550,926	$1,566,435	$1,582,100	$1,597,921	$1,613,900	$1,630,039
BEAR AREA	$918,000	$1,040,400	$1,162,800	$1,285,200	$1,407,600	$1,530,000	$1,632,000	$1,648,320	$1,664,803	$1,681,451	$1,698,266	$1,715,248
AKLAVIK/MCPHERSON	$0	$26,250	$52,500	$105,000	$157,500	$210,000	$236,250	$238,613	S240,999	$242,409	$245,843	$240,301
SUB-TOTAL	$1,985,037	$2,245,354	$2,406,411	$2,680,570	$2,954,730	$3,226,889	$3,419,176	$3,453,368	$3,487,901	$3,522,780	$3,558,008	$3,593,588
FISHING												
TROPHY	$364,000	$420,000	$504,000	$616,000	$720,000	$784,000	$840,000	$898,800	$961,800	$1,029,000	$1,100,400	$1,178,800
WILDERNESS	$88,550	$96,250	$115,500	$192,500	$250,250	$288,750	$308,000	$329,175	$352,275	$377,300	$403,280	$432,163
SUB-TOTAL	$452,550	$516,250	$619,500	$808,500	$978,250	$1,072,750	$1,14%,000	$1,227,975	$1,314,075	$1,406,300	$1,503,688	$1,610,963
ADVENTURE TRAVEL												
HIKING	$0	$15,000	$30,000	$60,000	$120,000	$180,000	$210,000	$245,000	$286,000	$334,000	$389,500	$454,500
CANOE/KAYAK/ZODIAC	$119,700	$210,000	$273,000	$357,000	$462,000	$600,600	$739,200	$909,300	$1,119,300	$1,375,500	$1,692,600	$2,08I,100
BOAT CRUISE [PACKAGE]	$0	$12,000	$43,200	$52,800	$63,600	$84,000	$96,000	$114,000	$120,000	$132,000	$144,000	$156,000
WILDLIFE PHOTO	$50,400	$168,000	$336,000	$504,000	$756,000	$982,800	$1,276,800	$1,660,400	$2,158,800	$2,805,600	$3,645,600	$4,740,400
CULTURE ARTS&CRAFTS WORKSHOPS	$0	$17,500	$35,000	$52,500	$70,000	$105,000	$122,500	$140,000	$157,500	$175,000	$192,500	$210,000
SUB-TOTAL	$170,100	$422,500	$717,200	$1,026,300	$1,471,600	$1,952,400	$2,444,300	$3,068,700	$3,841,600	$4,822,100	$6,064,200	$7,642,000
AIR	$97,500	$102,700	$117,611	$134,374	$154,044	$176,165	$211,200	$232,400	$255,600	$281,200	$309,200	$340,200
TOTAL TOURIST EXPENDITURE	$8,993,213	$11,265,74;	$15,164,380	$20,719,504	$27,673,852	$36,915,001	$43,844,286	$50,108,840	$57,277,097	$65,836,840	$75,697,963	$87,094,841

Table 4.9

NET PRESENT VALUE OF TOURIST EXPENDITURES FROM 1989-1995

MARKETS	@8 %	@9 %	@10 %	@12 %	@14 %	@15 %
RUBBERTIRE						
RV	$183,374,752	$172,934,614	$163,272,420	$146,016,782	$131,140,129	$124,471,666
AUTO	$41,188,372	$38,784,178	$36,562,194	$32,602,026	$29,197,134	$27,674,023
COACH	$12,974,893	$12,310,596	$11,693,SS8	$10,587,337	$9,627,136	$9,194,553
SHALL VAN	$2,956,264	$2,793,190	$2,642,163	$2,372,1S4	$2,139,014	$2,034,383
HUNTING						
BEAUFORT AREA	$9,798,151	$9,347,702	$8,927,656	$8,168,988	$7,504,795	$7,203,557
BEAR AREA	$10,093,B25	$9,623,896	$9,185,828	$8,395,001	$7,703,128	$7,389,502
AKLAVIK/MCPHERSON	$1,239,291	$1,174,024	$1,114,867	$1,007,012	$913,118	$070,722
FISHING						
TROPHY	$5,500,671	$5,227,433	$4,973,383	$4,516,51S	$4,118,871	$3,939,318
WILDERNESS	$1,911,246	$1,812,534	$1,720,819	$1,556,062	$1,412,882	$1,348,308
ADVENTURE TRAVEL						
HIKING	$1,356,794	$1,276,171	$1,201,641	$1,068,772	$954,497	$903,369
CANOE/KAYAK/ZODIAC	$5,650,072	$5,316,794	$5,009,050	$4,461,287	$3,991,156	$3,781,129
BOAT CRUISE [PACKAGE	$620,301	$587,148	$556,397	$501,295	$453,573	$432,107
WILDLIFE PHOTO	$10,775,884	$10,102,255	$9,481,646	$8,380,768	$7,440,319	$7,021,694
CULTURE ARTS&CRAFTS WORKSHOPS	$761,775	$719,153	$679,668	$609,051	$548,052	$520,670
AIR	$1,379,385	$1,307,603	$1,240,991	$1,121,544	$1,017,985	$971,263
TOTAL	$289,581,676	$273,318,091	$258,262,611	$231,364,593	$208,161,789	$197,756,364

Table 4.10

TAX EFFECTS INCOME TAXES DUE TO TOURISM

YEAR	WAGES	INVESTMENTS GOODS	TOTAL	OVERALL INCOME	FEDERAL AND PROVINCIAL TAX
1987				$3,309,502	$496,425
1988				$4,145,793	$621,869
1989	$990,065	$1,486,29S	$2,477,164	$6,571,3S7	$837,014
1990	$1,169,922	$1,754,883	$2,924,80S	$8,794,700	$1,143,717
1991	$1,901,265	$2,851,897	$4,753,162	$12,085,242	$1,527,597
1992	$1,568,075	$2,352,113	$3,920,188	$15,152,795	$2,037,708
1993	$1,146,250	$1,719,375	$2,865,625	$17,280,947	S2,420,205
1994	$587,282	$880,923	$1,468,205	$19,027,335	$2,766,008
1995				S21,114,772	$3,167,216
1996				$24,227,957	$3,634,194
1997				$27,856,650	$4,178,528
1998				$32,050,902	$4,807,635
				$191,618,153	S27,638,174

Table 4.11

TAX EFFECTS INCOME TAXES DUE TO TOURISM

YEAR	SALES	TAX COMPUTATIONS TAXABLE	TAX	TOTAL
1987	$8,993,213	$6,295,249	$503,620	$1,000,045
1988	$11,265,741	$7,886,019	$630,882	$1,252,750
1989	$15,164,379	$10,615,065	$849,205	$1,686,279
1990	$20,719,503	$14,503,652	$1,160,292	$2,304,009
1991	$27,673,851	$19,371,696	$1,549,736	$3,077,332
1992	$36,915,000	$25,840,500	$2,067,240	$4,104,948
1993	$43,844,284	$30,690,999	$2,455,280	$4,875,485
1994	$50,108,838	$35,076,187	$2,806,095	$5,572,103
1995	$57,377,095	$40,163,967	$3,213,117	$6,380,333
1996	$65,836,837	$46,085,786	$3,686,863	$7,321,056
1997	$75,697,960	$52,988,572	$4,239,086	$8,417,613
1998	$87,094,838	$60,%6,387	44,877,311	$9,684,946
	$500,691,540	$350,484,078	$23,161,415	$45,991,954

Table 4.12

ESTIMATED TAX IMPACT Of TOURIST SPENDING AND INVESTMENTS

YEAR	FEDERAL INCOME TAXES	SALES TAXES FEDERAL	TOTAL
1907	$496,425	$503,620	$1,000,045
1988	$621,869	$630,882	$1,252,750
1989	$837,074	$849,205	$1,686,279
1990	$1,143,717	$1,160,292	$2,304,009
1991	$1,527,597	$1,549,736	$3,077,332
1992	$2,037,708	$2,067,240	$4,104,948
1993	$2,420,205	$2,455,280	$4,875,485
1994	$2,766,008	$2,806,095	$5,572,103
1995	$3,167,216	$3,213,117	$6,380,333
1996	$3,634,194	$3,686,863	$7,321,056
1997	$4,178,528	$4,239,086	$8,417,613
1998	$4,807,635	$4,877,311	$9,684,946

Table 4.13

INCREMENTAL EXPECTED REVENUES DUE TO INVESTMENTS

MARKETS	1989	1990	1991	1992	1993	1994	1995	1996	1997	1998
RUBBER TIRE										
RV	$2,568,397	$3,740,321	$4,777,217	$6,688,479	$5,104,732	$4,107,097	$4,697,878	$5,373,856	$6,147,691	$6,917,471
AU10	$545,921	$794,261	$1,013,837	$1,420,600	$808,079	$1,132,144	$1,355,919	$1,620,263	$1,938,473	$2,316,959
COACH	$155,820	$170,832	$187,085	$204,673	$146,550	$202,553	$226,054	$249,377	$276,779	$304,100
SMALL VAN	$54,582	$60,688	$67,331	$55,817	$77,251	$63,193	$71,674	$83,043	$95,465	$106,694
SUBTOTAL	$3,324,720	$4,766,102	$6,045,469	$8,369,568	$6,136,613	$5,504,987	$6,351,524	$7,326,538	$8,458,408	$9,645,224
HUNTING										
BEAUFORT AREA	S12,407	$99,259	$99,259	$99,259	$62,037	$15,509	$15,664	$15,821	$15,979	$16,139
BEAR AREA	$122,400	$122,400	$122,400	$122,400	$102,000	S16,320	$16,483	$16,648	$16,815	$16,983
AKLAVIK/MCPHERSON	$26,250	$52,500	$52,500	$52,500	$26,250	$2,363	$2,386	$2,410	$2,434	$2,458
SUB-TOTAL	$161,057	$274,159	$274,159	$274,159	$190,287	$34,192	$34,534	$34,879	$35,228	$35,580
FISHING										
TROPHY	$84,000	$112,000	$112,000	$56,000	$56,000	$58,800	-$63,000	$67,200	$71,400	$78,400
WILDERNESS	$19,250	$77,000	$57,750	$38,500	$19,250	$21,175	$23,100	$25,025	$25,988	$28,875
SUB-TOTAL	$103,250	$189,000	$169,750	$94,500	$75,250	$79,975	$86,100	$92,225	$97,388	$107,275
ADVENTURE TRAVEL										
HIKING	$15,000	$30,000	$60,000	$60,000	$30,000	$35,000	$41,000	$48,000	$55,500	$65,000
CANOE/KAYAK/ZODIAC	$63,000	$84,000	$105,000	$138,600	$138,600	$170,100	$210,000	$256,200	$317,100	$308,500
BOAT CRUISE (PACKAGE)	$31,200	$9,600	$10,800	$20,400	$12,000	$18,000	$6,000	$12,000	$12,000	$12,000
WILDLIFE PHOTO	$168,000	$168,000	$252,000	$226,800	$294,000	$383,600	$498,400	$646,800	$840,000	$1,094,1300
CULTURE ARTS&CRAFTS WORKSHOPS	$17,500	$17,500	$17,500	$35,000	$17,500	$17,500	$17,500	$17,500	$17,500	$17,500
SUB-1OTAL	$294,700	$309,100	$445,300	$480,800	$492,100	$624,200	$771,900	$980,500	$1,242,100	$1,577,S00
AIR	$14,911	$16,763	$19,670	$22,122	$35,035	$21,200	$23,200	$25,600	$28,000	$31,000
TOTAL INCREMENTAL	$3,898,638	$5,555,124	$6,954,348	$9,241,149	$6,929,285	$6,264,554	$7,268,258	$8,459,742	$9,861,123	$11,396,879

NPV AT B % 48,372,737
NPV AT 9 % 45,984,118
NPV AT 10 % 43,763,046
NPV AT 11 % 41,695,305 (---------
NPV AT 12 X 39,768,051 NET PRESENT VALUES 1989-1990 (CONSOLIDATED)
NPV AT 13 % 37,969,672 OF INCREMENTAL CASH FLOWS
NPV AT 14 Z 36,289,652 DUE TO INVESTRENTS,
NPV AT 15 Z 34,718,457

Table 4.14

Total Tourist Spending-1988-1998 With Development

	1988 1989 1990 1991 1992 1993 1994 1995 1996 1997 1998
RV	982876S 1277772816610300 20762SS92S9531992984S763 3282967336113140397244S4 4369609947967237
Auto	1709133 2221707 2887307 3607986 45099S2 3133647 5963494 6858018 7806721 9069729 10430189
Coach	1148298 1248150 1348002 14470S4 1547706 1647SS8 1754067 1868897 1990343 2120191 22S66S3
Small Van	138129 188055 237981 297907 321191 382766 421043 462648 30924S 560835 615734
Beaufort Area	1178000 1240000 1289600 1388800 1488000 15S0000 1612000 1674000 1748400 1810400 1884S00
Bear Area	1040400 1162800 1283200 1407600 1S30000 1632000 1744200 1866600 1999200 2136900 2289900
Aklavik-Macpherson	26250 52500 105000 157500 210000 262S00 31S000 367500 420000 472$00 525000
Trophy	420000 S04000 616000 728000 784000 840000 898800 %1800 1029000 1100400 1178800
Wilderness	96250 115500 192500 250250 2887S0 308000 329175 35227S 377300 403288 432163
Hiking	24000 48000 %000 192000 288000 336000 392000 4S7600 S34400 623200 727200
Canoe/kayak/zodiac	210000 273000 337000 462000 600600 739300 909300 1119300 1375500 1692600 2081100
Boat Cruise	12000 43200 52800 63600 84000 96000 108000 120000 132000 144000 1S6000
Wildlife Photo	168000 336000 504000 736000 982800 1276800 1660400 2138800 280S600 364S600 4740400
Culture/Arts/Craft	17s00 3s000 52500 70000 105000 122s00 140000 157500 173000 [92500 210000
Air	395000 41S000 435000 457500 480000 528000 S81000 639000 703000 7?3000 850500
TOTAL	164117232066063926069330 320395333917322844752734 496S01525517707861410204 6844204276345697

Total Tourist Spending Without Development 1988-1990

	1988 1989 1990 1991 1992 1993 1994 1995 19% 1997 1998
RV	10Q42263 12461S00 13105S7S 13105575 12481500 11233350 1011001s 9103174 9103174 9103174 9103174
Auto	
Coach	1266427 1364644 1431212 1431212 1364644 1231S08 1106693 998S20 998S20 998320 998520
Small Van	
Beaufort Area	3720000 3720000 3720000 3720000 3720000 3720000 3720000 3720000 3720000 3720000 3720000
Bear Area	
Aklavik-Macpherson	
Trophy	420000 420000 420000 420000 420000 420000 420000 420000 420000 420000 420000
Wilderness	
Hiking	
Canoe/kayak/zodiac	S62S0 S62S0 S62S0 562S0 56250 S62S0 S6250 562S0 562S0 S62S0 S62S0
Boat Cruise	
Wildlife Photo	
Culture/Arts/Craft	
Air	37s000 395000 41s000 41s000 395000 37s000 3ss000 340000 340000 340000 340000
Total	1669994018437394 191480371914803710437394 1703610815767958 146319441463794414637944 14637944
IMPACT OF DEVELOPMENT	-288214 2223245 6921313128915182073S834 277166263389019440539134 46772260 53804098 61707753

NPV OF DIFFERENCE at 10Z 142612016

WHAT IT MEANS? IT MEANS THAT THE DEVELOPMENT WILL CONTRIBUTE OVER ONE HUNDRED FORTY TWO MILLION DOLLARS IN TODAYS DOLLARS OVER THE TEN YEAR PER1OO

Table 4.15

Comparison of Economic Impact with Development and without Development