

Tourism 2015

New Directions for
a Spectacular Future

FEBRUARY 2011





Northwest
Territories Industry, Tourism and Investment



Northwest Territories
C A N A D A

Dear Tourism Partners:

We are pleased to introduce “**Tourism 2015: New Directions for a Spectacular Future**” an exciting industry and government partnership.

This Plan will guide investment by the Government of the Northwest Territories (GNWT) in the tourism industry over the next five years.

With the focus of world attention on the North, and a renewed interest in Canada as a legacy of the 2010 Winter Olympic and Paralympic Games, we are poised to embark on a new era of growth for our industry. Our investment in *Canada's Northern House* in Vancouver during the Olympics is already showing positive results in visitor numbers, and this increased awareness of our territory as a travel destination is an ideal launching point for this new tourism plan. The efforts of NWT Tourism to promote the aurora borealis as a signature image for our territory are also showing strong positive results. The aurora are now strongly associated in many of our travel markets with Canada and the NWT. And our investments in our spectacular system of parks and campgrounds have garnered praise from visitors and residents alike. We will leverage these investments to attract more people to our territory, which will benefit our communities and regional economies.

This is a Plan for people, communities and business. It will build on the strength and experience of our tourism industry, embrace our arts and crafts sector, and diversify our economy.

We look forward to the successes that we, as a partnership between industry and governments at all levels, will achieve in tourism over the next five years.



The Honourable Bob McLeod
Minister
Industry, Tourism and Investment



Ms. Jenni Bruce
Chair
NWT Tourism

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Executive Summary

Tourism 2015 builds on the lessons learned and the successes of Tourism 2010, the predecessor to the current Plan presented in this document. Since Tourism 2010 was launched in 2005/2006, the tourism industry in the Northwest Territories (NWT) has faced new challenges and new opportunities for growth. Resource issues for big game outfitters, competition for our aurora viewing products, and the continued contraction of markets for our traditional fishing lodge packages have underscored the need for diversity at both the industry level, and within tourism business enterprises. The growth in demand for experiential travel, especially the interest in authentic Aboriginal culture – as well as niche product demand for activities such as fly-fishing, offer new opportunities for our tourism industry. Investment in new products, tourism business skills and labour force development have helped prepare our industry to take advantage of the new world focus on the North, and the awareness of the NWT generated by our presence at the 2010 Winter Olympic and Paralympic Games in Vancouver.

Tourism 2015 represents an investment in people, communities and businesses. It includes initiatives in Aboriginal cultural tourism and our youth. The Plan also addresses the need to be more inclusive of the arts and

crafts sector of our economy in the tourism industry. We launch this Plan at an opportune time. The number of visitors coming to the NWT for 2010/2011 is showing signs of recovery. Visitor spending is up as well. At an estimated \$111 million, the value of visitor spending in 2010/2011 has increased by \$4 million compared to the previous year.

Tourism 2015 will invest \$1 million annually from the Department of Industry, Tourism and Investment (ITI) in six key program areas: marketing, infrastructure, skills development, community and industry engagement, research and Aboriginal tourism. In addition, ITI will be actively seeking partnerships with other agencies, governments and businesses to develop the potential of our industry. The overall goal is to increase the value of the industry to \$130 million by 2015/2016 – growth of \$19 million over five years. This goal is based on developing the potential of four key market segments: camping and touring, outdoor adventure, aurora viewing, and business travel. New products for our fishing and hunting sectors will help mitigate some of the recent market and resource challenges these sectors have faced the past few years. Demand for fly-fishing, and opportunities to develop markets for underutilized game species such as muskox and bison, can help offset some of the losses seen in the barrenground caribou

and polar bear sports hunt sectors. And growth in the numbers of people travelling to the NWT to visit friends and relatives offers opportunities for products such as day tours.

Tourism 2015 will be supported by a flexible budget and resources can be re-allocated to respond to new opportunities and challenges. It will be further supported by other programs directly and indirectly available to the industry that are offered by ITI, the NWT Business Development and Investment Corporation (BDIC), and our marketing agency, NWT Tourism.

Partnership is a key element of Tourism 2015. Through partnerships, the goal of Tourism 2015 is to have a one-to-one GNWT/ partner funding ratio. That means for every dollar invested by ITI, it is expected that an additional dollar will be invested by our partners.

With these investments, our overall goal is realistic and achievable.

Goals and Objectives

A dramatic landscape photograph of a mountain plateau. In the foreground, a prominent, flat-topped rock formation (a butte or mesa) rises sharply from a green, grassy slope. The rock face is light-colored and shows signs of weathering and erosion. In the background, another similar butte is visible, set against a deep blue sky. The overall scene conveys a sense of vastness and natural beauty.



Introduction

Tourism is an industry that can bestow benefits in three major areas: economic, cultural and environmental. It is an export industry that attracts new dollars and spreads wealth among a diverse range of businesses. It supports and encourages retention of culture and language. It can provide a strong argument for the preservation of pristine wilderness areas. These benefits make tourism a particularly appealing opportunity for the NWT. With the can-do attitude of our business community, our abundance of wild places, and our vibrant Aboriginal cultures, there is great potential for growth in our tourism industry.

People, communities and business are the three pillars of Tourism 2015. To fully realize the tourism potential of our territory, tourism development must respond to the goals and aspirations of all three pillars. Tourism can offer opportunities to assist achievement of personal career aspirations, the vision that communities hold for their future, and the business objectives of tourism enterprises.

And, because the industry cuts across a broad swath of sectors, coordination and cooperation among the many businesses involved is crucial for tourism development. The fundamental requirements for tourism development – access, accommodation, food services, and attractions – must be satisfied to realize tourism potential. All sectors of the industry must be fully engaged as active partners to move forward.

There is more than gold, diamonds and gas in our land. A strong economy is built on a foundation of diversity, and individual businesses must incorporate diversity in their business planning. Tourism is an industry particularly sensitive to events and factors that play out on a global scale. We have seen in the past decade how global events such as SARS, H1N1 and terrorist actions can have very drastic impacts on travel. Locally, resource issues with the wildlife our sports hunt outfitters depend on, illustrate how important it is to diversify a business. Diversification is a key strategy to weather shifts in economies, markets, and environment.

Our tourism industry has tremendous potential. A variety of issues, both national and international, have focused attention on the North. Sovereignty, oil and gas development, and climate change have fixed the eyes of the world north of 60. Baby boomers with money to spend will be entering retirement in full force over the next few years, and they will be looking for new travel destinations and experiences. The desire for travel experiences that include opportunities for learning and personal growth is increasing demand among travellers for products based on authentic Aboriginal culture.

Through the delivery of the Tourism 2010 Plan, and associated tourism support programs, we have made some great strides forward in developing our human resource capacity, research capability, public and private tourism infrastructure, new tourism products and brand development of our territory as a travel destination. We need to build on these successes to carry us forward into the next decade. We need to fulfill the promise of tourism as a means to create healthy people, sustainable communities and a diverse economy.





Purpose



Tourism 2015: New Directions for a Spectacular Future sets out the commitment of the Minister of ITI, the Honourable Robert R. McLeod, to enhance tourism in the NWT by growing the tourism sector from \$111 million to \$130 million by 2015. It builds on the work and success realized in Tourism 2010, and responds to lessons in the implementation of that Plan.

It is a Plan that will build on previous investments by the Government of the Northwest Territories (GNWT) and its partners to better realize the growth potential in the tourism industry over the next five years.

Tourism 2015 focuses on people, communities and business. Each program element addresses one or more of these pillars recognizing that development must be environmentally sustainable.

Vision

To develop a dynamic partnership of industry and government to market the NWT as a premier travel destination and to develop an environmentally sustainable tourism industry that supports the aspirations and goals of people, communities and business.





Principles

The following principles underlay the Plan:

DIVERSIFICATION

Diversification at both the industry and individual business level is key to thriving in an environment of uncertainty.

FLEXIBILITY

Changing circumstances require the capacity for flexibility by both government and industry.

SUSTAINABILITY

Industry development must be financially, environmentally and culturally sustainable.

RISK-SHARING

Risk will be shared by both government and industry, but industry must lead for a sustainable outcome.

COOPERATION

Multiple interests and a diverse range of community and business goals requires cooperation among businesses, and different levels and types of government, including Aboriginal and municipal governments.

FAIR DISTRIBUTION OF BENEFITS

Decisions will be guided by the intent to distribute benefits as widely as possible among communities and regions, recognizing the importance of the principle of financial, environmental and cultural sustainability.

Goals

To achieve the Purpose and the Vision of the Plan, the following goals have been established for realization over the next five years:

- Increase tourism revenues to \$130 million by 2015/2016.
- Increase community support for tourism.
- Grow the Aboriginal tourism sector.
- Increase tourism industry revenues and profitability.
- Expand the number of businesses and tourism products offered in the NWT.
- Enhance the hospitality skills of our tourism workforce.
- Improve the business skills of tourism business owners and managers.
- Leverage our parks and campgrounds as tourism products to attract new visitors to the NWT.
- Integrate the arts and crafts sector more fully into the tourism industry.

Objectives

The goals of the Plan will be realized by achieving the following objectives:

- Increase the value of the Outdoor Adventure, General Touring, Aurora Viewing and Business Traveller markets by \$20 million by 2015/2016.
- Increase the effort to promote, and create products for, the meetings and conferences markets.
- Increase the number of Aboriginal cultural tourism products and facilities.
- Develop tour products based on arts and crafts production.
- Expand the number of products for the outdoor adventure market.
- Improve the seasonal distribution of travellers visiting the NWT.
- Improve the distribution of tourism benefits by supporting the establishment of new tourism ventures and products in communities across the NWT.
- Stimulate private sector investment to accommodate anticipated increases in business and tourism travel.
- Increase the number of skilled workers in the tourism industry.
- Provide relevant and timely information on market and industry trends to industry, government and other stakeholders in a manner that is easily understood.
- Foster development of new tourism businesses, help existing businesses grow, and improve the profitability of tourism operations.

Action Plan





Opportunities and Challenges

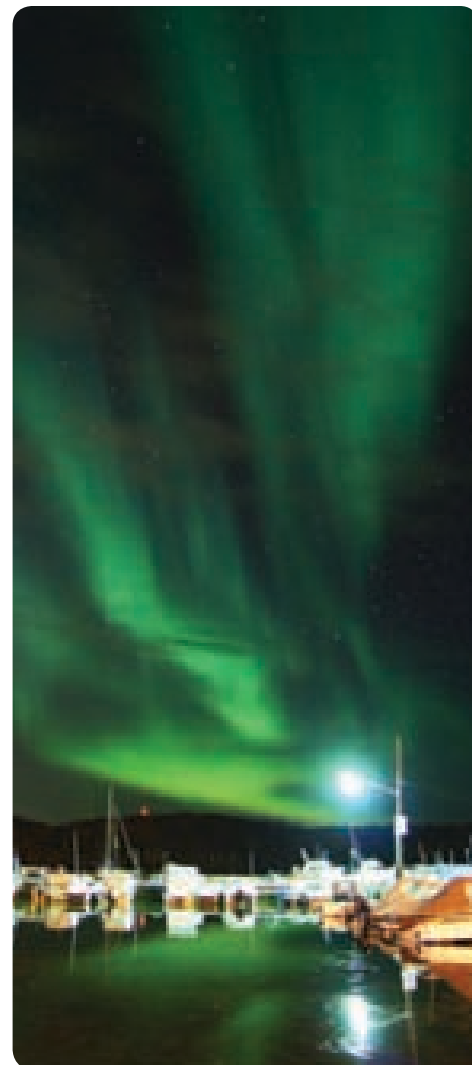
Opportunities and assets for the tourism industry in the NWT include:

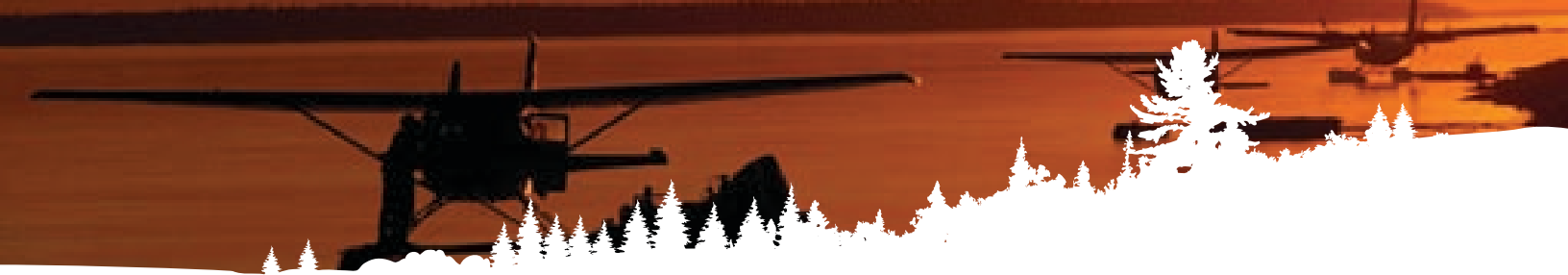
- Growth in demand for Aboriginal cultural tourism products.
- A vibrant arts and crafts sector.
- A relatively large proportion of youth making up the NWT population, which represents a large potential workforce.
- Increased number of day trip tourism products.
- The "Spectacular NWT" brand of NWT Tourism.
- The best locations in the world to observe the aurora borealis.
- New interpretive programming in our Territorial Parks.
- A well maintained network of parks, campgrounds and visitor centres and a system of iconic national parks.
- Pristine wilderness, abundant wildlife and world class waterways.
- Existing accommodation, transportation, and related infrastructure and tourism products/services.
- Improved road systems across the NWT.
- An increase in the number of airlines flying to the NWT.
- A decrease in the cost of airfares into Yellowknife from southern Canada.
- The businesses, meetings and incentives travel market.

- The baby boomer travel market.
- An increase in the volume of people visiting friends and relatives.
- Olympics 2010 promotions.
- Canada's Approved Destination Status with China.
- Pan-territorial partnerships.

Efforts to develop tourism in the NWT also face a number of challenges. These include:

- Long distances from major markets.
- The high cost of airfare to communities outside of Yellowknife.
- The high cost of business operations.
- Poor surface conditions on the Liard Highway.
- Lack of direct airline access to European and Asian markets.
- Strong labour demand from the high paying non-renewable resource sector.
- Relatively few products (tours, etc) catering specifically to visitors.
- Low awareness of our destination attractions.
- Limited public infrastructure to support tourism.
- Lack of a "service" orientation in our hospitality workforce.
- Lack of Aboriginal cultural tourism products.
- Lack of package tours.
- Lack of market-ready products.
- Hunting resource issues.
- The 2009 global economic recession.
- Competition from other national and international tourism destinations.





Tourism 2015 Partners



Partnership will be a key factor in the success of Tourism 2015. Overall, the goal is to attract investment from our partners that will equally match ITI's investment in this Plan. Commitments from industry and governments at all levels will be required to achieve the goals and objectives set out in this Plan.

The following lists potential partners in the Tourism 2015 Plan:

Private Sector Partners Involved in Planning, Delivery, and/or Funding

- NWT Tourism
- Tourism industry
- Key wholesalers and travel trade in European, Asia-Pacific and North American Markets

Public Sector Funding and Development Partners

Outside of NWT Agencies:

- Indian and Northern Affairs Canada
- CanNor
- Canadian Heritage
- Human Resources Development Canada
- Aboriginal Business Canada
- Canadian Tourism Commission
- Canadian Tourism Human Resource Council
- Statistics Canada

- Yukon Tourism Education Council
- Parks Canada
- Provincial governments

NWT Organizations:

- Aboriginal governments
- Community governments
- Chambers of commerce

GNWT Departments:

- Department of Transportation
- Department of Municipal and Community Affairs
- Department of Education Culture and Employment



Investment Plan

FOCUS

To achieve our objectives investment will be made in three pillars that are necessary for environmentally sustainable tourism development: people, communities, and business.

People

Tourism provides opportunities to realize career aspirations throughout a variety of industries, including accommodation, transportation, food services, and tour operations. Tourism 2015 will provide support to develop skills specifically required in the tourism industry. This will include hospitality and guide training, and business and management knowledge specific to the tourism industry. Northern youth will also benefit from a work placement program which will provide on-the-job training and hands-on experience for young people with established tour operators. This placement program will have a particular focus on outdoor adventure.

Communities

Communities play a large role in tourism. Effective tourism development cannot occur in isolation from the goals and aspirations of our hamlets, towns and cities. Tourism 2015 will provide support to engage communities in tourism development, and plan for tourism activities that will help fulfill their overall vision. ITI, through Tourism 2015, will also

have resources to partner with communities on infrastructure intended to attract and retain visitors.

Business

Tourism 2015 will support tourism business enterprises operating in the NWT. It will do this by resourcing the marketing efforts of our territorial Destination Marketing Organization (DMO), NWT Tourism, for specific strategic markets and products, and offering opportunities for cross-sector roundtables and sector specific conferences, as well as specialized skills development in such areas as product development, pricing and packaging. Market, product and performance intelligence will be provided to the business community through projects funded under Tourism 2015.

STRATEGIC INITIATIVES

The following areas have been identified as strategically important to achieve the goals and objectives of Tourism 2015.

Parks and Campgrounds

Our system of parks and campgrounds in the NWT are well-developed, and are a tourism product in their own right. Campgrounds provide access points to wilderness, national parks, and communities. Our parks and campgrounds will receive more emphasis in marketing during the life of Tourism 2015. ►





Investment Plan (continued)



► Through parks operations contracts, ITI provides opportunities for local business development, as well as incentives and support for delivery of Aboriginal cultural tourism products in our campgrounds. ITI is also committed to working cooperatively with Aboriginal organizations to develop management capacity and economic opportunities through our parks systems. Examples include Gwich'in Territorial Park, the proposed Doi T'oh Territorial Park and Five Fish Lakes Cultural Conservation Park.

Iconic Attractions

Attractions with an iconic status will be leveraged more forcefully with marketing efforts funded by Tourism 2015. Natural wonders such as the aurora borealis, the Nahanni River, and our great lakes will be used to build brand awareness. In addition, other less known attractions will be promoted, such as world-class whitewater rivers that could become iconic attractions in niche travel markets. National parks are attractions which will be more fully promoted for their potential to attract visitors. ITI will work with Parks Canada to develop tourism products focusing on Aboriginal culture and natural history.

Niche Markets

Our territory is not a destination for mass tourism. Rather, our appeal lies in our pristine wilderness and wildlife, and products built to enjoy and access this wilderness, our history and our unique cultural mosaic. Our natural and cultural attractions offer opportunity to promote ourselves in niche travel markets, including soft and hard outdoor adventure, and experiential travel. Our capital city, Yellowknife, now has all the ingredients to successfully market itself as an extended weekend destination to the Canadian urban market. And, there is tremendous potential to develop and package tour products that include northern cuisine, arts and crafts and performing arts.

Business, Meetings and Conferences

Business travellers to the NWT comprise a very important component of our overall visitor market. Not only do business travellers spend money on airlines, hotels and restaurants, but they are also a market for tour operators who offer activities of a few hours in duration. Great potential also exists in tapping the meetings, conferences and incentive travel market. Some of our larger communities have the infrastructure and service capacity to offer unique alternatives to the usual big cities that routinely host meetings and conferences. Marketing efforts aimed at conference planners can pay big dividends. Convincing one planner to host a conference in



the North can result in a visit by several hundred people. Promoting the NWT in this market will be a priority for Tourism 2015.

Aboriginal Cultural Tourism

The NWT is blessed with a rich cultural fabric every bit as exotic to southern Canadians, and the rest of the world, as cultures beyond our borders. There is strong demand in Europe, Japan and among certain market segments in North America for travel experiences that include encounters with authentic Aboriginal culture. Authenticity is the key word here. Travellers interested in Aboriginal experiences are looking for the real thing. They want to participate and learn.

The benefits of Aboriginal cultural tourism flow both ways. At its best, this kind of tourism can strengthen language and culture by stimulating pride and interest in Aboriginal youth in their own heritage.

The challenge is to build cultural tourism products that are market ready. The key to success is partnerships: between Aboriginal governments and economic development agencies between the territorial and federal governments, between Aboriginal operators and non-Aboriginal operators, and between the different industry sectors. The greatest potential lies in developing cultural products that can be offered in a package of other activities

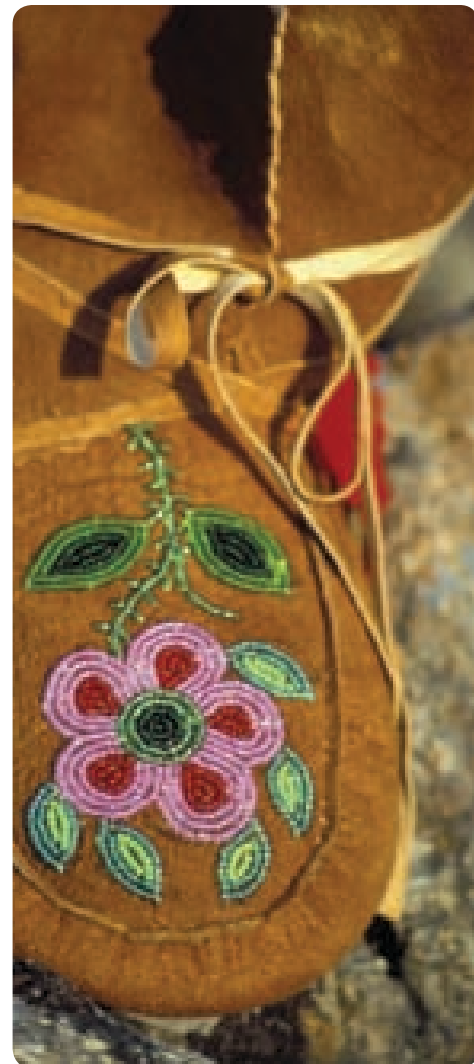
and services. Packaging will offer providers of cultural products a support network of partners and broader access to markets.

Mentorship

It is always nice to have someone to talk to about your problems and ideas, especially someone who has experienced issues similar to those with which you are dealing. The tourism business mentorship program will offer opportunities for less experienced business owners to consult with others who have successfully navigated the pitfalls that may face those new to the industry, or who may be facing changing market conditions or other uncertainties in operating their business. The program will include a provision for tourism operators to mentor youth by providing them with on-the-job training and to foster a relationship that may lead them to a career in tourism.

Arts and Crafts

Arts and crafts are important to visitors as mementos of their experience, and visitors are an important market for our artists and craftspeople. Inclusion of people and businesses who work in this industry will be a priority in Tourism 2015. Better integration of this sector into tourism planning will result in increased spending by visitors in our territory. As well, tourism products that include an arts and crafts component will help diversify the industry. ►

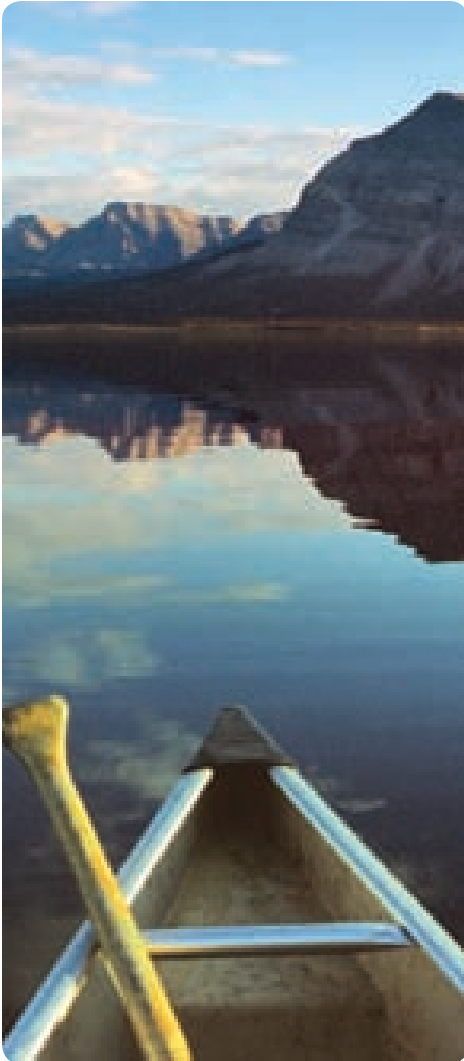




Investment Plan (continued)

► Digital Revolution

Since the inception of the previous Plan, Tourism 2010, the pace of evolution in digital technology has exploded. Smartphones, integrated phone and Internet platforms, and applications for these devices are transforming how we access information. These technologies are particularly important to the travel industry, where both businesses and consumers are quickly adopting these devices to search, sell and buy. In Tourism 2015, the importance of this digital revolution will be recognized and leveraged through the infrastructure program, which will recognize such technology as a priority area for investment.

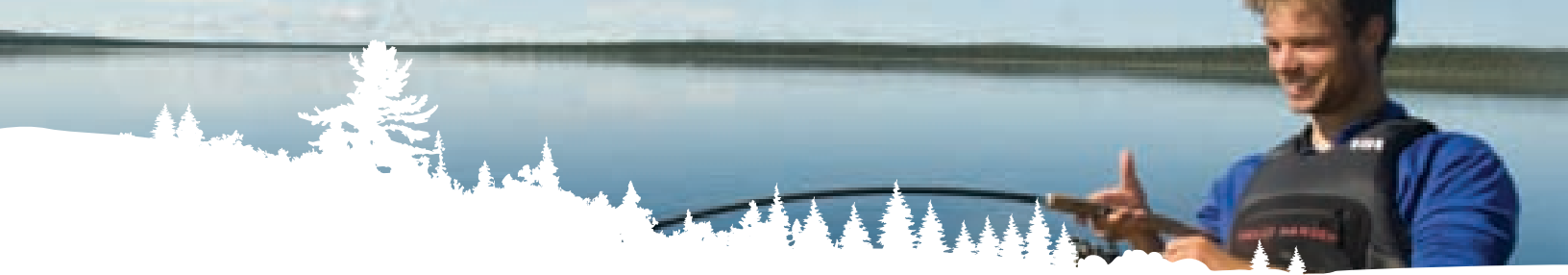


PROGRAM AREAS

The investment plan will allocate resources in six broad program areas:

- Marketing
- Aboriginal Tourism
- Community and Industry Engagement
- Infrastructure
- Skills Development
- Research and Planning

These are the ingredients that will allow the NWT to meet the objectives defined in this Plan. Marketing is the primary driver that will attract more visitors in the four key markets identified in this Plan (touring, outdoor adventure, aurora viewing, and business). The other five investment areas will distribute tourism spending more widely across the NWT and through a greater range of businesses. Investment in community tourism planning, infrastructure and attractions, and human resource training will generate returns well beyond the five-year horizon of this Plan. It will also encourage visitors to return to the territory in the future.

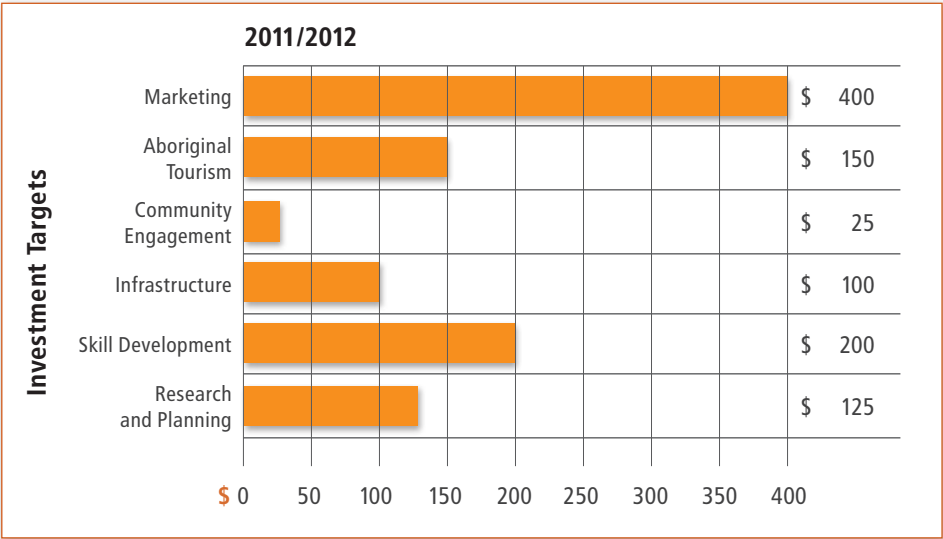


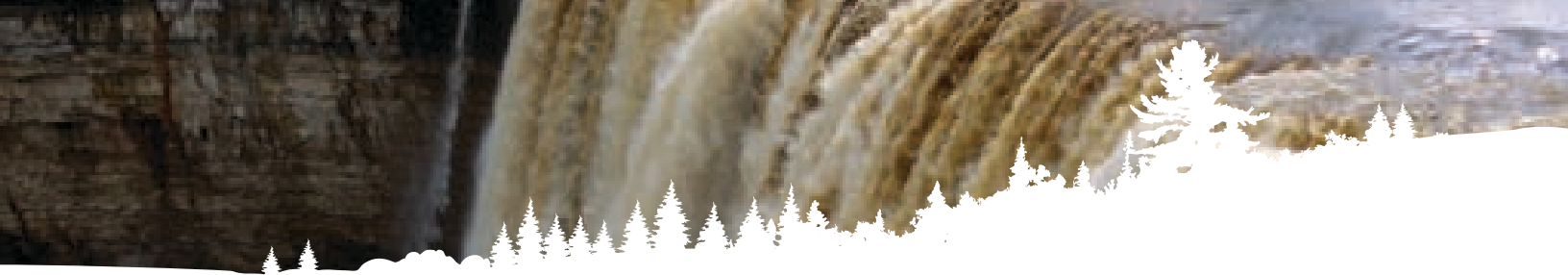
INVESTMENT TARGETS

Flexibility is critical for a successful response in an environment of risk and uncertainty. In Tourism 2015, budgets

may be re-allocated between programs annually as needed to provide the ability to respond to new opportunities or challenges. The following graph proposes broad investment targets by investment area.

Graph 1: Summary of Investment (in \$ thousands)





Tourism 2015 Action Plan

MARKETING

ITI and NWT Tourism will expand existing marketing activities in three key niche leisure markets and business travel, including the meetings, conventions and incentives travel markets. The three leisure segments are camping and general touring, outdoor adventure and aurora viewing. Marketing will leverage the power of important iconic attractions that provide the NWT with natural advantages to entice visitors to our territory. These attractions are: the aurora, rivers and lakes, parks and wilderness, and ice roads.



These icons are features that attract visitors in our travel markets and they can be used to identify our destination and make the NWT stand out.

The funds will be advanced to NWT Tourism and used to supplement existing NWT Tourism marketing efforts, targeted towards the implementation of annual marketing plans.

Actions

ITI will work with the Tourism Marketing Advisory Committee (TMAC) and NWT Tourism to develop a plan to increase marketing activity in the identified growth areas and leverage the power of our iconic attractions.

Outcomes

This additional investment will result in:

- Increased spending of \$20 million over the life of the Plan by the four key markets (camping and general touring, outdoor adventure, aurora, and business, meetings and conventions).
- A combined average annual growth rate in spending in these four key markets of 3.8% over the life of Tourism 2015.

Proposed Investment

ITI proposes to continue to invest the \$400,000 annually provided under the previous tourism plan, to supplement the core marketing budget of NWT Tourism.

Partners

The annual marketing plan will be led by industry stakeholders through the TMAC and NWT Tourism, in partnership with ITI. Other potential partners include:

- Canadian Tourism Commission
- Indian and Northern Affairs Canada
- CanNor
- Communities and Aboriginal organizations
- Tourism operators
- Wholesalers and travel trade in Europe, Asia Pacific and North American markets

In support of these efforts NWT Tourism will develop annual marketing plans, track campaigns and report on results. The Tourism and Parks Division of ITI will assist with timely research to support the plan.

Marketing is the vehicle that will continue to drive the increase in tourism visitation and revenues in the NWT.



ABORIGINAL TOURISM

ITI will work with the tourism industry, stakeholders and Aboriginal governments and organizations to develop Aboriginal Tourism in the NWT.

Actions

ITI will work with the tourism industry, stakeholders and Aboriginal governments and organizations in:

- Identifying and supporting Aboriginal Tourism Champions and establishing an Aboriginal Tourism Champions Advisory Council.
- Hosting an Aboriginal Tourism Forum to:
 1. Establish the definition of Aboriginal Tourism.
 2. Develop a multi-year strategic plan.
 3. Develop product standards.
- Investigating additional funding for an Aboriginal Tourism Product Development Officer to support the development of Aboriginal tourism in the NWT.
- Providing skills development programs as required.

Outcomes

This additional investment will result in:

- Aboriginal Tourism Champions who will promote Aboriginal tourism development and the value of Aboriginal tourism to assist existing or new Aboriginal tourism businesses.

- An agreed upon definition of Aboriginal Tourism.
- Development of an Aboriginal Tourism Strategy that would benefit the whole NWT.
- Development of product standards.
- An Aboriginal Tourism Development Officer who would assist the tourism operators and Aboriginal organizations and governments in the development of Aboriginal products.
- A more qualified and trained Aboriginal work force in the NWT.
- Ten new Aboriginal tourism products over the life of Tourism 2015.
- New investment of \$200,000 annually by Aboriginal governments and development agencies in Aboriginal tourism.

Proposed Investment

ITI is proposing to invest \$150,000 in the first year to host a forum to develop an Aboriginal Tourism Strategy.

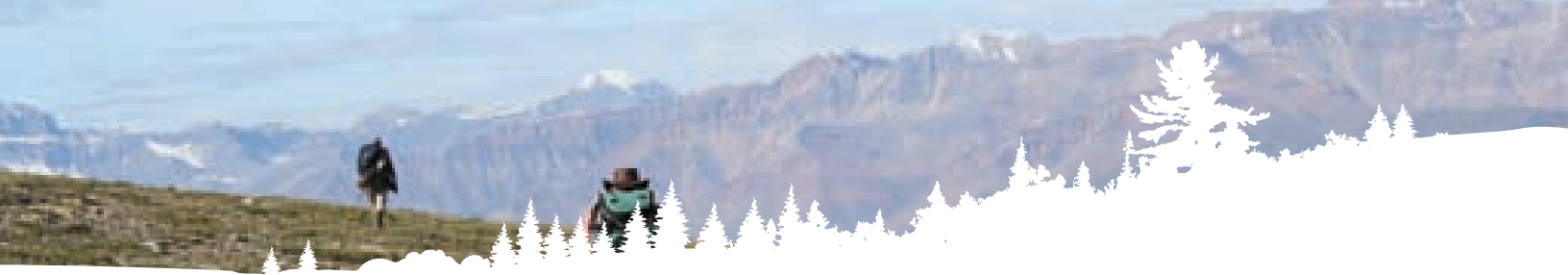
Partners

ITI, in partnership with NWT Tourism will be seeking other partnership opportunities with:

- Canadian Tourism Commission
- Indian and Northern Affairs Canada
- CanNor
- Communities and Aboriginal Organizations
- Tourism Operators who may want to incorporate or add Aboriginal cultural products to their product offerings

*Aboriginal Tourism
will showcase northern cultures,
create business opportunities,
provide employment,
and support traditional
and cultural assets
in our communities.*





COMMUNITY AND INDUSTRY ENGAGEMENT

Community support for tourism is key to the successful development of the industry. Funds will be provided to assist community tourism committees and councils to define their goals and objectives for tourism, and develop concrete action plans to achieve these. The tourism industry will be engaged across sectors to develop a coordinated approach to issues which require an industry wide solution.

Actions

- ITI staff will work with community-level tourism groups, and community and band councils to identify how tourism development can support the overall vision and goals held by these organizations. Based on this process, tourism action plans will be produced to guide tourism development at a community level.
- Industry roundtables will be held to develop action plans to address issues that cut across tourism sectors.

Outcomes

- Tourism development that moves the overall goals of communities and tourism industry forward.
- Increased awareness of, and support for, tourism development by communities.
- Tourism action plans for all regional centres in the NWT.

Proposed Investment

ITI is proposing to invest \$25,000 in the first year of Tourism 2015 to assist the communities in hosting stakeholders meetings.

Partners

- Municipal and band governments
- Department of Municipal and Community Affairs
- NWT Tourism
- Tourism businesses

Community stakeholder engagement in tourism will ensure that tourism development supports the vision that communities hold for their future.

INFRASTRUCTURE

ITI proposes to make infrastructure investments annually to support new and innovative projects that will enhance tourism in communities across the NWT. Infrastructure target priorities include creating new facilities, enhancing existing infrastructure, introducing enhanced communication infrastructure, and increasing partnerships. These areas will be the focus of the Tourism 2015 infrastructure program, with the understanding that 'infrastructure' includes more than just constructing buildings.

Actions

ITI will work with communities and current and potential partners to:

- Develop new partnerships in the public and private sectors.
- Identify key areas and projects for infrastructure investment.
- Develop criteria to provide clear direction for investment in tourism infrastructure.
- Develop community support for regional tourism projects in each region.



Outcomes

- Enhance tourism infrastructure in each region by introducing innovative communication products for tourists (for example, GPS guided tours).
- Develop infrastructure products that build on the allure of iconic attractions in the NWT. An interpretive centre for the aurora borealis or a marina facility on Great Slave Lake will enhance the appeal of our territory to travel markets, create a more positive visitor experience, and induce visitors to spend more time and money in our communities.
- Partner with Parks Canada to develop infrastructure projects that focus on Aboriginal culture and natural iconic wilderness attractions. This will provide greater access for visitors to our system of parks and enhance market access to Aboriginal cultural tourism products.
- Infrastructure projects that will enhance the shared visitation between parks and nearby communities/attractions. Linking the NWT's 'market ready' parks and campgrounds product to other tourism attractions is key in developing tourism in our small communities and remote wilderness attractions.

Proposed Investment

ITI proposes to invest \$100,000 in the first year of Tourism 2015 to develop and initiate a plan for infrastructure development, promote

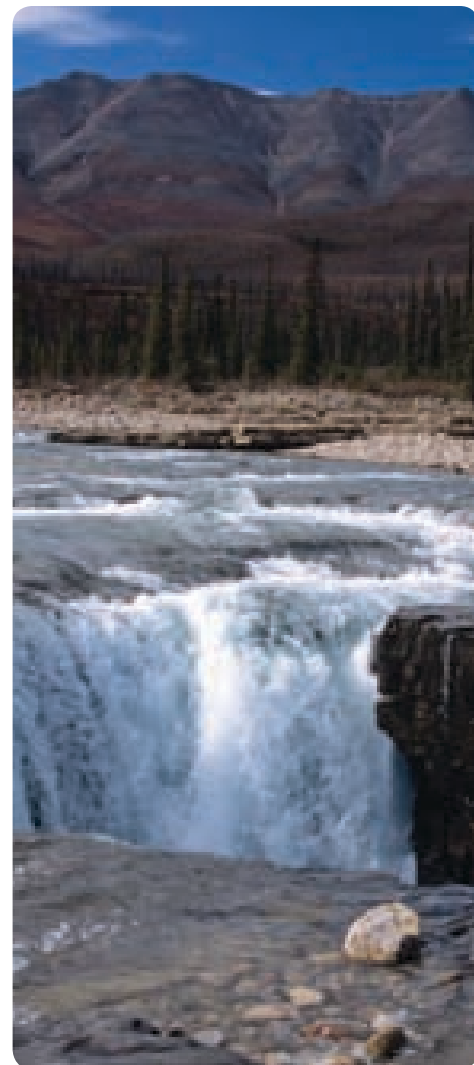
partnerships throughout the NWT, and launch potential pilot projects. The intent of the investment is to provide seed funds to help communities and organizations leverage larger investments for infrastructure projects.

Partners

ITI will be seeking partnership and/or investment from:

- Department of Transportation
- Department of Municipal and Community Affairs
- Aboriginal governments
- Community governments
- Chambers of commerce
- Tourism industry
- Aboriginal Business Canada
- Parks Canada
- Canadian Heritage
- CanNor
- Commercial Institutions
- Not for Profit Agencies

Infrastructure investment will enhance visitor experience and contribute to the attractiveness of our territory as a premier visitor destination.





SKILLS DEVELOPMENT

ITI will work with industry partners to address the training needs of the tourism industry in the NWT.

Actions

ITI will work with the tourism industry and partners to establish a Tourism Education Committee that will be responsible for:

- Identifying industry training and education requirements on an annual basis.
- Providing a forum for government and industry to exchange ideas on tourism education.
- Establishing a Tourism Education Committee for the NWT.

The Tourism Training Committee will consist of staff from ITI's Tourism and Parks, NWT Tourism and the Department of Education, Culture and Employment and the Yukon Tourism Education Council.

The NWT Tourism Education Committee will be responsible for:

- Facilitation and delivery of professional development workshops and programs that respond to tourism industry needs in the communities, including hospitality training programs.
- Promoting tourism careers by delivering tourism-training courses in the community high schools throughout the NWT.

- Organizing workshops on specific skills required for businesses operating in the tourism industry.
- Providing a business mentorship program for the tourism operators in the NWT.
- Facilitating work experience of NWT youth in the tourism sector.
- Partnering with other organizations in sponsoring tourism training workshops as required.
- Assisting with the development of curriculum for college-based tourism programs.

Outcomes

- A better-trained workforce and a corresponding increase in tourism awareness that will contribute greatly to positive visitor experiences and improve the reputation of the NWT as a premier visitor destination.
- Increased business profits as a result of the improved business skills of tourism business operators and owners.
- More northerners employed in the tourism industry.
- Six NWT youth will receive financial assistance and guidance to participate in the tourism industry and will be encouraged to enter academic training in support of a career in tourism.
- A mentorship program will provide NWT tourism business owners the opportunity to

benefit from the experience of established, successful tourism enterprises.

- College level diploma and/or certification programs and courses in tourism delivered through Aurora College.

Proposed Investment

ITI proposes to invest \$200,000 in the first year of Tourism 2015 to support the creation of the Tourism Education Council and human resource training in the tourism sector.

Partners

Possible partners are:

- Yukon Tourism Education Council
- Canadian Tourism Human Resource Council
- Human Resources Development Canada
- Aboriginal Business Canada
- Indian and Northern Affairs Canada
- Department of Education, Culture and Employment
- Aurora College
- Department of Municipal and Community Affairs

*Human resource training
is essential to sustain
tourism growth and to support
the industry.*



RESEARCH AND PLANNING

ITI proposes to invest in regular surveys, analysis and market research to ensure relevant and timely information is available to industry, government and private sector stakeholders in the NWT tourism industry.

Actions

ITI will work with partners to:

- Revitalize and encourage a Tourism Research Committee that includes industry and government representatives to provide input on ITI's annual research plans.
- Monitor annual volume and spending patterns of tourists to the NWT.
- Conduct sector specific studies and research – rotating annually by sector and including primary and secondary research as appropriate.
- Conduct research that supports:
 1. The efforts of NWT Tourism.
 2. The product development efforts of NWT tourism operators.
 3. The initiatives of this Plan, such as Aboriginal Tourism.
- Create a communications plan for tourism research information. This may include a quarterly newsletter and dissemination plans for reports and information.

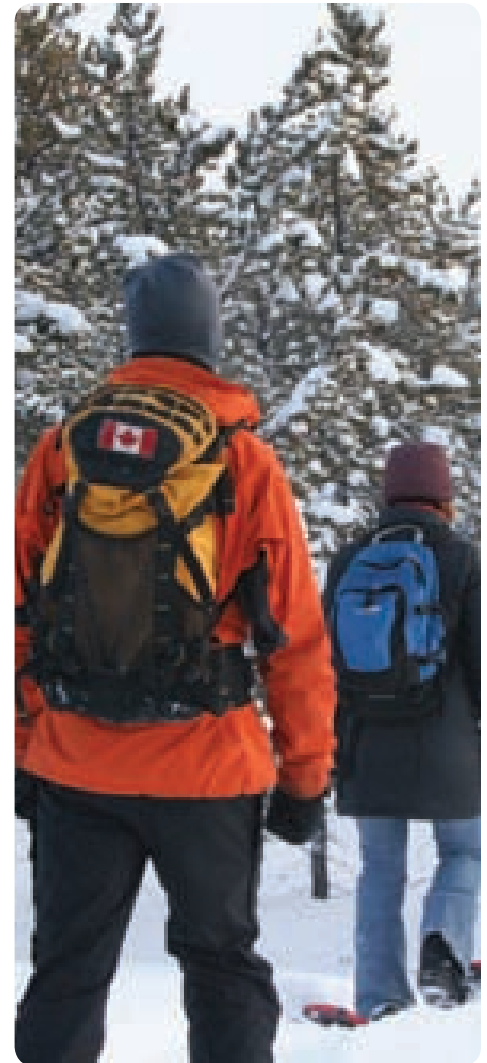
- Distribute timely information to the industry and key stakeholders as outlined in the communication plan.

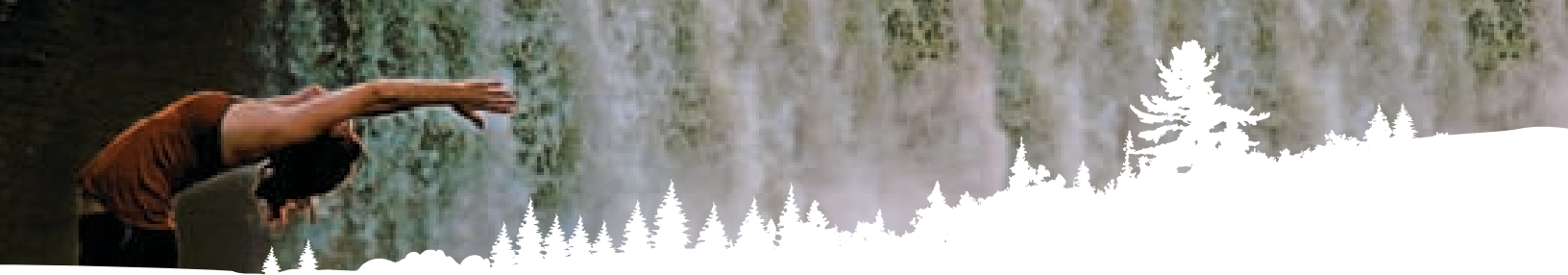
Outcomes

- Provide up-to-date information on industry trends and activity levels that will allow individual operators to plan effective, timely and well-targeted marketing campaigns while providing rationale and guidance for future investment in the NWT's tourism industry.
- Collect information to provide measurements of changes in tourism numbers and spending. Market research will provide industry with the intelligence to tailor product offerings to market demand.
- Develop a communications plan clearly outlining the most efficient dissemination process for tourism research information based on the needs of information users.
- Publish survey results as studies are completed, and distributed to industry stakeholders in accordance with the communication plan.

Proposed Investment

ITI proposes to contribute \$125,000 annually for tourism research through Tourism 2015. Other sources of funding from within ITI will also be leveraged from other department divisions.





Tourism 2015 Action Plan (continued)

► Partners

ITI will be seeking partnerships and funding from:

- NWT Tourism
- CanNor
- Tourism Operators
- Canadian Tourism Commission
- Statistics Canada
- Provincial/Territorial Governments and Tourism Agencies

ITI will be able to participate in larger scale projects with the Canadian Tourism Commission and other provinces and territories. The results provide NWT research staff with information and data that would otherwise be unavailable.

*Research is the basis
for strategic planning.*

Results

Detailed results by market segment are presented in the Appendix. The following discussion summarizes the expected results by market and program area.

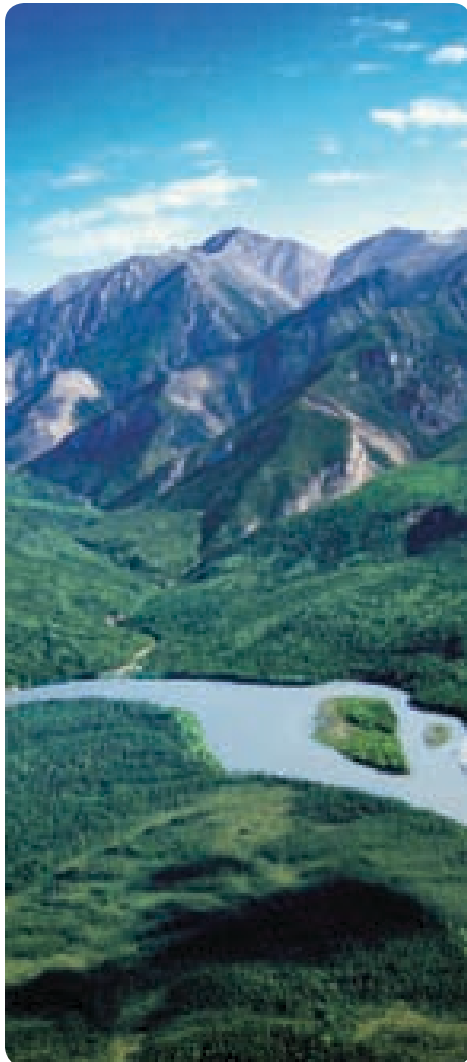
Overall, the industry is forecast to grow by an annual average rate of 2.8%, during the life of Tourism 2015. Leisure markets will increase at 1.8% and business markets will increase at 3.7% annually (Table 2). In the four key market segments targeted for growth – general touring, outdoor adventure, aurora viewing and business – the average annual combined growth rate is forecasted at 3.8% (see Table 3).

Angling is forecast to continue to decline. But, the forecast also projects growth in the demand

for day fishing products and fly-fishing. Hunting will remain at around \$3 million in value for the life of the Plan. Modest growth is forecast based on a slight expansion of markets for muskox and bison hunts.

The Visiting Friends and Relatives market (VFR) is forecast for a modest increase, leveling off the rapid growth in that segment following the introduction of daily WestJet and Air Canada flights to the Yellowknife market and the drastic drop in airfares observed in 2010.

The following table summarizes the expected change in value for all markets over the next five years.



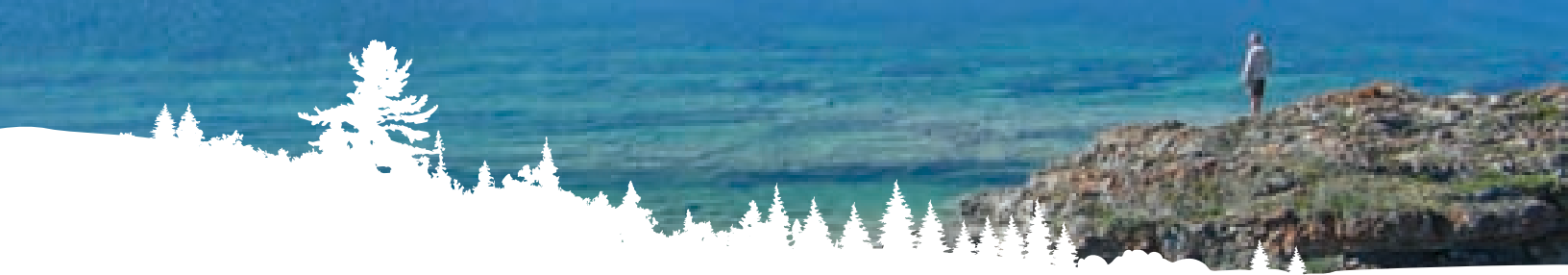


Table 2: Expected Change in Value of NWT Visitor Market Spending

Market	2010/2011	2015/2016	Absolute Change	Percent Change	Average Annual Change
	\$ Thousands				
VFR *	\$ 6,540	\$ 6,766	\$ 266	3.5%	0.7%
Fishing	\$ 14,303	\$ 12,679	(\$ 1,623)	-11.3%	-2.4%
Hunting	\$ 3,036	\$ 3,128	\$ 92	3.0%	0.6%
General Touring	\$ 9,175	\$ 10,585	\$ 1,410	15.4%	2.9%
Outdoor Adventure	\$ 8,576	\$ 9,960	\$ 1,384	16.1%	3.0%
Aurora Viewing	\$ 7,920	\$ 11,005	\$ 3,085	38.9%	6.9%
Total Leisure	\$ 49,550	\$ 54,123	\$ 4,574	9.2%	1.8%
Business	\$ 61,460	\$ 75,432	\$ 13,972	22.7%	3.7%
Grand Total	\$ 111,010	\$ 129,554	\$ 18,546	16.7%	2.8%

Table 3: Forecasted Growth in Four Key Market Segments

Market	Market Value 2010/2011	Market Value 2015/2016	Difference	Average Annual Change
	\$ Thousands			
General Touring	\$ 9,175	\$ 10,585	\$ 1,410	2.9%
Outdoor Adventure	\$ 8,576	\$ 9,960	\$ 1,384	3.0%
Aurora Viewing	\$ 7,920	\$ 11,005	\$ 3,085	6.9%
Business	\$ 61,460	\$ 75,432	\$ 13,972	3.7%
Grand Total	\$ 87,131	\$ 106,982	\$ 19,850	3.8%

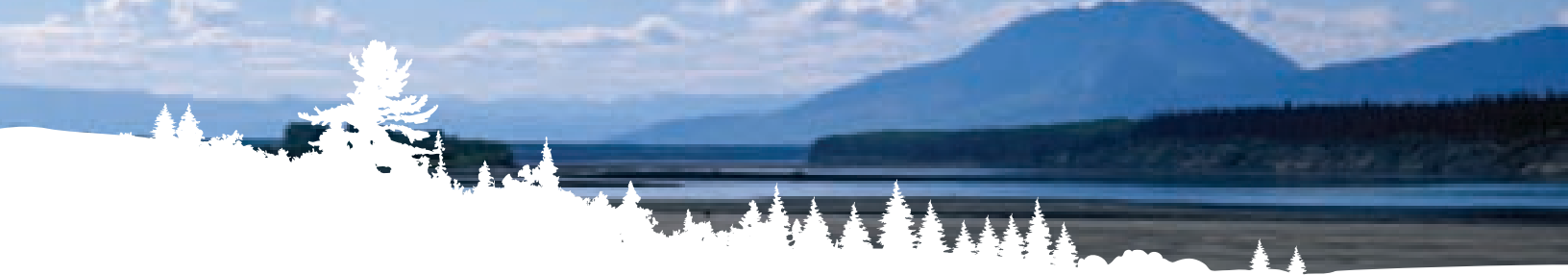




The following table summarizes the objectives and expected results for all areas of investment.

Table 4: Summary Table of Results by Area of Investment

Investment Area	Objectives	Results
Marketing	<ul style="list-style-type: none"> To increase the rate of growth in the number of visitors and visitor spending in key market segments. 	<ul style="list-style-type: none"> Total visitor spending by 2015 will be \$130 million annually Visitor spending in four key markets, camping and touring, outdoor adventure, aurora viewing, and business, will increase by \$20 million by 2015.
Aboriginal Tourism	<ul style="list-style-type: none"> Establish an Aboriginal Tourism Advisory Council. Develop a multi-year Aboriginal Tourism Strategy. Define Aboriginal Tourism Product Standards and Certification. Increase Aboriginal participation in tourism, both at the industry and government levels. 	<ul style="list-style-type: none"> 10 new market ready Aboriginal tourism products. 7 Aboriginal Tourism Champions identified and supported. \$200,000 invested by Aboriginal governments and economic development agencies annually in tourism.
Community and Industry Engagement	<ul style="list-style-type: none"> To assist communities and industry in developing clear objectives for tourism development that will support community and industry goals. 	<ul style="list-style-type: none"> Tourism action plans for all regional centres and tax-based municipalities in the NWT. Action plans for each sector of the tourism industry.
Infrastructure	<ul style="list-style-type: none"> To attract more visitors to the NWT and entice visitors to stay longer in the NWT. Establish criteria for investment. To take advantage of emerging digital technologies. To leverage the allure of the NWT’s iconic attractions. 	<ul style="list-style-type: none"> Create innovative digital infrastructure products created for the driving market. Infrastructure will be built around themes of our iconic attractions. Infrastructure identified through community tourism action plans will be supported. Increase the average length of stay for road travellers by one day.



Investment Area	Objectives	Results
Skills Development	<ul style="list-style-type: none"> • To engage youth in tourism careers and provide the tourism industry with a well-trained workforce that will improve customer experience. • Deliver college level tourism programs through Aurora College. • Business mentorship established. 	<ul style="list-style-type: none"> • 6 youth supported for job placements and appropriate post-secondary education. • 150 front line workers in the hotel and hospitality sector, will receive some form of tourism training. • 10 NWT tourism businesses mentored.
Research and Planning	<ul style="list-style-type: none"> • To provide timely and relevant statistics and information on visitors and trends to government and industry. 	<ul style="list-style-type: none"> • Annual estimates of visitors and visitor spending will be produced for each sector, plus special surveys and research will be conducted in response to industry demand.



Appendix





RESULTS OF TOURISM 2010

Tourism 2010: A Tourism Plan for the NWT was the roadmap for investment in the tourism industry.

It was a response to an economy in overdrive from development of non-renewable resources, and an effort to diversify the territory’s economy.

Tourism 2010 invested in five program areas. Each had specific goals, objectives and targets. The following table reviews the results for each area.

Table 5: Objectives for Tourism 2010 by Program

Investment Area	Objectives	Annual 2010 Budget	Achievements
Marketing	<ul style="list-style-type: none">• Increase the number of visitors and visitor spending in key market segments.	\$400,000	Growth in industry revenue from \$114 million to a peak of \$140 million in 2006/2007.
Product Development	<ul style="list-style-type: none">• Distribute visitor spending more widely among regions, seasons and communities.• Improve the profitability and number of tourism businesses.	\$125,000	<p>The Product Development program evolved into a series of workshops and roundtables held throughout the NWT. These events focussed discussions on challenges and opportunities to tourism development and brought together diverse members of the industry including tour operators, artisans, accommodation suppliers, and transportation suppliers.</p> <p>As well, a number of tools and studies targeted for industry were produced. These included:</p> <ul style="list-style-type: none">• A Strategic Overview of Current Markets for the NWT (2008).• Outdoor Adventure Supply Side Analysis (2008).• Tourism Business Development Handbook (2008).



Results of 2010 Tourism (continued)

Investment Area	Objectives	Annual 2010 Budget	Achievements
Infrastructure	<ul style="list-style-type: none"> Attract more visitors to the NWT and entice visitors to stay longer. 	\$300,000	<p>Funds have been used to finance joint projects for museums, heritage centres and conference centres, as well as to fund interpretive signs and displays along highways. Examples of projects include:</p> <ul style="list-style-type: none"> Inuvik conference facilities. An Aboriginal cultural display and improvements to the Northern Life Museum in Fort Smith. Jackfish Lake Park infrastructure in Norman Wells. An interpretive centre in the Roman Catholic Rectory in Fort Simpson.
Training	<ul style="list-style-type: none"> Spread the benefits of tourism spending more widely through increased employment in the tourism industry. Provide the tourism industry with a well-trained workforce that will improve the customer's experience. 	\$100,000	<ul style="list-style-type: none"> 150 participants in hospitality programs. Product packaging and pricing workshops delivered to 73 participants. Business planning workshops delivered to economic development officers, regional tourism officers and tourism operators. Marine safety training courses delivered to 72 tourism operators and guides. <p>In addition to the training that was offered, several products were produced:</p> <ul style="list-style-type: none"> Workshop curriculums were developed for product packaging and pricing, product development and marketing. "Tourism Awareness for Students" package. Tourism Business Planning Workbook and Instructor's Guide.
Research	<ul style="list-style-type: none"> Provide timely and relevant statistics and information on visitors and trends. 	\$75,000	<ul style="list-style-type: none"> Innovative Trip Diary program to capture data on road travellers. New survey of business travellers to the NWT. Annual estimates of visitor volumes and spending. Sector reports on hunting, fishing and aurora viewing. Study of immigrant attitudes toward camping.
Partnerships	<ul style="list-style-type: none"> Attract partners and additional funds for program initiatives. 		<p>The GNWT investment of \$5 million in Tourism 2010 was almost doubled, to a total investment in this sector of over \$9 million.</p>



COMPLEMENTARY INITIATIVES

Outside of the core programs of the Tourism 2010 Plan, ITI offers a variety of other programs and initiatives directly and indirectly in support of tourism. Three programs that directly focus on tourism are the Tourism Product Diversification and Marketing Program (TPDMP), the Sports Hunt Outfitters Assistance Program (SHOAP), and the Marine Safety Training fund (MST). All three programs provide direct financial assistance to individual tourism businesses.

The first program, TPDMP, provides financial support to tourism enterprises to create and market new tourism products in an effort to diversify both the industry and individual tourism businesses.

The second, SHOAP, was developed in response to the elimination of barren-ground caribou tags for hunting outfitters and the ban on the import of polar bears hides into the United States (US). Both of these events have had a severe negative impact on the sports hunt outfitting industry in the North Slave and Inuvik Regions of the NWT.

The MST fund was established as a direct response to regulations imposed by the Federal Department of Transportation. The regulations require all operators of boats for commercial

purposes, including guiding anglers, to obtain certification in a marine safety program designed for an industry operating in a southern Canadian marine environment. Under this fund, tourism operators in the NWT receive financial assistance to take the training required for certification.

All three programs were launched during the life of Tourism 2010 and ITI will pursue

renewal of each as necessary to complement the core programs of Tourism 2015.

In addition to programs that directly invest in the tourism industry, ITI and its sister agency, the BDIC, offer contribution and loan programs to the business community at large. These programs are also available to NWT tourism businesses.





ENVIRONMENTAL SCAN: TRENDS AND ISSUES FOR TOURISM IN THE NWT

International and National Trends

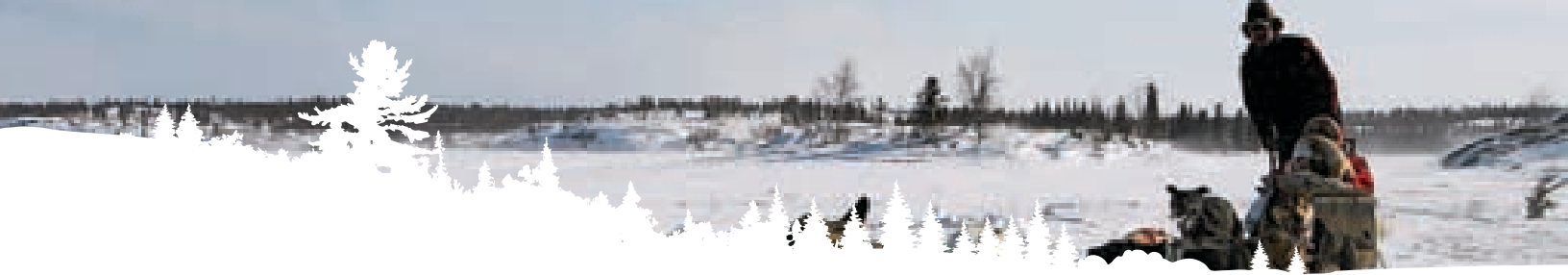
Economy

In 2010, international tourism continued to recover from the decline suffered in 2009 due to the impact of the financial and economic crisis. The World Tourism Organization expects growth in international tourist arrivals worldwide to continue at a moderate pace through 2011, in the range of 4% to 5%. Emerging economies, particularly the Asia-Pacific region, are rebounding at a faster pace than advanced economies and are gaining market share.

In 2010, visitor numbers to Canada showed strong signs of recovery. Overseas markets are demonstrating strong performance, Japan in particular. Business travel is resuming, and corporate travel budgets were expected to increase in 2011.

Challenges remain in major markets, though. Canada continues to generate more visitors abroad than it receives, and the US travel market will be feeling the effects of the recession, a declining dollar value and a weak labour market for the next several years.





US arrivals to Canada continue to show a declining trend that began several years ago. The Canadian dollar is expected to be close to the same value as the US dollar through at least 2014.

Oil prices are forecast to continue to increase over the next five years, which may impact the distance travelled by the rubber-tire travel market and could result in new fuel surcharges on air travel.

Price of Travel

Canada, and particularly the NWT, is at a competitive disadvantage when it comes to price – an increasingly important travel factor that affects destination choice. US leisure travellers are looking for travel discounts and lower-priced vacations, and the depreciation of the US dollar will continue to affect Canada's price competitiveness. Taxes and government-mandated fees and charges on airfares are a contributing factor. Similarly, airport rents charged by the federal government, which ultimately make air travel more expensive, place Canadian airports at a competitive disadvantage to US airports and other modes of transportation. In the near term, Canada's strong currency, coupled with lower travel prices to many of its competitive markets, may affect the appeal of Canada as a tourism destination.

Sustainable Tourism

Climate change is having an effect on tourism. It is impacting the destinations tourists visit. Temperatures at some destinations are becoming too hot for tourists while the winter skiing season at others is growing shorter. The polar bear has become the poster child of climate changes, and hunting of these bears has generated severely negative reaction throughout the world. Sustainable tourism destinations are becoming more popular as interest in environmentally-friendly travel grows, particularly among young travellers and European travellers. Aboriginal tourism destinations are expected to become more popular as more consumers seek sustainable and authentic tourism experiences. Climate change is also impacting how tourists get to a destination. There are a growing number of people who feel that air travel has a serious environmental impact and that airfare should reflect environmental damage. Taxes linked to improving the environment are increasingly being seen. Germany's new "ecological air travel levy", for example, will add 45 Euros to long-haul flights in 2011. Travel marketing is changing in response to consumer climate change behaviours.

Olympics

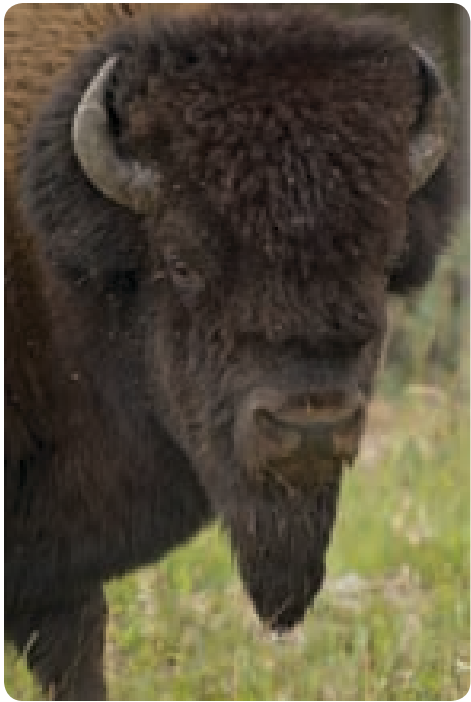
Canada was ranked the country with the most favourable brand performance in 2010, due in part to its success in hosting the 2010 Olympic Games. According to the Canadian Tourism Commission, awareness of Canada as the host country for the 2010 Olympic Games has increased dramatically in most key markets, and has resulted in a greater interest in visiting Canada among long-haul pleasure travellers in South Korea, China, Japan, France and Germany.

Demographics

Canada's demographic make-up is changing. Canada's population – expected to reach between 35.6 and 36.5 million in 2015 – is projected to age rapidly until 2031, the year that all baby boomers will have turned 65. Older people will represent an increasingly sizeable share of Canada's population – and the populations of many tourism-generating countries globally. Immigration will be the main driver of population growth in Canada. Immigrants, too, will comprise an increasingly sizeable portion of Canada's population, particularly in urban centres. These two increasingly important future markets are likely to demand tourism products and services that are different from what is currently offered. Soft outdoor adventure activities, for example, may appeal more for both markets than hard outdoor adventure activities.



The aging population, combined with a low birthrate, may add to the struggles businesses have in the NWT to recruit suitable workers. It is expected that the working-age population will decrease in share between now and 2015, including those aged 15-24 – an important source of labour for the hospitality sector where many jobs are at entry level.



Emerging Markets

Nations such as China, India and Brazil are playing larger roles in the global economy. With their economies growing, levels of disposable income should also rise and result in increased tourism from these countries. The World Tourism Organization estimates that by 2020, there will be 100 million outbound tourists from China and 50 million from India.

The recent Approved Destination Status (ADS) agreement signed between Canada and China is expected to grow the Chinese leisure travel market to Canada. There is the potential for quick growth from the Chinese market over the near term, and direct air capacity between China and Canada is expected to increase in 2011. However, air capacity from China is also expected to increase to other markets vying for Chinese tourists.

Safety and Security

The tightening of border controls in the wake of 9/11, including the implementation of US passport requirements, has made travel more difficult. New security screening measures at airports are making air travel more complicated and controversial. The threat of terrorism and unexpected events should continue to present challenges for tourism. Airline security and screening procedures will remain thorough. Full-body scanners are set to become more common at the world's airports.

NWT Trends and Issues

Wildlife Resources

The drastic decline in barrenground caribou populations in the NWT has prompted the resource management action to ban all tags for non-resident sports hunting of this species until at least 2013. This action will result in a \$7 million to \$8 million reduction in revenues in this tourism industry sector. Even if tags are re-instated for 2013, recovery of the sector is not forecast over the life of this Plan.

The ban on importation of polar bear hides into the US has severely dampened demand for sports hunts of these animals in the NWT. While other markets and products are being explored, recovery to revenue levels seen previous to the ban is not forecast until after 2015/2016.

Economic Growth

Economic growth is a main driver of business travel to the NWT, especially for natural resources industries. With a recovery in demand for diamonds, territorial Gross Domestic Product (GDP) is forecast to show good growth over the next five years, and if a decision is made by the developers of the Mackenzie Gas Project to proceed, business travel to the NWT will explode well in advance of any actual construction.



PAST PERFORMANCE OF INDUSTRY MARKET SEGMENTS

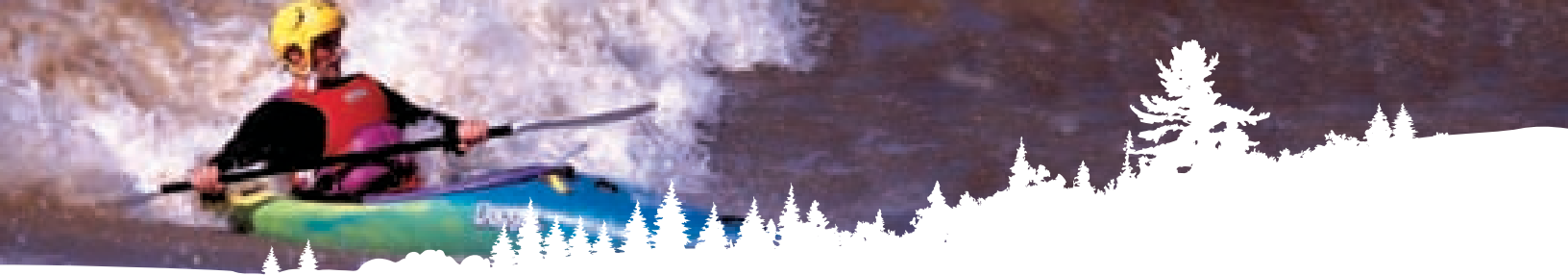
Visitors to the NWT can be segmented in a number of ways based on travel motivation, origin, age and other factors. For the purposes of this discussion on past performance changes in market segments, NWT visitors are classified into the following categories:

- Visiting Friends and Relatives (VFR)
- Hunting
- Aurora Viewing
- Outdoor Adventure
- Fishing
- General Touring
- Business Travel

Table 6: Past Change in Value of NWT Visitation

	2005/2006	2006/2007	2007/2008	2008/2009	2009/2010	Average Annual Change
Visiting Friends and Relatives	8,942	9,025	11,693	9,261	12,910	7.1%
Hunting	1,308	1,216	984	942	757	-13.5%
Aurora Viewing	10,200	7,000	7,297	5,460	5,400	-15.2%
Outdoor Adventure	2,171	2,079	2,125	2,098	1,853	-3.1%
Fishing	7,216	7,726	7,470	7,274	6,403	-3.0%
General Touring	13,324	13,340	15,123	14,760	14,500	2.7%
Total Leisure Visitors	43,161	40,386	44,692	39,795	41,823	-0.8%
Business Travellers	24,642	35,509	34,880	33,624	26,181	0.7%
Total Visitors	67,803	75,895	79,572	73,419	68,004	-0.3%



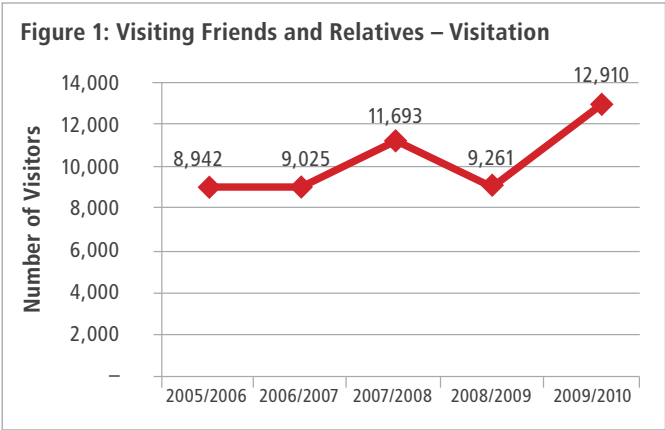


Overall, leisure visitation did not see any growth over the past five years. However, this was due in large part to the economic recession, which hit the tourism industry worldwide fairly hard during the past two years. In fact, leisure travel numbers had been increasing consistently in the years prior to the recession, and

that growth prevented us from reporting an overall decline for the past five years. Based on current indicators nationwide growth in the tourism industry is expected in the upcoming years. However, the rates of change have varied widely among the various leisure segments, and the patterns of change vary as well. Each segment is discussed in more detail below and on the following pages.

Visiting Friends and Relatives

The number of people visiting friends and relatives is one segment that has shown considerable growth over the past five years. The increase in airline competition in the NWT, resulting from WestJet's and Air Canada's venture into Yellowknife, has brought with it lower airfares. This has been a major factor in the astounding growth observed in the VFR segment, which from 2008/2009 to 2009/2010 grew by over 35%. The VFR segment is strongly dependent on changes in the non-Aboriginal population of the NWT. The changes in this segment roughly mirror growth in this population segment, especially changes resulting from migration into the NWT. As the economy attracts new migrants, we can expect to see an increase in people coming to visit family and friends.



Anglers

Angler numbers have been steadily declining at around -3% per year since 2005/2006. This downward trend is reflective of a general decline in consumptive tourism. The rate at which older anglers leaving the market is greater than the replacement rate by new fishers, resulting in a slowly shrinking market.

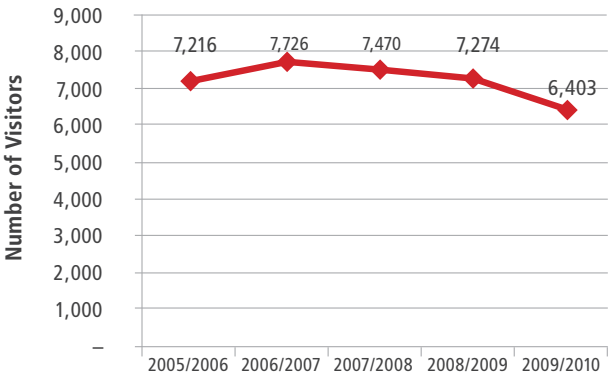
The angling segment is comprised of two sub-segments that are quite distinct – independent anglers, and package anglers.

Independent anglers are more likely to be Canadian, younger, and drive to the NWT. They will also spend much less on their total trip than package anglers. Package anglers are more likely to be older, American, and to fly to the NWT. However, with the strength of the Canadian dollar relative to the US dollar, Canadians have been replacing Americans at our fishing lodges in recent years. This trend is likely to continue.



Another recent trend has been a shift from demand for overnight fishing packages to fishing day trips. Fly-fishing and other niche markets have been emerging as trends as well. This may be associated with the increase observed in the VFR segment and the business traveler segment.

Figure 2: Angling – Visitation



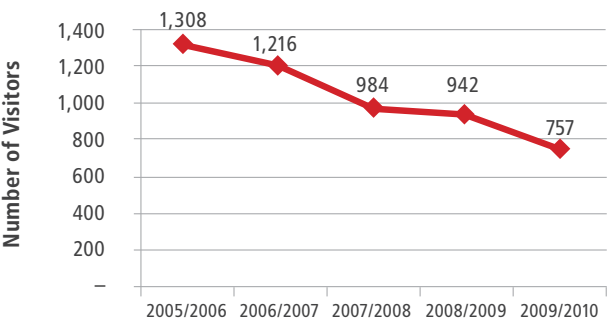
Hunters

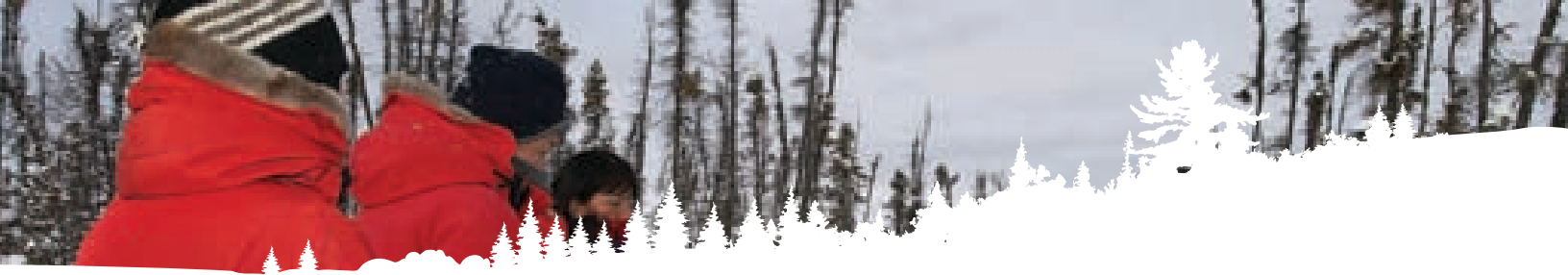
The number of sport hunters coming to the NWT has been steadily declining over the past five years. In fact, over the past five years the number has been reduced by almost 50%.

The sector is comprised mostly of wealthy North American males. Generally, the higher a person's income, the more money a person will spend on travel. Due to the very high income of this group, income was generally not a factor for the declining tourism numbers for this group.

Therefore the decline can be attributed to other factors, such as the ban on polar bear hide imports into the US and the temporary suspension of barrenground caribou tags in the North Slave Region.

Figure 3: Hunters – Visitation



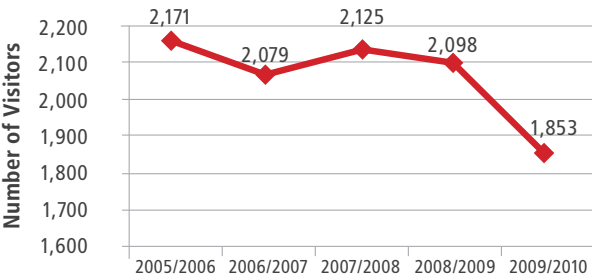


Outdoor Adventure Visitors

The outdoor adventure segment in the NWT is dominated by Canadian travellers, with a small proportion of the market coming from the US. The North American outdoor adventure segment saw a boost in numbers in the season following the September 11 terrorist attacks, likely as part of the general North American travel trend to stay closer to home.

This segment includes both independent and package visitors. However, as a result of the economic downturn worldwide, the number of visitors from this sector coming to the NWT has dropped considerably from 2008/2009 to 2009/2010. Operators are cautiously optimistic that the number of visitors will improve in the upcoming years as the world economy recovers.

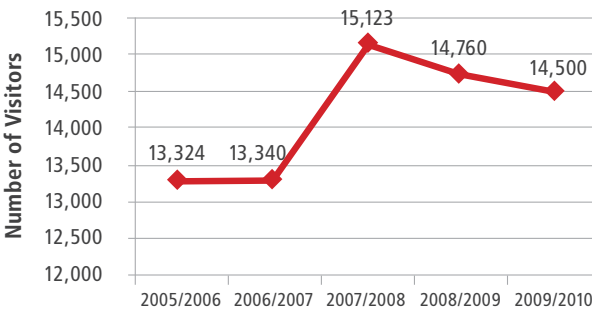
Figure 4: Outdoor Adventure – Visitation

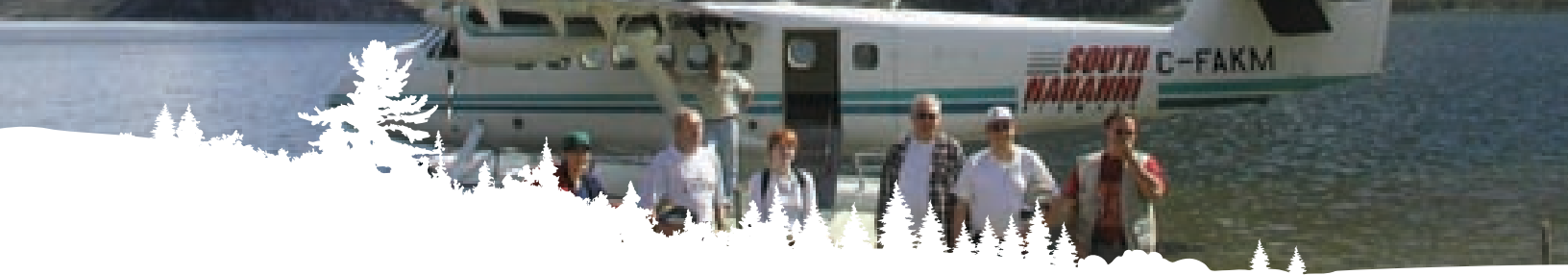


General Touring Visitors

The general touring segment is dominated by road tourists, mostly from Canada and the US. Within that sub-segment, the older RV group is becoming increasingly dominant. Annual studies conducted on this segment have consistently revealed that the majority of visitors are travelling in couples, their average age is 53, and 40% of them are retired. Again, the recent recession had a strong negative effect on this segment, but the five year average growth rate was 2.7%.

Figure 5: General Touring – Visitation



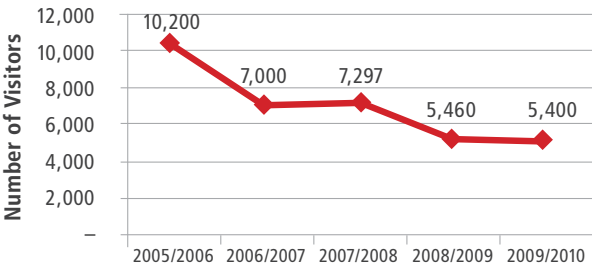


Aurora Viewing Visitors

Japanese visitors come to the NWT primarily to see the aurora borealis. But a number of other attractions have been developed in response to this market such as snowshoe, snowmobile and dogsled tours.

This market is important because it helps fill the reduced number of visitors to the NWT that usually occurs in the winter. This market has faced some challenges in recent years. The terrorist attack of September 11, 2001 caused the number of Japanese visitors to the NWT to decline by half in the season following the attack. The SARS pandemic in 2002 and the H1N1 pandemic in 2009 caused tourism numbers to decline. Competition from Alaska also took a toll on this segment in 2007/2008. However, the number of visitors has stabilized and now new products are starting to emerge again, a sign of confidence from aurora viewing operators.

Figure 6: Aurora – Visitation

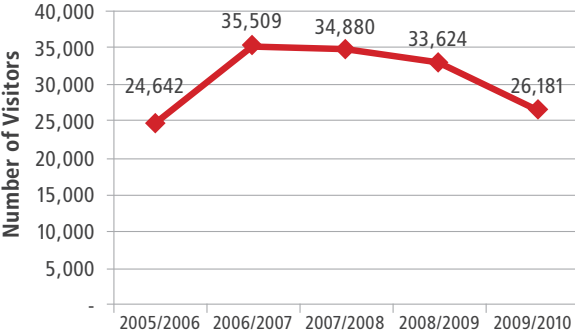


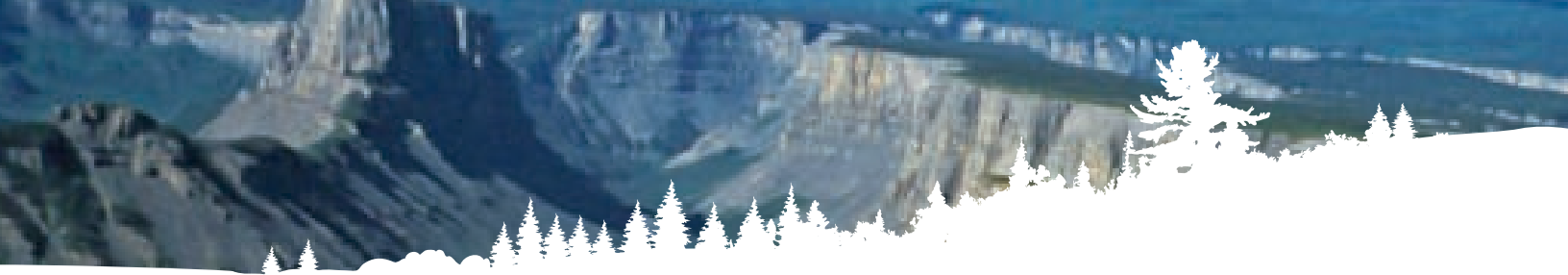
Business Visitors

Business travel is especially important to the air transportation and accommodation industries. Business travellers tend to spend much more on the services offered by these industries relative to general touring visitors.

This segment had been growing at a fast pace in the years prior to the recession. However, during the recession, organizations looked to reduce costs and business travel was one of the first items to be cut – with organizations turning to technological solutions to reduce the number of in-person meetings and reducing the number of employees travelling per meeting. In 2009/2010 business travel was the segment with the largest decrease in visitors.

Figure 7: Business Travel – Visitation





BASE YEAR SPENDING OF VISITORS BY SEGMENT

For 2010/2011, the base year for Tourism 2015, the value of the non-resident tourism industry was estimated at just over \$111 million. The following table presents spending by segment.

Table 7: Visitor Spending in 2010/2011

Market Segment	Value in 2010/2011 (\$ thousands)
VFR	\$ 6,540
Fishing	\$ 14,303
Hunting	\$ 3,036
General Touring	\$ 9,175
Outdoor Adventure	\$ 8,576
Aurora Viewing	\$ 7,920
Total Leisure	\$ 49,550
Business	\$ 61,460
Grand Total	\$ 111,009

KEY CRITICAL MARKET SEGMENTS: FORECASTS FOR GROWTH

To address our challenges and take advantage of our opportunities, the following markets have been identified as particularly important to the NWT. Each is discussed briefly, and a forecasted market value to 2015/2016 is provided.

RV and General Touring

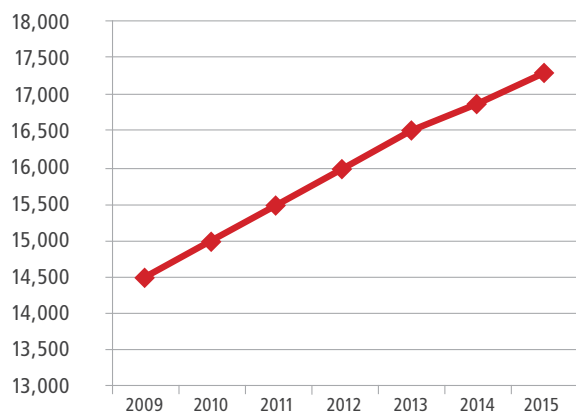
Because of our distance from major visitor markets, the NWT is primarily a long haul destination. For the general touring market, our focus must be on those travellers who have the time and money to take long haul vacations (defined as a trip of seven or more nights). In fact, this segment is growing as baby boomers retire, purchase RV's and take long trips across North America. However, we will need additional marketing efforts to take full advantage of this trend. We will also need to develop the product required to attract RV travellers, primarily RV-friendly campgrounds. Major improvements in the territorial road system will be a definite asset in attracting larger numbers of RV travellers.

German-speaking Europe and France also offer excellent opportunities for growth in this segment. Both German-speaking Europeans, and the French have a fascination with the North and Aboriginal culture, and both markets are very interested in driving touring, and camping. The NWT has products that appeal to these interests, including our excellent system of parks and campgrounds.

The potential for growth in this market is shown below. Growth will be driven by the expansion of the proportion of the Canadian baby boomer population entering retirement, particularly in four key Canadian geographic markets: Ontario,

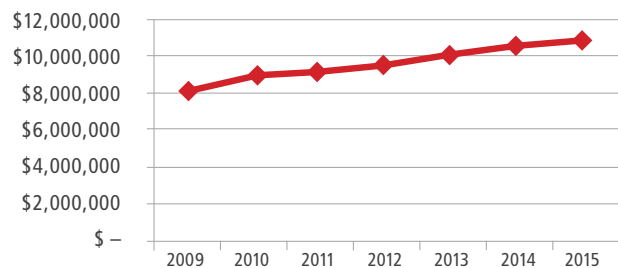


Figure 8: General Touring – Visitation Forecast



British Columbia, Alberta and Saskatchewan. Growth in visitors in this market segment to the NWT is projected to expand from almost 15,000 people spending \$9.2 million in 2010 to almost 17,300 spending over \$10.5 million in 2015, representing an annual average growth rate of 2.9%.

Figure 9: General Touring – Spending Forecast





Outdoor Adventure

Adventure travel is characterized as outdoor leisure activity in unusual, exotic and/or wilderness locations. It is one of the fastest growing tourism market in the world today. This group can be divided into hard and soft adventurers.

Hard adventure is physically challenging and usually attracts a younger demographic. An example of a hard adventure product is white water kayaking on the Slave River.

Soft adventure, which attracts affluent retirees or older adults, is less physical and usually focuses on history, nature and wildlife viewing, culture and crafts such as the cultural tours offered in the Mackenzie Delta communities.

Many of the activities of interest to adventure travellers can be developed within the NWT. We certainly have the basic ingredients to succeed and if appropriately developed, adventure travel could become a significant source of NWT tourism revenue. There is reason to believe this can happen. ITI has invested in several new outdoor adventure tourism products through the Tourism Product Development and Marketing Program, which will significantly increase the market appeal of our territory to the outdoor adventure market.

The outdoor adventure market segment is projected to grow at an average annual rate of 3% between 2010 and 2015 for both spending and visitation. This rate will see the market grow from just over 1,900 people in 2010 to around 2,225 people in 2015, resulting in an increase in spending from around \$8.6 million to almost \$10 million in 2015.

Figure 10: Outdoor Adventure – Visitation Forecast

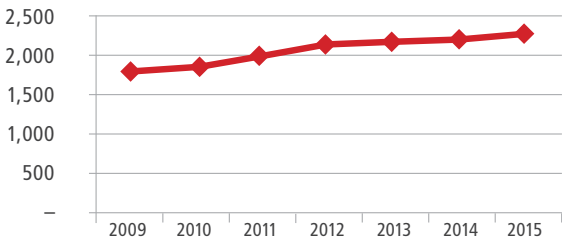
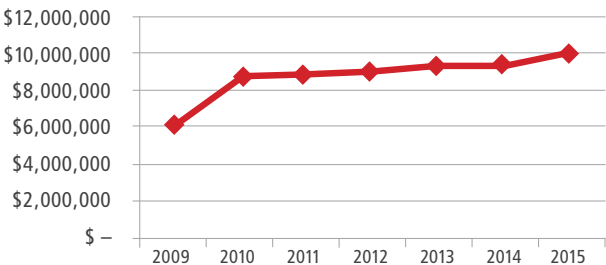
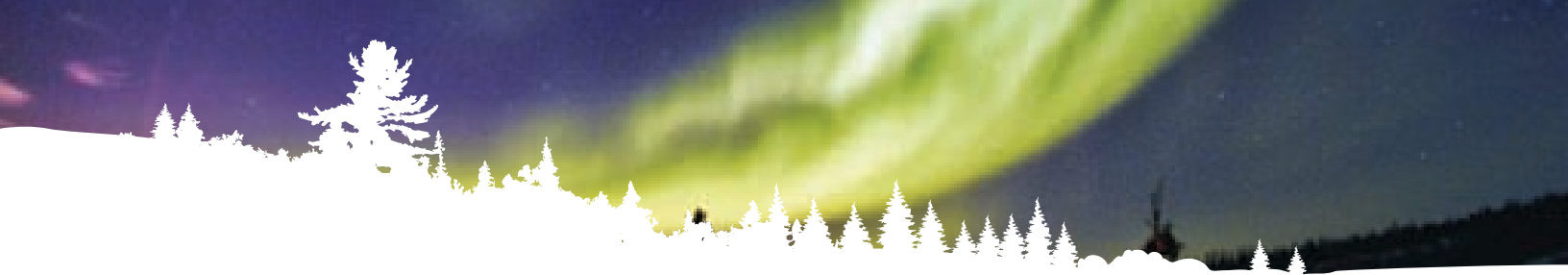


Figure 11: Outdoor Adventure – Spending Forecast





Aurora Viewing

The NWT offers the best locations in the world for viewing the aurora borealis. While product offerings have concentrated on the Japanese, significant market potential exists for other Asian markets, including South Korea and China, and within North America. A number of factors, such as SARS, H1N1 and competition from other destinations have resulted in a drop in aurora viewing numbers from our peak of 13,000 in 2001. But the market for the aurora viewing product in the NWT is poised for a resurgence. New entrants are providing more aurora viewing products and new shoulder season products to attract tourists. There has also been a bump in visits to Canada from Japan and other international markets resulting from the 2010 Winter Olympics. Due to these factors, our forecast for the next five years is for strong growth in the aurora viewing segment.

The aurora viewing market is projected to grow at an average annual basis of 6.9% over the next five years. Our forecasts see this market increasing from almost 6,000 visitors spending \$7.9 million in 2010 to 8,250 people spending \$11 million in 2015.

Figure 12: Aurora Viewing – Visitation Forecast

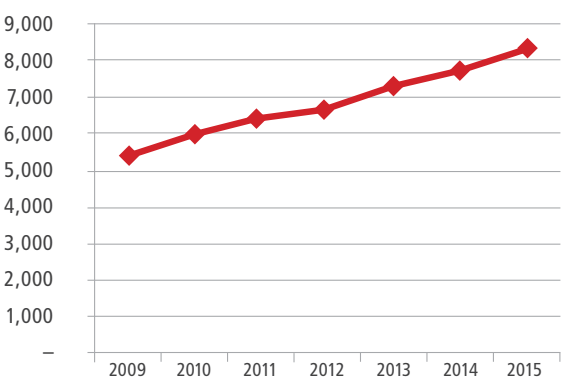
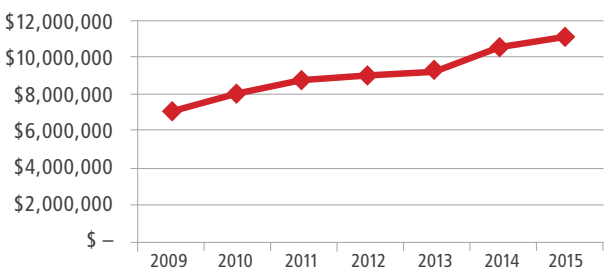
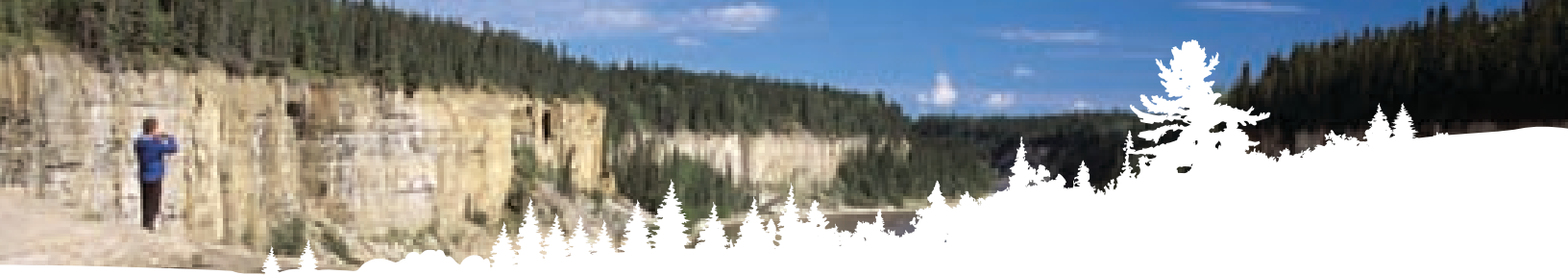


Figure 13: Aurora Viewing – Spending Forecast





Business Travellers

Business travel to the NWT is a very important market for our tourism industry. Not only does this market benefit our accommodation and air transportation sectors, but it also offers excellent opportunities for tourism products of shorter duration, from activities of a few hours to day long excursions. Also, in the last five years several municipalities have recognized the potential of the meetings, conferences and incentives travel market as a lucrative area for investment. Small conferences and meetings can bring in several hundred people at a time through marketing efforts targeted at meeting planners. The NWT has some unique characteristics that put us at an advantage compared to the usual offerings of large cities that are the traditional hosts for such events.

Business travel to the NWT has recently suffered from the down turn in activity in the non-renewable resource industry, which has been a major driver of business travel to our territory. Our forecast is driven by projected growth in territorial GDP, and a cautious estimate in the increase in the number of people travelling to the NWT for conferences and meetings resulting from increased marketing efforts to this segment.

From almost 25,000 business travellers spending just over \$61 million in 2009, the segment is projected to grow to almost 34,000 visitors spending in excess of \$75 million in 2015. This growth represents an annual average change of 3.7% for visitation and spending.

Figure 14: Business Travel – Visitation Forecast

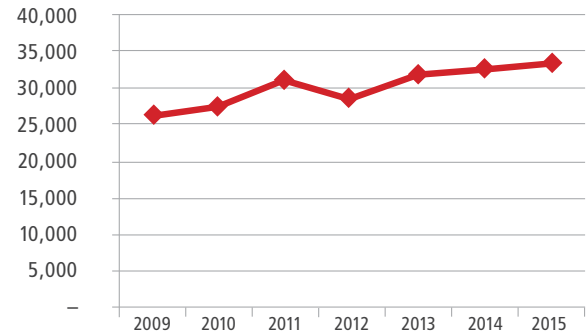
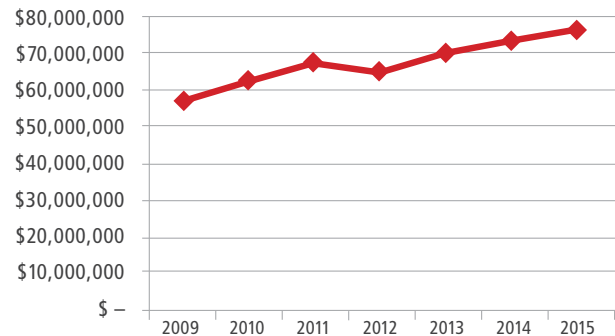


Figure 15: Business Travel – Spending Forecast





FORECASTS FOR OTHER MARKETS

While the markets described above represent the best potential for growth over the next five years, three other markets are also important for overall diversification of the industry: fishing, hunting and the VFR markets. In particular, fishing and hunting outfitting have been traditional mainstays of our tourism economy.

Angling

Changes in travel experience preferences have meant diminished demand for our traditional fishing packages, which have experienced a steady decline in customer base over the last decade. While demand for fishing as an activity is still relatively strong, market preference has moved toward trips that include other activities, improved amenities and growth in demand for new products such as fly-fishing. This shift has been driven by the increase in women as drivers in travel decision making, couples travelling together, and a decline in desire for traditional five-day lodge based packages catering to a primarily American male market. Our forecast for angling visitation assumes that this decline for lodge-based traditional fishing packages will continue. But it also includes increased visitation based on fly-fishing, and some uptake on packages that include fishing in a suite of other tourism activities. On that basis, angling is forecast to decline on an average annual basis of -2.4%, with just over 6,200 anglers spending just over \$14 million in 2010 to 5,500 people spending around \$12.5 million in 2015.

Figure 16: Angling – Visitation Forecast

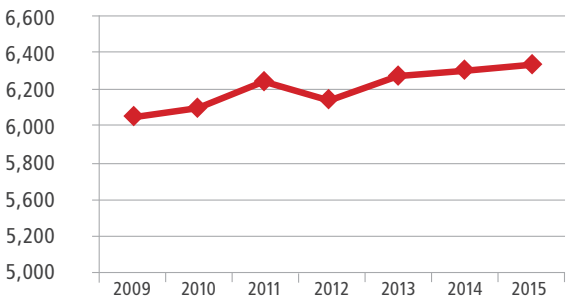
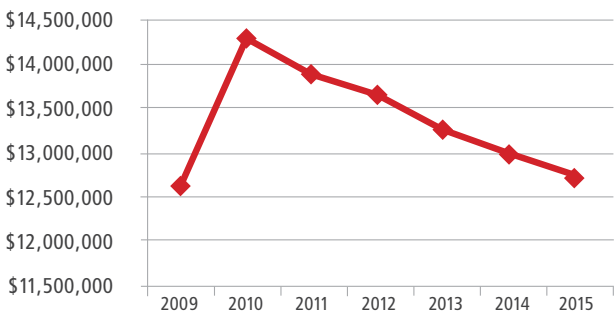


Figure 17: Angling – Spending Forecast*



* Spending increase indicated between 2009 and 2010 is an artifact of calculations for spending for 2010 based in 2010 dollars based on data collected in the 2010 Visitor Exit Survey. For 2009, the spending is based on 2006 dollars. Visitor Exit Surveys are conducted every four years, with the previous two conducted in 2006 and 2010. Adjusting for inflation, there was no real increase between 2009 and 2010 in spending for this sector.



Hunting

The NWT offers some of the best hunting experiences in the world. The relatively small number of game tags available has ensured that demand has always exceeded supply, enabling outfitters to place a high price tag on their products. However, the elimination of any non-resident tags for barrenground caribou for 2010, 2011 and 2012, and the ban on importing polar bear hides into the US have had a severe negative impact on the industry. Our forecast assumes that no barrenground caribou hunts will be held in the NWT over the next two years. The forecast also assumes that even if tags are available in 2013, recovery of this sector, if it occurs at all, will require at least an additional three years. Therefore, it is assumed that no caribou outfitting will be offered over the course of the Tourism 2015 Plan. The forecast also assumes that a very limited number of polar bear hunts will be offered, and that a switch to other species such as muskox will have limited success. It is assumed that the Dahl's sheep outfitting sector will continue to enjoy the same level of success that these outfitters have seen in the past.

On that basis, the forecast projects that the sector will see a very modest increase from 330 hunters in 2010 spending just over \$3 million in the NWT to 340 hunters spending in excess of \$3.1 million in 2015. Note that spending in this sector dropped from just over \$10 million in 2009, when some caribou hunts were still offered. This very modest growth represents an average annual change of 0.6%.

Figure 18: Hunting – Visitation Forecast

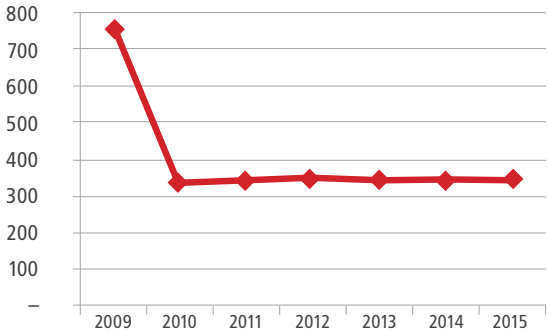
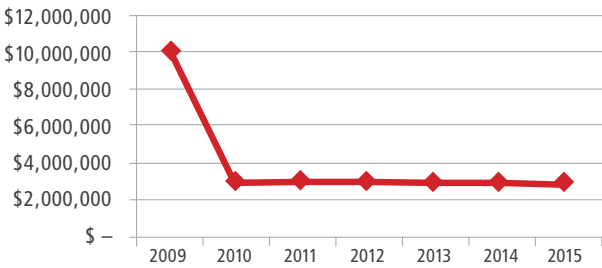


Figure 19: Hunting – Spending Forecast





VISITING FRIENDS AND RELATIVES (VFR)

While the average spend of the VFR market is the lowest of all visitor segments, the volume is very high relative to other traveller markets, and there is significant opportunity to sell to tourism activities of shorter duration to this market. The NWT has recently observed a major increase in the volume of VFR travellers as a result of the drop in the average cost of airfare to Yellowknife with the introduction of WestJet and Air Canada flights to the capital. This has also led to an improvement in the competitive environment for air travel services.

The forecast for this market segment is driven by projections for population growth in the NWT resulting from in-migration over the next five years. It also assumes that the recent bump in visitors in this segment will level off in 2010 as the impetus from lower prices fades. On this basis, the segment is projected to grow from 13,000 visitors spending \$6.5 million in 2010 to just under 13,500 people spending almost \$6.8 million in 2015. This growth represents an average annual change of 0.7%.

Figure 20: VFR – Visitation Forecast

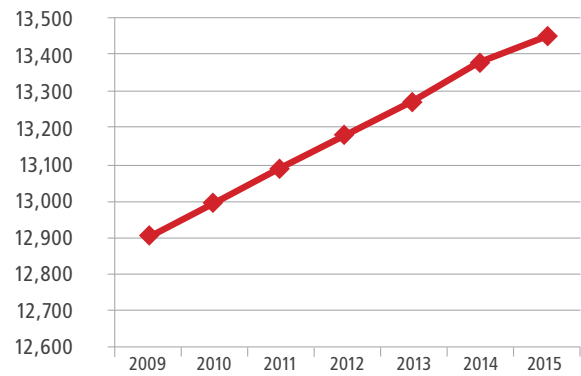


Figure 21: VFR – Spending Forecast

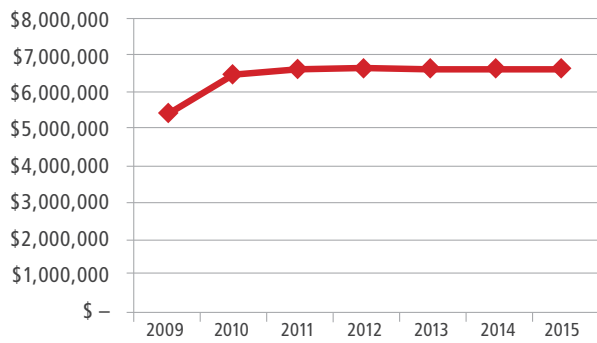




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