

TOURISM PRODUCT DIVERSIFICATION AND MARKETING PROGRAM POLICY

1. STATEMENT OF POLICY

The Department of Industry, Tourism, and Investment (ITI) is committed to establishing and delivering programs and services that support the development and diversification of the tourism industry in all regions of the Northwest Territories (NWT). By providing opportunities for licensed tourism operators and tourism businesses to market their tourism products and services, we can support economic prosperity and community self-reliance in the NWT.

2. PRINCIPLES

The Department of ITI will adhere to the following principles when implementing this policy:

- (1) ITI should promote licensed tourism business economic self-sufficiency through funding support and marketing initiatives designed to foster a positive economic environment in the NWT and investigate new tourism sector business opportunities;
- (2) NWT tourism businesses should be encouraged and supported in their pursuit to expand their tourism products and services into existing and emerging markets, which can result in benefits to the NWT economy and its residents including tourism related employment and value-added activities;
- (3) Diversification and responsiveness to market demands and trends is the best overall strategy to ensure the viability of the tourism industry over the long-term, including to capture a greater market share of the sustainable tourism outdoor adventure market; and
- (4) The Department of ITI should ensure that program information is readily available to encourage, promote and improve tourism business knowledge and capacity.

3. SCOPE

This Policy applies to all tourism businesses, licensed tourism operators, and tourism interests, including not-for-profit and Indigenous organizations currently operating in the NWT. For general conditions applying to all ITI contribution programs, please see ITI's [Grants and Contributions Policy](#). Where there is a conflict or inconsistency between the Grants and Contributions Policy and a provision of this Policy, the provision of this Policy will prevail.

Specific eligibilities and applications are provided for under the following individual schedules of this Program:

- a. Business Planning and Transition Assistance (**Schedule 1**);
- b. New Product Development or Enhancement of Existing Product (**Schedule 2**);
- c. Marketing Assistance for Tourism Businesses (**Schedule 3**); and
- d. Maintenance and Safety (**Schedule 4**).

4. DEFINITIONS

The following definitions apply to this Policy:

Destination Marketing Organization (DMO): In the NWT, Northwest Territories Tourism (NWTT) is the Destination Marketing Organization tasked with marketing Northwest Territories Tourism products. NWTT promotes tourism products locally, nationally, and internationally.

Economic Development Agency: An agency that aims to promote the growth, diversification and sustainability of the local economy.

Experiential Tourism: Experiential tourism is defined as traveller demand for a range of experiences including culture, nature, heritage, history, local food and arts and crafts.

High-Yield Tourism Market: A market which spends a relatively large amount on vacation or travel; such markets include business travellers, guided, or outfitted outdoor adventure, naturalist, angling and hunting.

Licensed Tourism Operator: An individual, non-profit, Indigenous government or business that holds a valid Tourism Operator License under the Northwest Territories Tourism Act to provide guided commercial tourism activities in the NWT.

Market Disruption: adverse and significant impacts to the revenue earned by a local business enterprise as a result of another business entering into the same market to the extent that the sustainability of the first business may be affected.

NWT Business: A business that complies with the legal requirements to carry on business in the NWT.

Sustainable Tourism: Tourism that takes full account of its current and future economic, social and environmental impacts, addressing the needs of visitors, the industry, the environment and host communities.

Regenerative Tourism: Regenerative tourism represents a sustainable way of travelling and discovering new places. Its main goal is for visitors to have a positive impact on their holiday destination, meaning that they leave it in a better condition than how they found it.

Tourism Related Business: A business serving the general public where 50 percent or more of its revenue is derived from travellers.

Tourism Product Package: An association or bundling of at least two products or services produced by the tourism industry intended to be sold at a single price to the market.

5. AUTHORITY AND ACCOUNTABILITY

(1) **General**

This Policy is issued under the authority of the Minister. The authority to make exceptions and approve revisions to this Policy rests with the Minister. Authority and accountability are further defined as follows:

(a) **Minister**

The Minister of ITI is accountable to the Executive Council for the implementation of this Policy.

(b) **Deputy Minister**

The Deputy Minister of ITI is accountable to the Minister for the administration of this Policy.

(2) **Specific**

(a) **Minister of ITI**

Program Authority

This Program is administered under the authority of the Minister, who is accountable to the Executive Council for operation of the Program.

Tourism Sector Priorities

The Minister has the authority to designate, from time to time, specific tourism sectors as being priority for support funding under this Program.

Authority to Delegate

The Minister may delegate authority to approve contributions and prescribe operational guidelines for the Program that include setting limits on contributions, to the Deputy Minister of ITI.

(b) Deputy Minister

Program Administration

The Deputy Minister of ITI is accountable to the Minister for the administration of the Program and may approve contributions to the levels delegated by the Minister and prescribe operational guidelines for the Program that includes setting limits on contributions, as delegated by the Minister.

The Deputy Minister may delegate authority to approve contributions.

Program Performance

The Deputy Minister may provide advice and recommendations to the Minister regarding matters relating to changes to this Program and performance indicator criteria for measurement of the economic impacts of the Program.

(c) Assistant Deputy Minister

The Assistant Deputy Minister, Economic Development is accountable to the Deputy Minister for overseeing the operational aspects of the Program in the NWT including maintaining a central registry to collect information required for preparation of the annual report.

The Assistant Deputy Minister may be delegated as the approval authority for contributions.

(d) Regional Superintendents

Regional Superintendents are accountable to the Assistant Deputy Minister for the operational aspects of the Program in their respective Regions.

(e) Director of Tourism and Parks

The Director of Tourism and Parks is accountable to the Assistant Deputy Minister to provide advice on strategic market priorities and may recommend contributions.

(f) Evaluation Committee

The Evaluation Committee provides a draft record of decision on applications to the delegated approval authority for review and approval.

6. RESPONSIBILITES

(1) Regional Superintendents

The Regional Superintendents will:

- (a) Distribute information and promotional material regarding the Program to communities in the region;
- (b) Receive and evaluate applications for assistance under the Program;
- (c) Determine whether an application will result in Market Disruption;
- (d) Ensure all administrative processes including contribution agreements, follow-up, and file maintenance, are carried out;
- (e) Compile information relating to applications and required for producing the annual report and forward to a central registry;

- (f) Ensure follow-up on contributions for purposes of financial reporting, results reporting, program monitoring and assessment; and
- (g) Sit on the program Evaluation Committee.

(2) Director of Tourism and Parks

- (a) Chair the Evaluation Committee meeting;
- (b) Ensure all administrative processes including contribution agreements, follow-up, and file maintenance, are carried out;
- (c) Compile information relating to the applications and required for producing the annual report and forward to a central registry; and
- (d) Initiate procedures to Regional Superintendents to follow-up on contributions for purposes of financial reporting, results reporting, program monitoring and assessment.

(3) Evaluation Committee

The Evaluation Committee will:

- (a) Be comprised of the Regional Superintendents of ITI and the Director of Tourism and Parks. Managers, Tourism and Parks and/or Tourism Development Officers may be invited to the table to provide information and support to the Regional Superintendents. Manager, Tourism Industry Services and Tourism Resource and Programs Coordinator may be invited to the table to provide information and support to the Director of Tourism and Parks to;
- (b) Provide a draft record of decision on applications to the delegated approval authority for review and approval;
- (c) Determine whether an application will result in Market Disruption; and
- (d) Ensure that the appropriate evaluation rubric is followed for each funding threshold.

7. PROVISIONS

(1) Schedules

The TPDMP offers a listing of schedules to address both short and long-term issues faced by tourism-related businesses and licensed tourism operators when expanding into new markets or developing new products. The four schedules that address both individual business requirements and broad-based marketing efforts include:

Schedule 1: Business Planning and Transition Assistance;

Schedule 2: Product Development, Enhancement and Equipment Maintenance;

Schedule 3: Marketing Assistance for Tourism Businesses; and

Schedule 4: Maintenance and Safety.

(2) Eligibility

An applicant is required to meet at least one of the following conditions to make an application under this Program:

- a) Is an NWT Licensed Tourism Operator (TOL), or Tourism Related Business as defined in this policy;
- b) Is an economic development agency operating in the NWT;
- c) Is an Indigenous Government or organization in the NWT;
- d) Intends to start a tourism business in the NWT (Schedule 1);
- e) A municipality or community in the NWT; and
- f) Represents a group of separate businesses or operations intending to develop a travel ready Tourism Product Package.

Applicants must be in good financial standing with the Government of the Northwest Territories (GNWT) and/or any Public Agencies (NWTHC, NTHSSA, Prosper NWT, Aurora College, etc.), meaning they have no current delinquent debts owing with the GNWT or any Public Agencies at the time of

application. Related parties with delinquent debts will also be considered when determining an applicant's eligibility for funding.

Meeting the eligibility criteria for this Program, in and of itself, does not guarantee approval of financial support. Financial assistance may be provided to those projects deemed as providing the greatest economic benefit to the NWT.

(3) Funding

Specific proposal requirements and evaluation criteria, funding limits, equity requirements and the purposes to which funding can be applied are described in the attached schedules (Schedules 1, 2 and 3 and 4). Large and small scale projects will be assessed using established criteria to determine the threshold of funding.

Financial Assistance and Compensation

- (a) Government is a partner with industry, and expects industry to assume some financial risk through the form of equity or debt financing to supplement government contributions toward new investment opportunities.
- (b) Assistance will not be provided where existing local business sustainability in a similar market will be adversely affected.

Funding Priorities

- (a) Contribution funding is limited. The Minister may from time to time change the priority of markets identified by the Program as the most promising for investment.

(4) General Conditions

- (a) In the case of capital expansion, economic diversification benefits for the NWT economy will be taken into account, where funding will be considered as an incentive to development in specific sectors where the business case is positive but may be marginal.
- (b) Applicants will grant the GNWT access to the project site or premises to inspect all books and other financial statements and to obtain any other information necessary to evaluating the success of the project.

- (c) Where other funding sources are available, the applicant must demonstrate that applications have been made for these complementary programs and may be required to provide evidence of the decision reached. Examples could include assistance made available through lending institutions, federal government programs, private investors, or rebate programs.
- (d) Whenever possible, the applicant should purchase NWT goods and services as well as construction materials and equipment for their projects or activities from local distributors and suppliers to support local employment and community economies.

(5) Excluded Costs

Contributions will not be provided to assist with the acquisition or purchase of:

- (a) Assets previously acquired by the applicant, shareholder or partner in the project, or by an associated business;
- (b) The purchase costs associated with the acquisition of an existing business;
- (c) The applicant's internal costs not directly related to the project and non-arms length transactions, including payments made to shareholders or members of their immediate family or businesses related by common effective control;
- (d) Animal and livestock as well as veterinary care;
- (e) Replacement of assets that were sold by the owner within the past three years;
- (f) Salaries or wages of any staff, owners or board members;
- (g) Merchandise or inventory of branded items for sale or give-away;
- (h) Traditional equipment acquisition by non-Indigenous businesses;
- (i) Real estate for speculative purposes;
- (j) Assets previously purchased with the assistance of the GNWT or the Government of Canada, in which case the amount of the previous

contribution will be deducted from the fair market value of the asset to arrive at the eligible cost of the asset;

- (k) The purchase of motorized equipment will not be prioritized under this program; and
- (l) Municipal tourism infrastructure will not be prioritized under this program.

(6) Policy Review

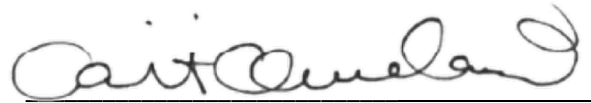
This Policy will be reviewed by ITI every five years.

8. FINANCIAL RESOURCES

Any payments made under this Program are conditional on approval of funds in the Main Estimates by the Legislative Assembly, and there being sufficient uncommitted balance in the appropriate activities for the fiscal year for which the funds would be required. The Minister may from time to time change the priority of markets identified by the Program as the most promising for investment.

9. PREROGATIVE OF THE MINISTER

Nothing in this Policy may in any way be construed to limit the prerogative of the Minister to make decisions or to take actions, respecting business contributions, or any other form of business assistance, either direct or indirect, outside the provisions of this Policy.



Caitlin Cleveland
Minister
Industry, Tourism, and Investment

December 3, 2024

Date

SCHEDULES

Business Planning and Transition Assistance	Schedule 1
Product Development and Enhancement	Schedule 2
Marketing Assistance for Tourism Businesses	Schedule 3
Maintenance and Safety	Schedule 4

SCHEDULE 1: BUSINESS PLANNING AND TRANSITION ASSISTANCE

Purpose of Funds

Funds may be applied towards the development of tourism business plans intended to launch a new product or enhance existing products with the intent of increasing revenues to tourism businesses and/or attracting new visitors to the NWT.

Eligible Activities

- Costs associated with consulting in relation to obtaining a TOL; and
- Consulting fees and costs for development of a tourism business plan.

Funding Limits

The maximum available per applicant is \$20,000.

Equity Requirements

The equity requirement under this Schedule is 15 percent of eligible project costs.

Proposal Requirements and Evaluation Criteria

For all purposes, the applicant must indicate which markets and products the plan will target. Priority will be given to applications that target high-yield growth markets for experiential sustainable, regenerative tourism products.

SCHEDULE 2: PRODUCT DEVELOPMENT AND ENHANCEMENT

Purpose of Funds

Funds must be applied toward development of new tourism products or enhancement of existing products with the intent of attracting new visitors to the NWT.

Eligible Activities

Funds may be applied to:

- New tourism infrastructure engineering and technical feasibility assessments;
- Upgrading services or amenities to attract a new market or expand appeal to an existing market; and
- Development costs associated with new Tourism Product Packages (transportation, accommodation and other costs associated with travel to NWT communities to organize package components).

Funding Limits

The maximum available per applicant in one fiscal year is \$150,000. Funding thresholds will be determined based on the applicant's Business, Market, and Trade (BMT) standards business level at the time of application. Applicants who have received up to \$250,000 over five years will be able to re-apply again after five years have elapsed from the receipt of the most recent contribution. The amount of funds for which an applicant is eligible will be determined based on the magnitude of local benefits which the project generates.

The following ratios provide a general guideline for determination of funding levels for individual applicants; however, each application will be considered on a case-by-case basis, and factors such as the provision of services critical to the development of the industry as a whole, or regional distribution of benefits will also be considered in evaluation of proposals:

- (1) Up to \$25,000 in contribution assistance for Business Ready applicants;
- (2) Up to \$75,000 in contribution assistance for Market Ready applicants who will realize increased revenues and visitation to the NWT because of activities of the project; and

- (3) Up to \$150,000 in contribution assistance for Travel Trade Ready applicants who will realize increased revenues and visitation to the NWT because of the activities of the project.

The Evaluation Committee will have the authority to increase funding contributions beyond the contribution limits set out in this Policy if an exemplary application can demonstrate through financials, a business plan, and any other committee-requested information, that the project has proven potential for a significant positive impact on the industry and the applicant can show a history of good financial standing with the GNWT.

Equity Requirements

- The minimum equity requirement under this Schedule is 15 percent of eligible project costs.
- Up to \$10,000 in existing equity (capital infrastructure for which no previous contribution funds have been received from GNWT and/or any Public Agencies (NWT HC, NTHSSA, Prosper NWT, Aurora College, etc.) and/or sweat equity may be applied toward the equity requirement).

Proposal Requirements and Evaluation Criteria

Applicants must submit a business plan that addresses specific characteristics of the target market(s) and how the new or enhanced product and the use of funds will appeal to and attract these markets.

Priority will be given to applications that:

- Are from TOL holders in good standing;
- TOL holders collaborating on a joint initiative;
- Focus on high-yield growth markets for experiential sustainable, regenerative tourism markets;
- Demonstrate high levels of local benefits;
- Are Indigenous owned business that incorporates Indigenous culture into the product;
- Have benefits that are distributed regionally;
- Incorporate several products into market ready packages;
- Are based on sustainable resources and growing markets;
- Show high potential for financial sustainability as demonstrated in the business plan; and

- Leverage other sources of investment, including other contribution partners and lending institutions.

All business applicants will be required to demonstrate need and financial sustainability.

For all purposes, the applicant must indicate which markets and products the project will target.

SCHEDULE 3: MARKETING ASSISTANCE FOR TOURISM BUSINESSES

Purpose of Funds

Funds must be applied toward marketing efforts for projects consistent with the key markets identified in the marketing strategy of the NWT's DMO.

Priority will be to support projects approved in Schedule 1 and 2 of this policy. Where sufficient funds exist, assistance may be provided to tourism businesses and tourism operators who do not have projects approved under Schedule 1 and 2, but who require assistance to promote tourism products and/or packages that align with current trends for tourism activities and are consistent with markets identified by NWT's DMO.

Eligible Activities

Where applications support projects approved in Schedules 1 and 2, or do not support projects approved in Schedules 1 or 2 but appeal to priority markets, applicants may be funded to:

- Attend travel trade and consumer shows (market and trade ready businesses only);
- Develop marketing materials (print or digital);
- Secure marketing collateral, including professional still photos and video purchases;
- Participate in co-op marketing opportunities with destination marketing organizations or industry associations;
- Purchase other advertising using platforms applicable to the tourism business including translation services;
- Develop and launch campaigns or tactics targeted at the priority tourism markets, or;
- Develop and create new websites or modify existing websites, including paywall and new product additions.

Funding Limits

The maximum available per applicant in one fiscal year is \$15,000. Funding thresholds will be determined based on the applicant's BMT standards business level at the time of application.

The following ratios provide a general guideline for determination of funding levels for individual applicants; however, each application will be considered on a case-by-case basis, and factors such as the provision of services critical to the development of the industry as a whole, or regional distribution of benefits will also be considered in evaluation of proposals:

- (1) Up to \$7,500 in contribution assistance for Business ready applicants;
- (2) Up to \$10,000 in contribution assistance for Market ready applicants; and
- (3) Up to \$15,000 in contribution assistance for Trade ready applicants.

For Market Ready and Travel Trade Ready Businesses only:

Funds may be used for registration and attending trade and consumer shows, including travel expenses to industry events and sales calls not including daily per-diems.

Equity Requirements:

- The equity requirement under this Schedule is 15 percent of eligible project costs.

Proposal Requirements and Evaluation Criteria

All applications must identify the target market to which the marketing effort will be applied, the use of the funds, and the expected benefits in terms of the number of new clients and/or new revenue which the marketing effort will generate.

Priority will be given to applications that:

- Focus on High Yield, Experiential, sustainable and regenerative Tourism Markets;
- Support projects approved in Schedules 1 and 2 of this Program; and
- Co-op marketing opportunities with NWT.

SCHEDULE 4: SAFETY

Purpose of Funds:

This fund is available to TOL holders only and is meant to assist with ensuring the safety of visitors while they are engaged in a guided tourism activity.

This fund is for safety and compliance only. This is not for the purpose of replacing aging equipment.

Eligible Activities

This fund covers maintenance that requires the services of licensed mechanic/tradespersons only and does not cover repairs or damage that is covered by commercial insurance. Applicants may apply for 50 percent of eligible costs associated with physical upgrades to infrastructure and/or equipment.

The equipment/infrastructure must be listed on the individual TOL at the time of application.

Funding Limits

The maximum available per applicant is \$10,000.

The Evaluation Committee will have the authority to increase funding contributions beyond the amounts stated above in the case of an exemplary application shows through their financials and other committee requested information that it has proven the additional amount will have a significant impact on the industry to warrant an increase.

Equity Requirements

Equity Requirements would be 50 percent, sweat equity is not eligible as the work requires a mechanic/licensed tradesperson to be eligible for this schedule.

Proposal Requirements and Evaluation Criteria

For infrastructure upgrades, applicants may be required to provide a recommendation from a regulator with a reference to relevant legislation to demonstrate the need for the upgrade. Applicants may also be required to provide denial of commercial insurance coverage.

Priority will be given to applications that demonstrate the urgency and severity of the maintenance/upgrade impacting the operations of the business.