

**Community Planning & Economic Development
April 10, 2014**

TO: Chair and Members of Community Planning & Economic Development
Standing Committee

SUBMITTED BY: ORIGINAL SIGNED BY:

Jennifer Church, Managing Director, Government Relations and External
Affairs

DATE: March 20, 2014

SUBJECT: Destination Eastern & Northumberland Shores (DEANS)

ORIGIN

November 12, 2013 – **MOVED** by Councillor Mason and seconded by Councillor Hendsbee that Halifax Regional Council request a staff report outlining possible participation and, if merited, appropriate funding for Destination Eastern & Northumberland Shores (DEANS).

LEGISLATIVE AUTHORITY

Pursuant to sections 71(1) and 79(1) of the Halifax Charter, Council has legislative authority to expend money in support of economic development in the municipality.

RECOMMENDATION

It is recommended that CPED recommend to Regional Council that HRM direct Destination Halifax to work with DEANS to build the tourism industry in the eastern part of HRM through the provision of advice and in kind services as appropriate.

BACKGROUND

Tourism in HRM

Tourism is an important industry in urban and rural HRM. In 2010 direct expenditures from tourism in Nova Scotia totalled just over \$2 Billion. In metro HRM the amount was almost \$1.1 Billion. On the Eastern Shore (including some of Guysborough County) direct expenditure was \$29 Million. Tourism represents approximately 2% of provincial gross domestic product (GDP), includes 24,000 direct jobs and is an important part of the provincial and municipal economy. The table below shows some comparative tourism statistics for the province, metro Halifax and the Eastern Shore.¹

	Nova Scotia	Metro Halifax	Eastern Shore
% of visitors to NS who include region in their trip	Not applicable	79	7
Overall visitor satisfaction (%)	93	93	94
Room nights	2,447,700	1,341,500	17,200
Room occupancy rate (%)	48	60.3	24
Tourism revenues (millions \$)	2,019	1,084	29
Municipal tax revenues (thousands \$)	24,300	14,500	300

As the numbers show, HRM tourism is a big part of Nova Scotia tourism. The work of the provincial tourism organization, the Nova Scotia Tourism Agency, is also significant in HRM.

Indicators show a decline in tourism on the Eastern Shore. For example, room nights sold in the Eastern Shore tourism region went from 30,000 in 2000 to 17,200 in 2012. The Eastern Shore Tourism Strategic Enhancement Project sought to increase the tourism business on the Eastern Shore by 50% within five years. The strategy for achieving that goal had four parts:

- Market the area to create greater awareness within the primary market of Metro Halifax, for both residents and visitors
- Enhance the quality of the key attractions of the Eastern Shore, both cultural and natural
- Focus on marketing and development initiatives that enhance industry sustainability over the long term
- Focus on initiatives already in the planning stages that are at or close to “shovel ready”

¹ Nova Scotia tourism boundaries are defined according to tourism regions rather than county or municipal borders. Tourism boundaries are meant to reflect the visitor experience of Nova Scotia rather than government/administrative boundaries. All of the Metro Halifax tourism area and part of the Eastern Shore and South Shore areas fall within HRM. See attachment 1.

There are an estimated 23 HRM tourism operators in the area covered by DEANS. Due to the number of rooms in these operations, none of these operators is required to collect and remit the HRM marketing levy on rooms sold.²

Tourism organizations in HRM

There are many tourism operators and several organizations representing tourism businesses in HRM. Industry/marketing organizations relevant to this discussion include:

- Destination Halifax (DH): HRM's tourism marketing organization. Created in 2002 by a merger of the Conventions & Meetings Bureau and the tourism marketing arm of HRM, DH is a partnership of the Hotel Association of Nova Scotia, HRM, and Provincial Tourism. Governed by an independent Board and funded by its partners, the industry, and a hotel marketing levy, DH promotes HRM as a year round destination for business/leisure travel. HRM's relationship with DH is governed by a services agreement. This agreement includes acknowledgment by DH that its mandate pursuant to that agreement extends to the entire municipality, including urban, rural and suburban areas.
- Destination Eastern and Northumberland Shore (DEANS): In May 2011, the Antigonish & Eastern Shore Tourist Association and the Pictou County Tourist Association created a new tourism marketing organization to be known as Destination Eastern & Northumberland Shores. DEANS is a non-profit society. It is responsible for the marketing and administration of tourism on the Eastern and Northumberland Shores. DEANS has a 16-member board with 8 members from the Eastern Shore and 8 from the Northumberland Shore. DEANS works with industry, funders, partners and communities to stimulate the development of tourism.
- Seaside Tourism and Business Association (STBA): represents the tourism operators of the eastern most part of the HRM starting at the border of the former City of Dartmouth.

For context, an industry organization also operates in the southwestern areas of HRM. The St. Margaret's Bay Regional Tourism Association represents tourism operators in the "Peggy's Cove Coastal Region" including the Prospect Area, the Peggy's Cove Area, the Tantallon Area and the Hubbards/Aspotogan Area.

Until recently there was also a destination marketing organization for the southern part of Nova Scotia. Destination Southwest Nova Association (DSWNA) was the Regional Tourism Industry Association and destination marketing organization for the Bay of Fundy & Annapolis Valley, Yarmouth & Acadian Shores and the South Shore. On March 12, 2014 members of DSWNA voted to wind down the organization and cease operations.

In addition to the above noted industry marketing organizations are other government levels of government that provide marketing and other supports for tourism including Nova Scotia Tourism Agency (NSTA), which has funding programs for marketing support for tourism events

² Operators with fewer than 20 rooms are not required to collect and remit the HRM marketing levy. The estimated 23 operators on HRM's eastern shore have a collective total of approximately 100 rooms/units.

and experiences and the Atlantic Canada Opportunities Agency (ACOA) which also supports tourism marketing.

HRM's role in tourism is primarily related to the administration of the HRM Marketing Levy and is undertaken through provision of funding for Destination Halifax as well as funding of special events. Responsibility for tourism rests largely with the provincial government.

DH Activity on HRM's Eastern Shore

DH promotes HRM in external markets and works to respond to market demand without specific allocation to any individual communities. DH emphasizes promoting significant experiences available throughout the region.

The Eastern Shore has been given visual and descriptive attention in DH materials with outreach to operators along the shore to assist with the development and delivery of content specific to the outdoor adventure and heritage culture categories. This includes presenting the region through the Destination Halifax Paid Media Plan including the current advertisement Destination Halifax placed in the 2014 Greater Halifax Visitor Guide (pp.4&5) which prominently features visitor experiences across HRM including the eastern shore. The paid media value for this placement is \$12,000 with a total distribution of 175,000 copies.

Reaching a base of 13,000 subscribers, the Eastern Shore is often featured in the content of the e-Halifax newsletter

Many of the HRM operators that fall under DEANS are also members of the Seaside Tourism and Business Association (STBA)³. The STBA is a member of DH and by extension benefits of DH membership extend to individual operator members of the STBA, providing them access to DH member benefit such as access to promotional and e-marketing opportunities, workshops, education and training.

Working with Eastern Shore operators, DH has provided in-kind support thus off- setting costs such as those incurred for photography, video footage, media relations, and direct business leads. A DH video shoot conducted along the Eastern Shore intended to capture 'specific outdoor experiences' in 2013 involved direct consultation with DEANS. Destination Halifax further added multiple high resolution professional images from the Eastern Shore to the Destination Halifax inventory in 2013, all of which have been offered to DEANS for their marketing purposes. These resources had an overall value of \$20,000.

DH's Director of Marketing participated on an evaluation committee on the selection of a Marketing Manager for DEANS.

³ According to the STBA website, approximately 15 operators on the eastern shore within HRM are STBA members.

DH's activity includes providing market insights, business development advice and product/market readiness ideas and has provided DEANS support in all these areas. DH is also active in exploring opportunities with DEANS in the area of e-marketing and social media initiatives. Blog content is welcome from operators across the HRM to help populate the social media platform captured under Halifax Sociable.

GHP Activity on HRM's Eastern Shore

GHP, HRM, NSERDT and ACOA have been working with various groups from communities on the Eastern Shore on a variety of initiatives over the past number of years. Through this work and in response to requests from the communities, it was decided a consultant be engaged to look at the development of a regional strategic plan.

With funding from PNS (to be confirmed), ACOA (\$5,000) and HRM (\$1,250), the Greater Halifax Partnership engaged Denise VanWhychen (on the recommendation of the community), to facilitate a community engagement process to develop a regional plan for the community. On Saturday, March 29th a community engagement session was held in Oyster Pond. Once the report has been finalized, next steps will be determined.

DISCUSSION

HRM Participation in DEANS

Because HRM no longer has in-house expertise in tourism, direct participation in DEANS is most appropriately fulfilled primarily through DH's participation with and support of DEANS.

Funding of DEANS

The funding request made by a motion of Regional Council did not include a specific amount requested. A funding formula created by DEANS to determine municipal funding levels for municipalities that fall within DEANS suggest a appropriate funding level for HRM of \$6,400. Other municipal contributions⁴ to DEANS represent approximately \$69,000 on a total budget of approximately \$400,000. The other municipal units that fall within the DEANS area do not currently have tourism marketing levies.⁵ Provincial funding for DEANS in 2013 was \$205,578.⁶ In May 2013, through ACOA, the federal government provided approximately \$13,000 in project-based funding to DEANS. There is also discussion on-going of a potential marketing levy on operators to support the work of DEANS.

Considerations

⁴ Municipalities that contribute to DEANS include: Municipality of Antigonish, Town of Antigonish, Municipality of Guysborough, Municipality of St Mary's, Town of Mulgrave, Municipality of Pictou, Town of New Glasgow, Town of Stellarton, Town of Pictou, Town of Westville, Town of Trenton.

⁵ There is not currently enabling legislation for marketing levies in these municipalities.

⁶ Province of Nova Scotia, Public Accounts, Supplementary Information. http://www.novascotia.ca/finance/site-finance/media/finance/PublicAccounts2013/2013_Vol3.pdf

Equitability

Currently operators in the eastern part of HRM, though they do not pay into the marketing levy, receive a benefit from DH. This benefit is not only from the in-kind support and membership advantages as described above but also through the benefit that extends to all HRM tourism operators from the advertising and marketing that DH does in external markets. To provide additional funding to DEANS would further increase the expenditure on tourism marketing for the eastern part of HRM and may not be considered equitable.

Administrative versus functional boundaries

There have been discussions about how best to promote tourism in the different geographic regions of HRM. For example, STBA sought to have the area designated as the Halifax destination region by the province correspond directly with the boundaries of HRM for the purpose of marketing and industry application to all provincial tourism programs. The province has resisted that approach. While supported by the membership of STBA, various other operators and organizations did not support this approach.

Part of the rationale for having a destination marketing organization such as DEANS, is to mirror the tourism areas set by the provincial government. These tourism areas are meant to reflect the visitor experience of Nova Scotia rather than administrative or government boundaries that may not align with the visitor interest or experience. As such, the area represented by DEANS includes all of Guysborough, Pictou and Antigonish counties, as well as parts of HRM, Cumberland and Colchester counties.

DH currently works collaboratively with DEANS and a collaborative approach to destination marketing that represents a consistent front to visitors should be encouraged and required.

Implications for DEANS

For DEANS the seeming inequity of having HRM eastern shore operators receive the benefit of coverage in DEANS without HRM making a cash contribution to DEANS, holds the risk of having other municipalities follow suit and withdrawing their support from DEANS. As noted above, HRM is alone among other DEANS-area municipalities in having a marketing levy and dedicated destination marketing organization.

Funding mechanisms

DH is not a funding organization and under its current operating model it would not typically provide grants to other tourism organizations.

There is no current HRM granting program that would provide grants for operating costs.

Given the considerations discussed above, it is recommended that no direct funding be provided to DEANS and that in-kind support to DEANS continue to be provided through HRM's existing destination marketing organization DH.

FINANCIAL IMPLICATIONS

This proposal does not have any financial implications for HRM's budget.

COMMUNITY ENGAGEMENT

Conversations were held with representatives from DH, DEANS, GHP and STBA in the preparation of this report.

ENVIRONMENTAL IMPLICATIONS

There are no environmental implications in adopting the recommendations in this report.

ALTERNATIVES

Community Planning and Economic Development committee could recommend that Regional Council provide funding directly to DEANS.

ATTACHMENTS

Attachment 1 – Tourism areas of Nova Scotia

A copy of this report can be obtained online at <http://www.halifax.ca/commcoun/index.html> then choose the appropriate Community Council and meeting date, or by contacting the Office of the Municipal Clerk at 490-4210, or Fax 490-4208.

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ORIGINAL SIGNED BY:

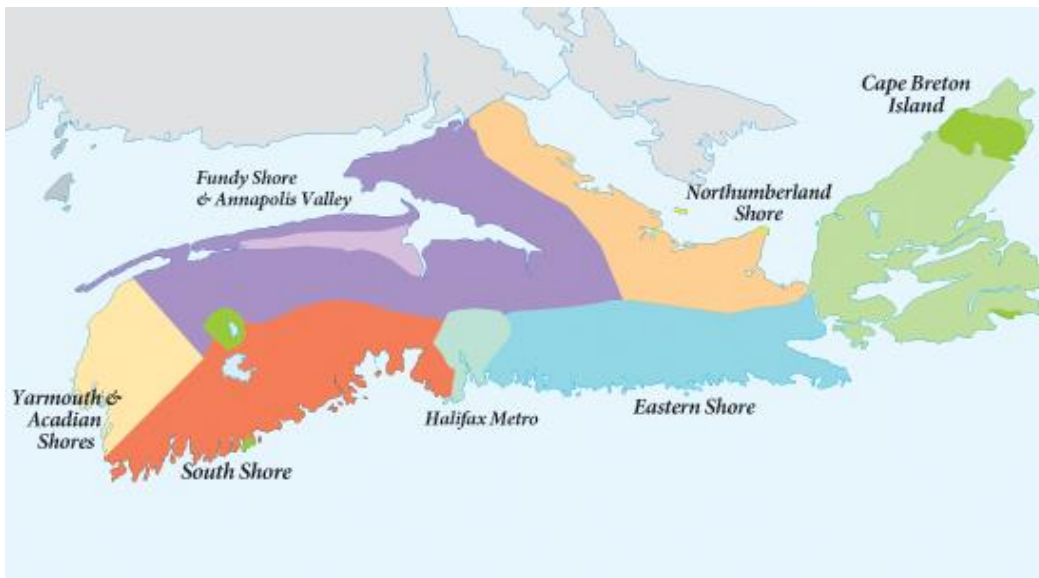
Report Approved by: _____
Jennifer Church, Managing Director, Government Relations & External Affairs – 490 -3677

Attachment 1 – HRM Map and Provincial Tourism Boundaries

HRM Map



Provincial Tourism Boundaries Map



Description of Provincial Tourism Area Boundaries

Halifax Metro - Includes Cities of Halifax and Dartmouth and (roughly) the areas contained by routes 253, 306 and 349 in the south. Also includes the area bounded by Provincial Highway 103 in the west, where the Hants and Colchester Counties intersect with HRM and the line between the mouth of Cole Harbour and Gays River in the east.

Eastern Shore - Portion of HRM east of the line between the mouth of Cole Harbour running northeast to Gays River and Guysborough County.

South Shore - Shag Harbour to area south of Lake Peskawa and Peskowsk Lake, most of Queens County, all of Lunenburg County except the portion of Lunenburg County from Franey Corner to just below Waterville (in East Hants), and the western portion of HRM – west of Pockwock Lake, south of Provincial Highway 103 and west of Collector Highway 306.

Northumberland Shore - Includes portion of Cumberland and Colchester Counties south of the Trans Canada highway to Wentworth and the area north of the line between Wentworth and Mount Thom and all of Pictou and Antigonish Counties.