

Ministry of Economy, Trade and Industry  
FY 2011 Subsidized Project for Development of New Regional Industries  
(Project for the Development of New Regional Industries)

The International Resort Development Project

Overseas Study on Tourism Bureaus and BIDs  
&  
Resort Development Seminar Report

March 2012

Niseko Promotion Board, Inc.



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# I. Background and Objectives of the Project for the Development of New Regional Industries

## 1. Background

### 1-1 The Niseko area

Tourism is one of the main industries in Hokkaido, which is blessed with great natural splendour and natural resources. Hokkaido Prefectural Government statistics show that 5.9 million people visit Hokkaido in FY 2010.

Overseas visitors, especially those from Asian countries where economic development is remarkable, saw a 30% increase from FY 2005 to FY 2009. In those four years, visitors from Hong Kong saw a 49% increase, from mainland China saw a 490% increase and from Korea saw a 93% increase (Fig. I-1). Spending by these overseas visitors, including for accommodations, food, leisure, and transportation and other services, has brought great economic effects to Hokkaido industry. Spending by overseas visitors from July 2009 to June 2010 is estimated as 122,128 yen per person and 85.5 billion yen in total.

The Niseko area boasts scenic views of Mount Yotei and has hot springs and powder snow. The area has been attracting domestic tourists for outdoor tourism. Since 2000, Australian ski tourists have been increasing year by year. Today, Asian and European tourists also visit Niseko. Niseko is a major overseas tourist destination in Hokkaido. Along with such increases in overseas visitors, investment in accommodation facilities for long-stay visitors and condominiums by non-Japanese has been active, amounting to a few hundred billion yen.

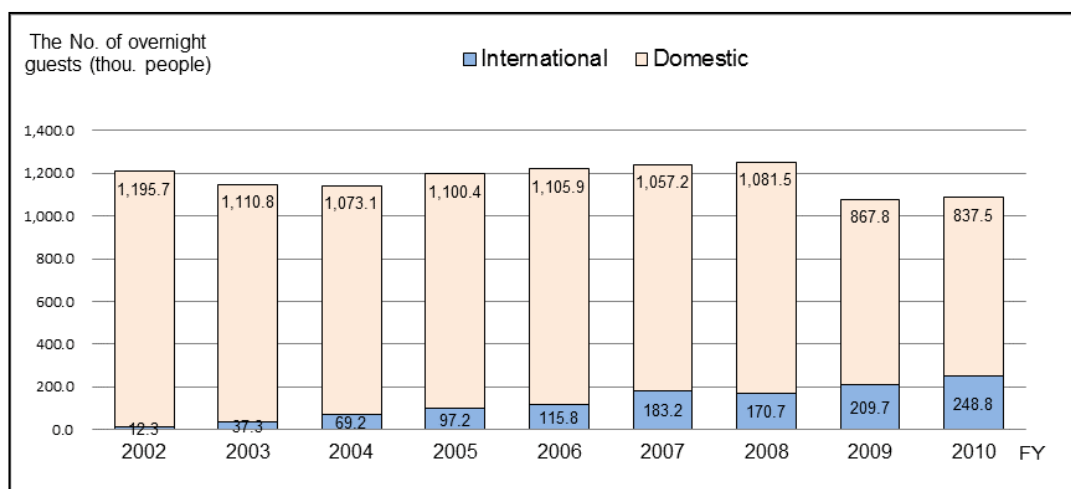


Fig. I-1 Trends of overnight guests in Kutchan and Niseko towns (Source: NPB)

## 1-2 Background of the study

Toward sound development and the continuous attraction of overseas guests, there are calls for a clear vision for the Niseko area. The area needs to identify issues related to development design rules and the environment. Currently, the following two projects are under way in the Niseko area.

### 1-2-1 Niseko Tourism Bureau Project

Grand Hirafu, the largest of the ski fields on Mount Niseko-Annupuri, is in Kutchan Town. The Annupuri and Niseko Village ski fields are in Niseko Town. Even many of the residents of Sapporo, a large nearby city, are unaware that the tourist destination called "Niseko" extends over several municipalities. The current efforts by each municipality to separately promote tourism are not in line with tourist perceptions. To promote the entire Niseko area as a tourist destination and to forge ties between Japanese businesses and the increasing numbers of foreign business people and companies, the Niseko Promotion Board, Inc. (NPB) was established on September 7, 2007. The NPB has two representative directors, one of them Japanese and the other Australian.

The Towns of Kutchan and Niseko organized the "Niseko Tourism Bureau Steering Committee" in September 2010 as a public-private collaboration. The initiative aims to do the following: "1) provide a tourism destination that transcends municipal boundaries through tourism collaboration between the two towns, 2) raise international competitiveness by improving tourist attractions in that intra-municipal tourist destination and 3) promote the Niseko area in domestic and overseas markets toward increasing visitors and extending visitors' stays." In this way, both towns have been making efforts to establish the Niseko Tourism Bureau as an organization that promotes tourism beyond their boundaries. The Steering Committee's "items to be discussed in the short term" are the following four:

- (1) The development of a vision for Niseko
- (2) Projects to be implemented beyond municipal boundaries
- (3) Determination of how a tourism organization that transcends municipal boundaries should be established and operated.
- (4) Fund raising that supports the promotion of a tourist destination that transcends municipal boundaries.

### 1-2-2 The Niseko Hirafu BID Project

The Hirafu district of the Niseko area (officially the Yamada and Kabayama districts of Kutchan Town) has been internationalizing as a result of increases in overseas guests, investments and business people. Meanwhile, conventional accommodation facilities, which are typically "pension-style" accommodations, have drastically decreased and, as a consequence, membership in *chonaikais* (neighbourhood associations) has also declined. Because *chonaikais* are the local bodies that bear the costs of street light electricity, maintenance and other

neighbourhood activities to maintain the living environment, the associations are facing financial constraints, because members who contribute to such common expenses have decreased. The Hirafu district has other issues: lack of a vision that can be shared among local people and businesses, control of development, safety and the maintenance of a comfortable living environment, the sharing of Japanese customs and local rules with newcomers, understanding of non-Japanese culture, the sharing of information, operation of the Safety Centre and unified, well-designed signage. In addition, the four-year renovation project of Hirafu's main street, the so-called Hirafuzaka St., was launched in 2011. Upon completion of the project, which includes the installation of roadway and sidewalk road heating systems, a portion of the sidewalk electricity costs are to be borne by locals, including the municipality.

The Town of Kutchan has been supporting local initiatives toward introducing a business improvement district (BID) to the Hirafu district as a community development undertaking since FY 2011. A BID is a system for raising funds for business promotion projects and for operating an organization that implements such projects. BIDs originated in North America. They use levies collected for the BID by the local government from every property owner in the BID area to operate an organisation that provides higher standards of public services than are typically provided by governments and to conduct business promotion projects in the area.

## 2. Selecting the target

The Tourism Zone Development Act of Japan describes the undertakings of "a tourism area that transcends municipal boundaries" as "collaboration by several tourism destinations to form a 'tourism zone' that can attract tourists to stay more than two nights, to assist local independent projects and to foster an internationally competitive tourist destination." However, in the Niseko area, the average overseas visitor stay is 3.04 days (FY 2009; source: NPB), which exceeds the criteria for tourism zone development. Therefore, the precedent of a successful tourism bureau needs to be sought not from within Japan but from cold, snowy regions overseas that have internationally competitive mountain resorts.

Recently, initiatives called "area management" have been widely introduced around Japan. These are voluntary, independent initiatives organized by residents, businesses and property owners. The Ministry of Land, Infrastructure, Transport and Tourism (MLIT) made a manual for such organizations. One common issue among area management organizations is stable funding to support their activities. A BID is a regional business promotion scheme that provides stable funding; however, there is no precedent for this in Japan. When the Town of Chatan, Okinawa Pref., applied to create a BID special zone, the Ministry of Internal Affairs and Communications rejected the application and suggested that a combination of conventional schemes and systems be used.

Because BIDs originated in Canada, to learn the details of the system, we needed to study successful BIDs overseas.

In light of this, we were supported by the International Resort Development Project (Project for the Development of New Regional Industries) of the Ministry of Economy, Trade and Industry. With its support, we made a preliminary review of the literature, we conducted an overseas study tour and we held a resort development seminar with a lecturer invited from overseas on 1) the tourism promotion systems and fund raising of successful international resorts and 2) BID schemes, legal systems and organizational management. The fruits of the study and seminar will be referred to in the Niseko Tourism Bureau Project and Niseko Hirafu BID project. From other successful resorts, we selected Whistler (BC, Canada) as a year-round mountain resort in a cold, snowy region, and the BIA in Vancouver City. In Canada, BIDs are called “business improvement areas” (BIAs). The schedule, interviewees and delegates are listed in Section V.



## II. The Resort Municipality of Whistler and Whistler Tourism Association

### 1. Location and history

Whistler is in British Columbia Province. It is a 2-hour drive, or 120 km, from Vancouver. The ski fields that were established on Whistler and Blackcomb mountains are linked by the Peak 2 Peak Gondola, which opened in 2008 (Fig. II-2).

In the 1950s, what was then the Whistler area (currently Creekside) blossomed with lodges as one of the most popular summer resorts in North America. In 1966, the first ski field opened on the south side of Whistler Mountain (now called Creekside). The Whistler ski resort rose to prominence in North America in a short time.

In the early 1970s, a resort development project in what is now the Whistler Village area was launched. The Province of British Columbia did not approve the project. Instead it established the Resort Municipality of Whistler, the first resort municipality in Canada. In 1977, the new municipality was given 53 acres of Crown land to develop a town centre.

Vancouver/Whistler hosted the 2010 Olympic Winter Games, and Whistler became further known around the world as a winter/summer mountain resort. Ten percent of current tourism revenues in BC come from Whistler.



Fig. II-1 Location of Whistler

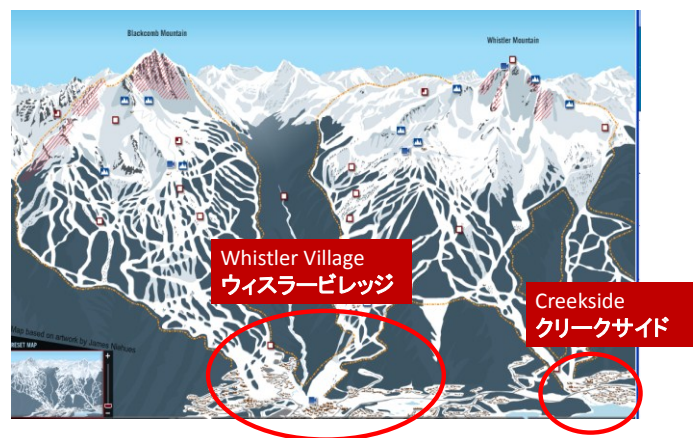


Fig. II-2 Ski fields in Whistler

## 2. The Resort Municipality of Whistler (RMOW)

### 2-1 General information

Establishment: Sept. 6, 1975

Area: 12,630 ha

Climate:

- Annual snowfall of 430.5 cm (village) / 980.0 cm (mountaintop)
- Avg. winter air temp. of -8 ~ 3 °C

Population:

- Permanent residents: 9,824 people (2011 National Census)
- Seasonal residents: 2,266 people (estimated)
- Second-house owners: 11,522 people (estimated)
- Daily population equivalent: 28,289 people  
(Total of residents plus estimated visitors and employees)

Approximate annual visitation: 214 mil. person-nights (5 times that of the Niseko area)

Accommodations:

- Tourist accommodations (e.g., condo hotel units, chalets, villas, etc.): 8,010 facilities
- Pensions/B&Bs: 254 rooms
- Hotels: 7,105 rooms
- Hostels: 283 beds
- The total number of self-contained (dwelling) units zoned for tourist accommodation use: 15,880 units

Although permanent residents number about 10 thousand, the maximum overnight population is in the 70 thousands (Source: FY 2012 RMOW budget report). Infrastructure, such as that for water supply, sewerage and garbage disposal, needs to accommodate a much greater number of people than the population. This is the primary difference between a resort municipality and other municipalities.

### 2-2 Roles and organization of RMOW

#### (1) Roles

The roles and organization of the RMOW are as follows. It has no tourism promotion section.

- Collect property taxes.
- Create and adopt a budget: 5,718,000,000 yen (2011).
- Conduct planning and development.
- Administer road, water supply and sewerage systems.
- Administer parks and recreation facilities.
- Conduct building approval and inspection.

- Implement municipal laws/codes.
- Administer garbage disposal and composting.

## **(2) Organization**

The Council, consisting of the elected mayor and six Council members, is the highest decision-making organ. The Chief Administrative Office (CAO) supports the Council in formulating a strategic plan and implementing projects to further the policies decided by the Council. The RMOW includes the following departments: Administration, Human Resources, Finance, Infrastructure Services, Corporate and Community Services, and Resort Experience.

Infrastructure Services provides for the physical infrastructure of the municipality, including engineering services, transportation, transit, road maintenance, water supply, waste water collection and treatment, solid waste management, recycling and composting. Corporate and Community Services include information technology, legislative services, library services, recreation facilities and programs. Corporate and Community Services also oversees the RCMP, Fire Rescue Services and Bylaw Enforcement. Resort Experience's mandate is to be a partner and leader in developing and maintaining a healthy, diversified, strong and sustainable tourism economy. Resort Experience is also responsible for resort planning; parks, trails and village and building maintenance; village animation and events; and the Village Host Program.

## **(3) Budget**

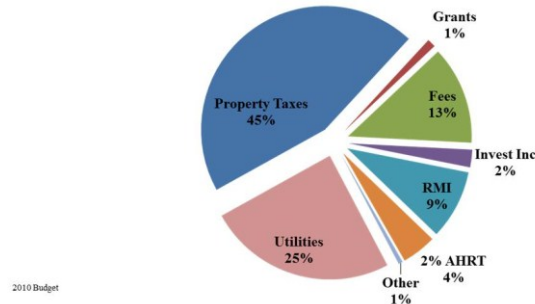
The main revenues for Canadian municipalities are property taxes. Unlike Japan, they do not collect income-based municipal taxes. The property tax is charged according to the transaction values of nearby properties in the fiscal year of two years before, and it is considerably higher than Japan's property tax base. The tax rate changes by year according to the budget of the municipality. Although direct comparisons are not appropriate, generally, property taxes in Canada are higher than in Japan.

The annual budget of the RMOW is 5,718 mil. yen (FY 2010), of which 45% is from property taxes (Fig. II-3). The Resort Municipality Initiative (RMI) is a provincial grant to support tourism. The RMOW must invest these funds in programs and projects that enhance resort programming and resort infrastructure. In Whistler, they are used for events and festivals that make the most of Olympic legacies. Memorial Concerts held at Olympic Plaza are major RMI projects.

## **2-3 Additional Hotel Room Tax (AHRT)**

The Province of BC introduced the AHRT in 1988. The Province levies a 2% Additional Hotel Room Tax (AHRT) in addition to the Harmonized Sales Tax (HST) on tourist accommodation payments on behalf of local governments and

then grants them back. AHRT is used for local tourism marketing, and programs and projects of the municipalities. The AHRT is revenue that comes directly from the tourism market (a customer-based user-paid tax model). AHRT funding must be invested in tourism programs and amenities. The RMOW granted Tourism Whistler (TW) C\$1 mil. in AHRT in FY 2011.



(Source: The Resort Municipality of Whistler)

**Fig. II-3 Breakdown of RMOW income**

## 2-4 Town development

### (1) Development guideline

In 1978, Eldon Beck, the architect who was instrumental in the design of Vail Village in Colorado, created the foundation of the Whistler Village plan. Based on his plan, in which pedestrians and vehicles are completely separated in the town centre, the guideline to control the external appearance of buildings and structures was made and the townscape was controlled. Also, the guideline ensures a view of the mountains from anywhere in the village (Fig. II-4). The exterior walls of buildings should not be vertical. Buildings are designed to appear low by giving them balconies and small roofs. Access to accommodations in the village centre are on the side opposite from the town centre. Each accommodation has underground parking. Currently, two building styles are found in Whistler: the traditional Alpine style (Fig. II-5) and a modern Canadian style called "West Coast Green" (Fig. II-6).



**Fig. II-4 Whistler Village**



**Fig. II-5 Traditional Alpine style**



**Fig. II-6 West Coast Green style**

## **(2) Transit**

In addition to ordinary buses, 20 hydrogen buses (Fig. II-7) that were the first of their kind in the world are operated. The provincial and Federal governments equally provide funds for hydrogen buses, which were introduced at the time of the Olympic Games. The operation of the buses is outsourced to a private company. Operating losses are shared by the municipal and the provincial governments. The tourism industry in Whistler is supported by a huge number of seasonal employees. Because most of them do not have private cars, public transportation is very important for the regional economy.

## **(3) Cycling trails (Fig. II-8)**

Most of the municipality is covered by the 35 km of cycling trails. Cycling is promoted as an alternative mode of transport. Stretches of cycling trails around lakes and elsewhere are independently developed by cyclist associations.



**Fig. II-7 Hydrogen bus**



**Fig. II-8 Cycling trail**

# **3. Tourism Whistler (TW)**

## **3-1 Objectives**

Established in 1979 and legally known as the Whistler Resort Association,

Tourism Whistler (TW) is the non-profit member-based marketing and sales organization that represents Whistler. TW is responsible for promoting the resort as an international, four-season destination with the goal of increasing overnight visitation.

### 3-2 Resort associations in the province of BC

The Mountain Resort Associations Act is designed to promote and facilitate the development, maintenance and operation of mountain resorts in British Columbia. Based on the Associations Act, resort associations are established to provide services for tourism businesses, including marketing, the hosting of special events, the installation of direction signs and the provision of accommodations/event booking services. The organizational structure is specified by the Mountain Resort Associations Act. The association has bylaws and is given the power to collect levies as a stable source for funding. The type of legal person and the governing laws differ from those of business improvement areas (BIA). However, it has the same funding and operation systems as a BIA. Both systems place levies on the property owners that benefit the most from business promotion and resulting property value increases, and both systems operate an organization that improves the local economy by using levy-based funds.

### 3-3 The Resort Land

In 1979, the developer and the Province of British Columbia decided the orange-coloured area in Fig. II-9 as the Resort Land. It is mandatory for owners of property on the Resort Land to join the association. When a building is built outside the Resort Land, the area of the Resort Land is expanded to include the new building.



Fig. II-9 Resort Land (orange square)

### 3-4 Organization

Seven elected individuals and six appointees represent various interests on the 13-member board of directors that is the decision- and policy-making organ (Table II-1). The Director at Large is intended to represent all Members; therefore, all Members in good standing (without outstanding levies or payments to any third party in the Resort Land) receive one vote in the election for this position. The voting rights for electing Directors who represent each type of accommodation are given according to the number of bedroom units possessed by the Member (one bedroom is regarded as two units of voting rights.) Voting rights of commercial directors are given to commercial property owners and their tenants. A Member who has any outstanding levies or any outstanding payments to any party in the Resort Land forfeits voting rights.

**Table II-1 Board of Directors**

Appointees		No. of direc.
Whistler Blackcomb (ski field operator)		2
Resort Municipality of Whistler		2
Tourism Whistler		1
Chamber of Commerce – Ex-officio		1
Elected positions with current directors		
Large Single-Managed Lodging	This Director position represents owners on Resort Land where 90% of the units within a property that comprises more than 500 assessment units are managed by a single management company. This includes most branded hotels and all single-owned hotels.	1
Small Single-Managed Lodging	This director position represents owners on Resort Land where 90% of the units within a property that comprises less than 500 assessment units are managed by a single management company.	1
Benchlands Multi-Managed Lodging	This director position represents owners on Resort Land where less than 90% of the units within a property that is located in Benchlands are managed by a single management company.	1
Village Multi-Managed Lodging	This Director position represents owners on Resort land where less than 90% of the units within a property that is located in the Village are managed by a single management company.	1
Other Multi-Managed Lodging	This Director position represents owners on Resort Land where less than 90% of the units within a property that is located outside the Village and/or Benchlands are managed by a single management company.	1
Commercial Director	This Director position represents owners and commercial tenants of commercially zoned property, other than property zoned for lodging, on the Resort Land.	1
Director at Large	The Director at Large is intended to represent all Members. All Members in good standing receive one ballot in the election for this position.	1

The annual general meeting is the highest decision-making body. The election of directors for the board and other important decisions are made by vote at the meeting. The Executive Team consists of a CEO and three other Members. The entire staff consists of 80 people. There is no municipal dispatched staff. 14 staff belong to Marketing and Sales. They participate in travel exhibitions around the world for tour sales targeting agents/individuals.

### **3-5 Membership categories and their levies**

All property owners within the Resort Land are Members of TW. The Members pay membership fees called Assessment Fees, which include Common Fees charged on all properties for stay and Commercial Fees charged on commercial properties such as accommodations and other facilities including restaurants and retail shops. The qualified Members are as follows:

- Whistler Land Co.
- Whistler Blackcomb (ski field operator)
- Property owner within the Resort Land
- Businesses within the Resort Land
- Residents and tenants within the Resort Land
- Agent for property owner within the Resort Land

#### **(1) Resident member**

A resident who uses property in the Resort Land as his/her own residence and who submits a Residential Member Use Declaration Form (due every year between Oct. 1 and Dec. 31) is exempted from Commercial Fees and pays only Common Fees.

#### **(2) Accommodation property owners and commercial property owners**

If his/her residential unit is available for nightly/short term rentals for more than 14 nights in the calendar year, the unit is subject to Assessment Fees (or Membership Fees) which include Commercial Fees and Common Fees. Nightly/short term rental means renting to visitors who rent the unit as vacation accommodation; it does not include seasonal or local Whistler residents who rent your unit for long-term tenancy (3 months or more). Commercial Fees are determined for accommodation property by allocating two assessment units to each bedroom, and they are determined for commercial space by allocating one assessment unit per 150 m<sup>2</sup> of assessable floor area, calculated after subtracting the areas of halls, stairs, utilities, meeting rooms, kitchens, toilets, reception spaces, storage, etc. from the total property floor area.

#### **(3) Commercial tenants**

Commercial Tenants in buildings on the Resort Land are automatically Members, as TW Membership Fees are charged to the owner/landlord. As a result, full membership benefits and opportunities are available to Commercial Tenants as long as an application form is submitted. Businesses are required by the



municipality to register, pay registration fees and obtain business licences.

#### **(4) Affiliate member**

TW's Affiliate Program is available to eligible tourism-related businesses. Businesses outside of Whistler's designated "Resort Lands" but within the Sea-to-Sky Corridor may apply for Affiliate status with TW. Affiliation with TW is either as a Product or a Partner Affiliate. Tourism candidates for the Affiliate Program will be considered based on their capacity to complement the existing suite of products and services made available to the visitors by the Members. Accepted Affiliates are entitled to receive some of the services accorded to Members. Because affiliation with TW is not mandatory and is renewed annually, Affiliates do not have full-membership rights (such as voting rights or the right to be Directors.)

#### **(5) Calculation and collection of Assessment Fees (or Membership Fees)**

##### **i. Calculation methods**

The rates of Assessment Fees may vary from year to year, but basic idea is as follows.

##### **<Common Fees>**

One bedroom = 2 units

One unit: C\$47.49/year + HST

Annual Common Fees for one bedroom = C\$94.98+HST

##### **<Commercial Fees>**

###### **■ Accommodations**

One bedroom = 2 units

One unit: C\$184.46/year + HST

Annual Assessment Fees for one bedroom = Common Fees + Commercial Fees  
= C\$94.98 + C\$184.46 + HST

###### **■ Commercial buildings other than accommodations (restaurants, bars, retail shops, rental shops, offices)**

No. of units = subject floor area / 150

Annual Assessment Fees = Common Fees + Commercial Fees  
= (C\$94.98 + C\$191.35) X (No. of units) + HST

##### **<Affiliate Member Fees>**

Fees based on number of units or square footage are reduced by 90% of the member's assessment fees to reflect the fact that Affiliates cannot vote in the election of the Board Directors.

##### **ii. Collection of Assessment Fees**

TW collects Assessment Fees (levy). Payment options include (i) online credit card payment, (ii) online / telephone banking payments, (iii) payment by cheque (from a Canadian banking institution), money order, or cashier's cheque, (iv) pre-authorized payments. Most modern payment options are available for members' convenience. If a resident fails to submit the

Residential Member Use Declaration Form, then Commercial Fees are charged. Also, if a resident submits the form after Dec. 31, a fee for late submission is charged.

The deadline for Assessment Fees is June 30 every year. Late payments are subject to 6% annual interest. If a property owner does not pay the Assessment Fees, Membership Services makes phone calls, and sends letters and e-mails. Liens will be placed on the title of any property owned by one who has an assessment balance that remains outstanding for more than one year. When the property is sold, TW recovers the outstanding Assessment Fees.

## **3-6 Businesses**

### **(1) Marketing Strategy**

#### **Corporate Communications**

The department works to enhance the overall awareness of Whistler while collaborating with partners to generate and manage media coverage.

#### **Marketing Services**

##### **Advertising**

The team is responsible for developing and executing TW's advertising plans, which include an integrated mix of traditional media, new media, social media and CRM.

##### **Partnership and Events**

The department is responsible for forging external relationships with key corporate and industry partners.

##### **Information Technology**

The department is responsible for providing strategic leadership to the organization in the areas of software, data and communications technology.

##### **Web Services**

The team designs, manages and updates the Whistler.com website. From seasonal changes to new packages, promotions and marketing initiatives, new pages are created and existing pages are edited daily.

##### **Research**

The mission of the department is to provide TW Members and internal departments with timely, relevant, user-friendly research to support strategic sales and marketing initiatives. Full research reports can be accessed by members via the TW website for Members.

### **(2) Finances & Operations**

#### **Finances**

The department is responsible for all account reconciliations, payables and receivables, and for financial reporting, including audited financial statements, budgets and forecasts.

### **Human Resources**

The department is responsible for interviewing and hiring personnel, as well as providing personnel training.

### **Member Relations**

The department is responsible for communication and engagement with the Members of TW, and for administering all Member programs and services.

### **Whistler Golf Club**

The club works in co-operation with its in-resort partners to establish Whistler as the number one mountain golf destination in North America.

### **Building Operations**

The department maintains the physical assets that TW manages, primarily the Whistler Conference Centre, the Activity Centre and the Whistler Golf Course buildings.

### **Visitor Services**

The department is Whistler's official resource for all in-resort information, activity bookings and transportation.

## **(3) Market Development**

### **Travel Trade**

The department takes a leadership role in generating consumer awareness of Whistler via the consumer directly, trade groups and the media in key overseas markets, thus increasing year-round business to Whistler.

### **Conference Sales**

The department solicits overnight visitors and revenues for the Whistler Conference Centre by bringing large resort-wide conference groups to Whistler.

### **Conference Services**

The department oversees the execution of all meetings, conferences and events/festivals taking place within the Whistler Conference Centre and works to ensure the best experience for our conference guests.

### **Coast Mountain Reservations**

TW's central reservations call centre delivers visitors to the resort by promoting and selling Whistler via the TW website.

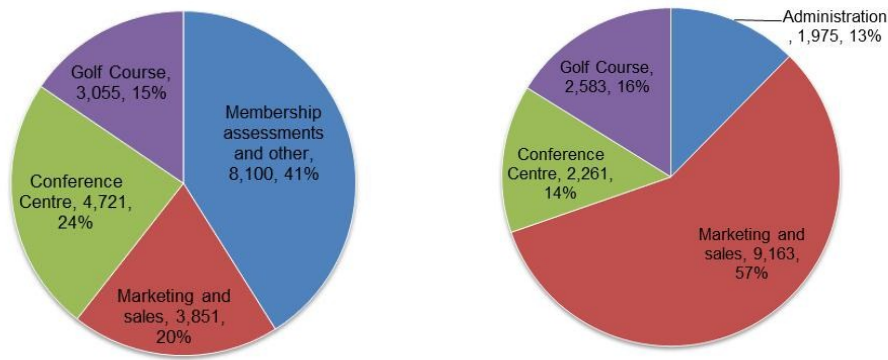
## **3-7 Finances and funding**

### **(1) Income and expenditures**

#### **i. Accounting items that are listed as both income and expenditures**

Fig. II-10 shows the income and expenditures of TW (FY2010). Marketing & Sales, the Conference Centre and the Golf Course are found as income and

expenditures. The Conference Centre and the Golf Course, built/developed by RMOW, are operated by TW. The operating revenues are used to support the stable financing of TW.



(Unit: mil. C\$) (Source: TW)

(a) Income

(b) Expenditures

Fig. II-10 Income and Expenditures of TW (FY 2010)

## ii. Expenditures

Expenses for Marketing & Sales are used for the following:

- 1) Attracting group tours from North America and other countries
- 2) Dispatching representatives to travel exhibitions for marketing opportunities (marketing)
- 3) Assisting media, travel writers and video production teams that visit Whistler (communications)
- 4) Holding Festivals and special promotional events (event tourism)
- 5) Disseminating information via the website, social media, etc.
- 6) Managing a web booking centre for hotels, activities, transportations, etc.
- 7) One-to-one marketing by dedicated e-mail for each visitor.

## iii. Income

- Agent fees generated by booking hotels, etc. at the non-stop booking website Whistler.com.
- When establishing TW, RMOW developed a golf course as a summer tourism resource and to provide revenues for TW. The Whistler Golf Club is a financially self-sustaining business.
- The Conference Centre was built by RMOW and operated by TW. Out of the AHRT provided by the RMOW to TW, C\$600,000/year is to be used to cover basic expenses of the Conference Centre. Thus, the Conference Centre generates operational revenues that are then re-invested in marketing.

## (2) Breakdown of income/expenditures

Membership Fees account for 76% of net income shown by the balance of income and expenditures for items that appear as both income and expenditures (Fig.

II-11). Fig. II-12 shows a breakdown of the Membership Fees (Assessment Fees): 79% is from accommodations, 11% from other businesses (restaurants, bars, retail shops, etc.) and 10% from Whistler Blackcomb.

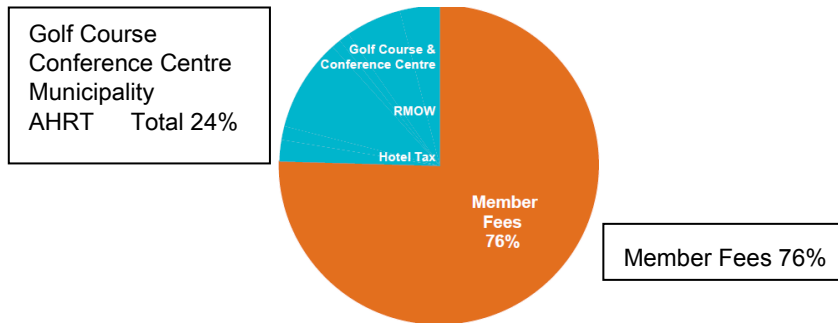


Fig. II-11 Net income of TW

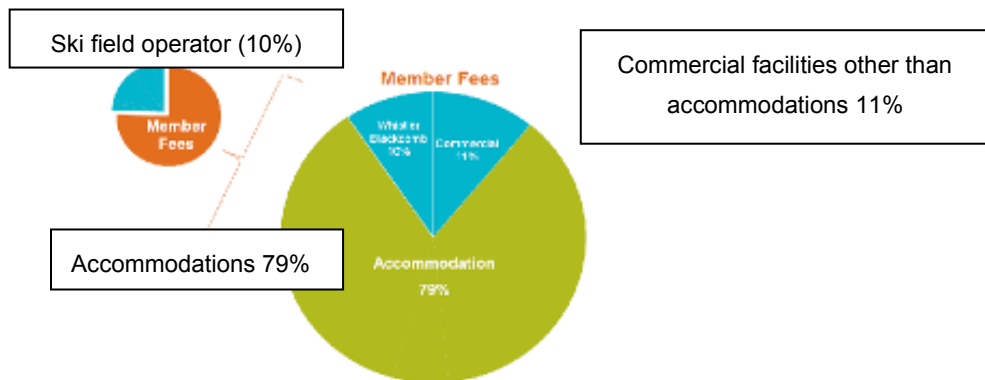


Fig. II-12 Breakdown of Membership Fees

Fig. II-13 shows net expenditures as the balance of income and expenditures for items that appear both as income and expenditures. Commercial Fees are used for marketing and sales activities conducted by TW. Common Fees borne by all property owners including residents are used for the management and operation of TW, such as personnel salaries, facility operations and events. Common Fees are not used for marketing that aims to increase businesses for tourism industries.

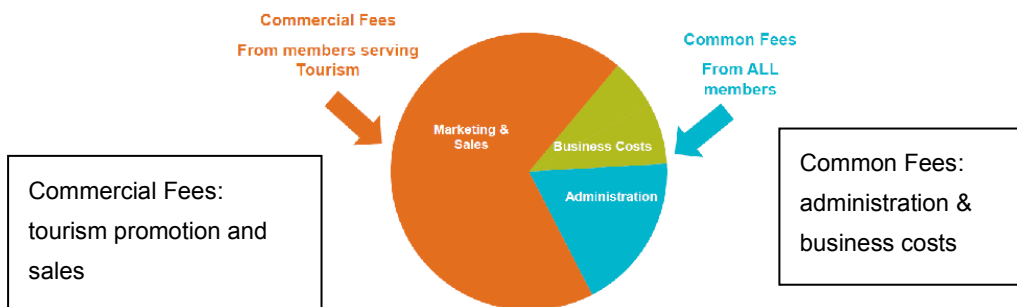


Fig. II-13 Net expenditure of TW

### **(3) Funding of TW**

The following are the characteristics of funding by TW.

- 1) There are no free riders, because membership is mandatory for property owners, who must pay Membership Fees.
- 2) Resident property owners pay only about one fifth of what commercial property owners pay.
- 3) 76% of the income of TW comes from Membership Fees.
- 4) The RMOW built/developed the Golf Course and Conference Centre and let TW run these facilities. They are useful for raising awareness of Whistler as a resort and increasing visits, but they are not always profitable. The revenues from operating these facilities are sources of income for TW.
- 5) The RMOW shares C\$1 million of AHRT with TW, of which C\$600,000 covers operational costs of the Conference Centre.
- 6) Agent fees gained from hotel bookings, etc., via non-stop web booking system, Whistler.com, are also used as funds for marketing.

## **4. Relationship between the RMOW and TW**

The RMOW does not have a tourism section. Tourism promotions are exclusively conducted by TW. The RMOW and TW keep "at arms' distance."

The RMOW developed the Golf Course so that it would be operated by TW to gain revenues and thus facilitate the financial stability of TW. The revenues are used for tourism marketing. The Conference Centre was also built by the RMOW and is operated by TW through agreement. Out of the C\$1 million in AHRT that is contributed by RMOW to TW, C\$600,000 offsets the annual operation costs of the Conference Centre.

TW operates Whistler.com, which is co-owned by the RMOW (51%) and TW (49%). These organizations have invested in the reservation centre and website in order to keep revenues in the community for reinvestment in marketing of the resort. Whistler.com has reinvested a net income of \$1.36 million in marketing over the five years of the partnership.

TW also operates the Visitor Information Centre at the Conference Centre with funding from RMI of C\$150,000 per year in addition to the C\$150,000 contributed toward Conference Centre capital improvements.

## **5. Analysis**

### **(1) Municipal government and tourism promotion organizations**

The RMOW is a municipality established by the Province of British Columbia. It is responsible for its own infrastructure development, and maintenance and management. TW is a non-profit organization that provides "public" tourism destination services and sales promotions that are beneficial for the entire resort but whose services themselves generate little revenue.

For those of us from Japan, TW seems to be the ultimate state of "privatization" of government tourism services. However, maybe because the establishment of TW dates back to 1979, the current situation has been "normal" for both the municipal government and TW personnel for many years, and they have not recognized that their "outsourcing" of tourism administration to a professional NPO is a rather special situation. Both organizations emphasised keeping an "arm's-length relationship".

## **(2) The stable financing structure of TW**

TW has a stable funding base because it is granted the power to collect levies from its members. In addition, to secure sound finances, the municipal government has made capital investments on the Golf Course and the Conference Centre and has let TW operate and raises fund to invest in marketing. A virtuous cycle of investment in tourism infrastructure leading to the generation of revenues by operation of that infrastructure leading to re-investment of the revenues in tourism promotion has been established. Also, there are many efforts to diversify income sources so as to meet the socio-economic changes.

## **(3) Web-based customer-relationship strategy**

Whistler.com was originally developed to collect customer data for research. The data have been analysed and fed back to members so that they can make products/services that meet the needs of customers. Because the system creates a virtuous cycle, it was decided that Whistler.com would be further developed. An information technology team adopts cutting-edge technologies to realize advanced customer relations management tools that enable the provision of personalized information to each customer.

## **(4) The advantage that Whistler has achieved: destination management**

As a result of each economic entity optimized their behaviours at the former Whistler (the current Creekside), the gondola station at the foot is entirely surrounded by hotels. Each hotel has realized the "ski-in and ski-out" needs of customer and has established advantages over other hotels. However, Creekside has come to lack the attractions of a community. It does not have the vibrant community that central Whistler Village has. Probably from the experience of Creekside, the current Whistler Village was developed to provide the best possible resort experience to all visitors. Construction codes that limit building appearance were developed and adopted by the municipality. The municipal government has been in charge of tangibles (the attractive, people-friendly townscape and infrastructure (destination development)), and TW has been in charge of the intangibles that make the most of the available resources (destination management) and sales promotion (destination sales). The combination of these two has realized the current Whistler Village.

The advantages of services provided by TW can be categorized in terms of "the

customer's perspective" and "benefits for the entire resort", as follows:

### **The customer's perspective**

- A potential customer who is interested in Whistler can gain comprehensive information, make reservations and pay at Whistler.com (convenience).
- Good resort experiences are provided for all visitors (enjoyment, good value).
- A post-visit follow-up survey identified inconveniences and measures to remedy them (an opportunity for visitor to tell about inconveniences).

### **Benefits for the entire resort**

- Media are accepted and provided with support, and familiarization tours are given. (These activities do not generate income but are important for the future.)
- A non-stop booking system that covers all the village information and a booking system lure interested potential visitors. (A booking system that covers the entire resort conflicts with the individual agent's booking system. Therefore, individual agents tend to oppose the introduction of a resort booking system that covers an entire resort.)
- Reliable, high-quality services are provided for conferences and incentive tours, and large-group overnight stays at the resort are secured. Most conferences and incentive tours operate on a very tight budget. Because convention organizers need to accommodate the diverse needs of clients, operating funds are always tight.

Marketing promotions to overseas markets are very costly. To gain benefits from such overseas sales promotions, good management of promotional tour handling sections is necessary. Post-visit follow-ups are necessary to gain repeaters. Excellent destination management, such as high levels of pre-visit information provision and on-site tourist information provision, supports sales and marketing.

Whistler has 5 times as many visitors annually than the Niseko area, and a staff of 80. Whistler's tourism promotion is different from Niseko's, not only in quantity but also in quality. The Niseko area obviously invests much less than one-fifth of what Tourism Whistler invests in sales and destination management. The high number of visitors relative to the low investment in promotions suggests that Niseko is blessed with excellent natural resources and snow. We should recognize the strength of our resources and plan strategies to make the most of them.

## **6. References**

- 1) The Resort Municipality of Whistler website: <http://www.whistler.ca/>
- 2) Tourism Whistler website: <http://members.whistler.com/content/>
- 3) A Guide to British Columbia's Mountain Resort Associations Act: [torc.linkbc.ca/torc/downloads1/association\\_guide.pdf](http://torc.linkbc.ca/torc/downloads1/association_guide.pdf)



### **III. Bossiness Improvement Areas**

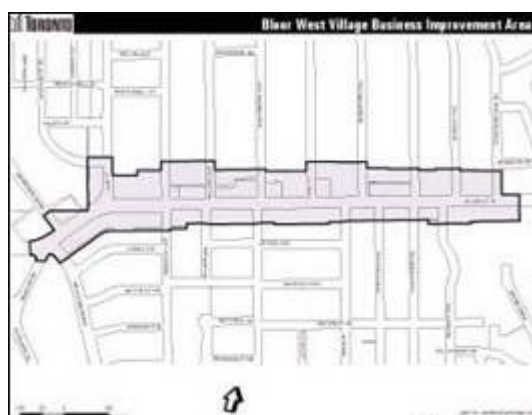
#### **1. Outline**

The system of business improvement districts (BID) originated in Canada, where they are called business improvement areas (BIAs). Among the many cities that have implemented a BID system, we chose Vancouver as our research target. One reason is Mr. Peter Vaisbord, the BIA Program Coordinator of the city, who is called "Mr. BIA" in Vancouver. He graduated from law school and practised law for a few years. Then, he went back to school for urban planning and earned a master's degree. He has been working for the City of Vancouver for over two decades, during which time he served as BIA Program Coordinator for many years.

When we visited Vancouver, he gave us an extensive lecture on BIAs for almost an entire day, and it included detailed know-how on BIA establishment, the development of a legal framework and the benefits of a BIA. We amazed his expertise and decided to invite him to Japan to share his knowledge with people in the Niseko area and as the keynote speaker for the Resort Development Seminar.

#### **1-1 History of BIA formation**

In the 1960's, many suburban shopping malls were built in North America. As a result, businesses in city centres declined. Bloor West Village in Toronto, Canada (Fig. III-1), was one such shopping district that was struggling from suburban sprawl. The volunteer merchant associations of Bloor West Village made various attempts to compete with suburban shopping malls, and they came to realize what suburban shopping malls had that downtown districts did not: a common area maintenance fee. The fee became the basis of the BIA concept.



**Fig. III-1 Bloor West Village shopping district**

The common area maintenance fee is used not only for maintaining common

areas. It is also disbursed for Christmas decorations, events, advertisements and sales to attract people to the mall.

Before Bloor West Village BIA was established, only 10% of the merchants were members of the voluntary fee-based association, but non-members also benefited from the association's activities. In terms of cost bearing and benefits, the system was unfair. So they devised a so-called "self tax" that everyone in the district would pay. The members worked with the city of Toronto to develop a special BIA levy so that they could tax themselves and have a budget "big enough to do something effective with." In 1970, the City of Toronto made a law that allowed for the establishment of BIAs, in which the city collects levies from BIA members and grant the levies to the BIA to be used for their business revitalization projects. The world's first BIA was established in Bloor West Village, Toronto. Levies are charged on commercial properties. Their use is limited. The BIA levies are similar to Japan's special-purpose taxes or the beneficiaries' cost-bearing system for regional infrastructure, such as sewage systems. In this report, the Japanese term "*buntankin*" or "levy" is used, to distinguish it from other taxes.

BIAs are legal person whose governing law is the Society Act of the Province of British Columbia. In line with provincial law, the City of Vancouver made a comprehensive city law for the establishment and operation BIAs. The City Council enacts a law for the establishment and authorization of each BIA.

## **1-2 Functions of a BIA**

A BIA has two faces: One is as a system of funding, and the other is as an organization for business promotion.

- Funding: Money necessary to promote regional businesses is levied on property owners.
- Business revitalization: Using the funds, projects are conducted to promote businesses within the BIA.

BIAs provide a higher level of public services than is usually provided by local governments, such as road and park cleaning and maintenance, garbage collection, street safety, street lights and flower beds. The costs of such upgraded services are borne by the beneficiaries (or property owners, because their property values will rise.)

## **1-3 Outline of a BIA (Fig. III-2)**

On behalf of a BIA, the city collects a BIA levy together with property taxes, and the city grants the full levy to the BIA.

The levy is charged on commercial properties. In most cases, residential properties are not subject to levies. Owners of commercial properties bear the levy. Property owner may pass on the levy in the form of rent increases; therefore, the tenants may indirectly bear the levy. The levy on each property is calculated as

follows: "property tax on the property" divided by "cumulative property taxes for all properties in the area" X 100 (%)

Annual budgets are made by the Board of Directors and approved at the Annual General Meeting.

The BIA is a 5-year (or 3-year) organization, and every 5 years, "negative voting" is conducted to determine whether the BIA should be dissolved.

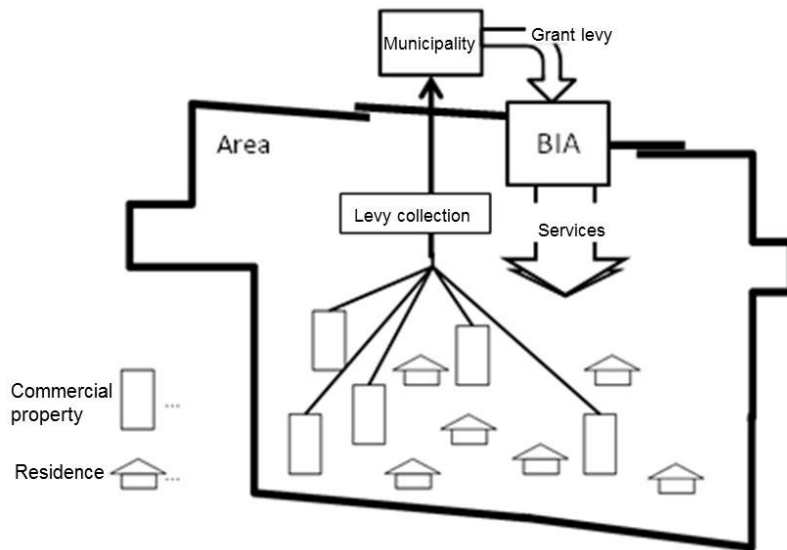


Fig. III-2 Conceptual drawing of a BIA

## 2. BIAs in Vancouver

### 2-1 History

1988: The Province of British Columbia enacts BIA-empowering legislation. The Vancouver Charter is amended to allow BIA establishment.

1989: The Gastown and Mt. Pleasant BIAs are formed.

1990-91: 3 new BIAs form; Vancouver has 5 BIAs.

1991-98: Challenges emerge in forming new BIAs\*. The City Council adopts the 'Council Initiative Process\*\*.

1999-09: 15 new BIAs are formed, for a total of 20.

2009-10: 2 new BIAs are formed, for a total of 22.

\* Originally the petition process for BIA establishment required approval by property owners who accounted for 60% of poverty value in the area. However, increases in absentee property owners, especially those living overseas, made it extremely difficult to gain that 60% majority.

\*\* 'Council Initiative Process': After a BIA candidate (legal person) consults with the city and the city gives guidance so that the organization meets the

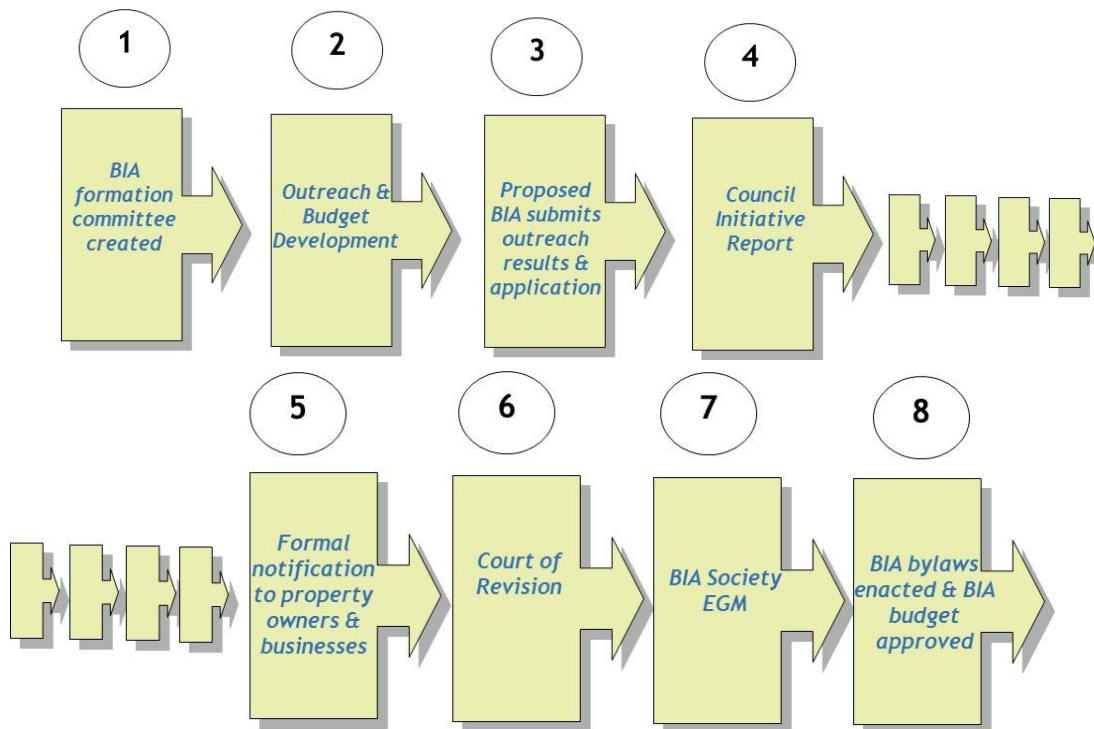
requirements for BIA establishment and the city judges the organization as qualified to be a BIA, the petition process of negative vote (only those who do not support BIA establishment send letters) is conducted. As long as the negative opinion is less than one third of property owners in terms of property values, the Council orders the city to enact the law to establish the BIA. This process is called an Initiative. The City of Vancouver has comprehensive BIA laws. In addition, a separate law is enacted each time a BIA is established.

## 2-2 Establishment and dissolution of a BIA

### (1) Establishment

Fig. III-3 briefly shows the process of BIA establishment.

- 1) When consensus is formed within the area, the city is consulted.
- 2) A BIA formation committee is made in the area.
- 3) The committee reaches out to property owners. A questionnaire is made to identify issues and project priorities. A meeting to report the results of the questionnaire is held. A budget plan and 1-year, 3-year and 5-year project plans are made and submitted to the city.
- 4) The city makes a report to the Council.



**Fig. III-3 BIA establishment process**

- 5) The BIA formation committee sends a letter to property owners and business owners (or tenants) in the area asking that they send a letter within 30 days if they oppose the establishment. (A non-response is regarded as support for the

BIA.) If 50% or more of property owners in terms of property values are not opposed, the BIA can be established.

- 6) The Council requests that the city enact a law to establish the BIA.
- 7) A BIA establishing meeting is held, and budget and project plans are approved.
- 8) The Council approves the levy collection scheme of the BIA. The levy collection scheme needs to be approved by the Council every year.

## **(2) Resolution**

The law for each BIA specifies a fixed BIA term. Every five years, continuation of the BIA needs to be re-approved. A vote by members is held, in which only those who oppose BIA continuation send a letter. Because originally a vote of more than 50% for BIA support was required, most BIA efforts went to gain support from Members after fourth year. To address this issue, the Council revised the law so that unless 50% or more of property owners in terms of property values send opposing letter, the BIA continues.

## **(3) Petitions for BIA establishment/dissolution and Council Initiative Process**

Although Vancouver municipal law requires 50% or more votes of property owners in terms of property values for BIA establishment/continuation, the Council does not need to approve BIA establishment/continuation even if the negative vote is less than 50%. As a policy of the Council for BIA Council Initiatives, considering that only few people send letters opposing BIA establishment/continuation and the levy is normally added to the rent, the Council may not approve BIA establishment/continuation when opposition by property owners in terms of property values and by tenants/business owners (counted separately from the property ownership) exceed one third of the total.

## **2-3 Organization**

### **(1) Membership**

There are Members with voting rights and those without voting rights. The property owners and tenants within the BIA area are Members with voting rights. A tenant who has paid the registration fee of C\$5 can be a Member. Those who can prove they have rights within the BIA area can be non-voting members. Regardless of the number of properties an owner has, only one vote is given to each property owner. Votes are made for the budget plan and project plan at the Annual General Meeting and for the election of Directors. The highest decision making organ is the Annual General Meeting.

### **(2) Board of Directors**

The Board of Director is the planning/decision-making organ where budget and project plans are made. Directors are voted-in by Members. The Election Control Committee is organized for elections. Those who have outstanding levies cannot run to be a Director. The numbers of property owner Directors and tenant

Directors needs to be balanced and shall be set the BIA bylaws. The Chair of the Board of Directors chairs the Board of Director's meetings and the Annual General Meeting.

As an example, Yaletown BIA has 11 Directors and Chinatown BIA has 13 Directors (FY 2010-11). Although the Board of Directors meets only monthly, it is very active.

### **(3) Secretariat**

Full-time, paid staff work as the BIA Secretariat. Yaletown BIA, one of the most successful BAIs in Vancouver, has three full-time staff who specialize in marketing, accounting, and web and IT communications. Although the Chinatown BIA has only two staff, Sub-committees under the Board of Directors are very active.

#### **[Tips for success]**

To recruit highly skilled personnel, budget enough for staff salaries. One person cannot be a specialist in everything. Use outsourcing or support staff to cover fields where the person does not have a skill. If the Secretary General does not have knowledge of marketing, outsource the work to marketing specialists, and if he/she is not good at accounting, hire an accountant. Do not rely on volunteers. One of the objectives of a BIA is operation and management of projects by full-time, dedicated staff. If volunteers can manage the work, it may not be necessary to establish a BIA.

## **2-4 Funding and project planning**

### **(1) Funding**

When the BID is established, 1-year, 3-year and 5-year project plans and budget plans for these project plans are made. The BID requests levies by the city to cover the budget plan. The city calculates each property owner's levy according to the formula below, charges the property owner together with the property taxes, and grants the funds to the BIA. Stable funding by means of property levies is one of the two major functions of a BIA.

$$\begin{aligned} &\text{The amount of levy on each property} \\ &= \frac{\text{"annual budget of the BIA"} \times \text{"property tax on the property"}}{\text{"property taxes on all properties in the BIA"}} \end{aligned}$$

Some BIAs generate funds from self-funded projects and advertising income through partnership programs and government subsidies for BIA events. Yaletown BIA has a levy income of C\$495,000 and C\$200,000 special incomes through its partnership and advertising programs. The special income reached C\$300,000 when the Vancouver Olympic Games were held. Chinatown BIA is granted C\$300,000 from the city as a subsidy for its events, such as Chinatown Festival

## (2) Typical budget plan

Fig. III-4 shows the example of a BIA budget plan.

<b>Business promotion scheme</b>	
<b>REVENUE</b>	
Levy Request:	\$96,000
<b>EXPENDITURES</b>	
Marketing, Promotion and Special Events:	\$7,200
Street Enhancement, Clean up, Banners:	\$43,500
Staffing, Administration & Communication:	\$24,800
Crime Prevention - Bike and Foot Safety Patrols:	\$19,000
Contingency:	\$1,500
<b>TOTAL</b>	<b>\$ 96,000</b>

**Fig. III-4 Example of a BIA budget plan**

## (3) Project planning and branding

The 1-year, 3-year and 5-year project plans specify strategies and contents of BIA projects. Branding is an important strategy. Yaletown BIA's branding targets are "Safe, modern, fresh, clean" (Fig. III-5). Human resources and budgets are invested in events, safety guards and any other means to achieve the objectives. Between 24 and 40 issues of electric-format newsletters are sent to Members to share information. Fig. III-6 is the logo-type for the Chinatown BIA, which is based on the Chinese character "flourish," their mascot Peng Peng the panda, and the Millennium Gate. These represent their branding strategy of "ethnic" atmosphere. Chinatown has become an important tourism resource of Vancouver.

## 3. Examples of BIA projects

### 3-1 Street cleaning and beautification

The major contents are cleaning, sweeping, garbage collection on the streets and beautification by street banners and furniture. To secure the safety of pedestrians, the BIA hired staff to collect trash from sidewalks (Fig. III-7). For branding of the BIA, street banners, flowerbeds, planters, hanging flower baskets, Christmas illuminations and street furniture are installed on the street to create a vivid atmosphere and raise the attractiveness of the street (Fig. III-8).

### 3-2 Safety patrol

Safe streets are a must for attracting shoppers. They are not willing to come to streets of homeless and panhandlers. Most BIAs employ guards to conduct safety patrols. At the early stage, the guards look like guards; however, when the safety of the streets has improved, their clothing becomes much more friendly.



Pamphlet of 5-year strategic plan (2009-13) (left) and logo (right)  
Fig. III-5 Yaletown BIA

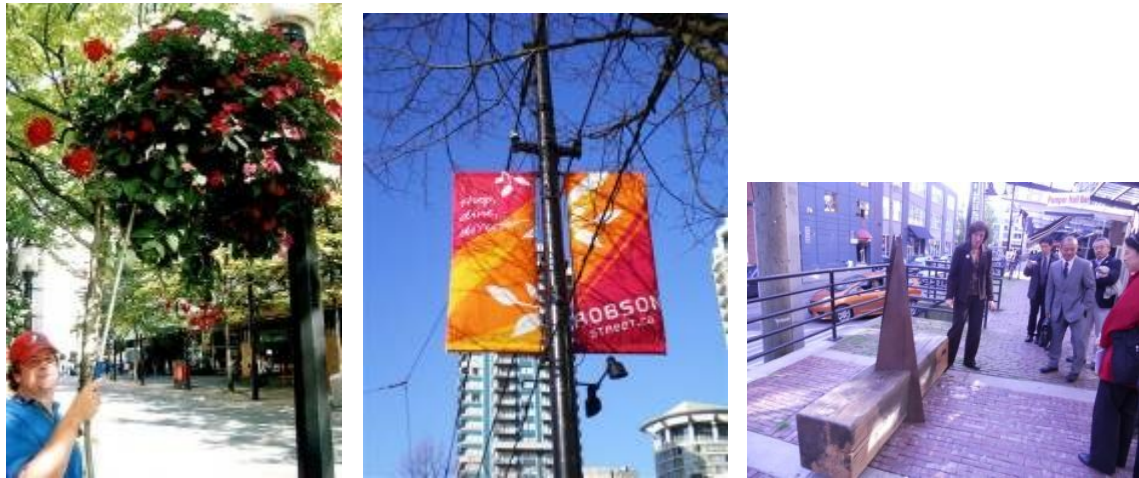


Logo (left), Peng Peng (centre) and Millennium Gate (right)  
Fig. III-6 Chinatown BIA



Fig. III-7 Cleaning staff of BIA (left & centre), graffiti removal (right)





**Flower basket (left), banners (centre) and street furniture (right)**  
**Fig. III-8 BIA street attraction improvement projects**

"Ambassador" is the brand name of safety guards at Yaletown BIA. The BIA bears the cost of hospitality training of the guards. The training courses are provided by Tourism Vancouver. Ambassadors patrol streets during the daytime so that they can be visible. The guards used to wear black guard suits, have radio communication equipment and ride motorbikes. In seven years, their appearance has changed to today's friendly clothing.

Chinatown BIA contracts with a private guard company. They are mobilized whenever necessary. 20% of the BIA budget is allocated to the safety guard program. The clothing of the guards is unlike that of guards; they look much like ordinary people.

### 3-3 Event marketing

Car-free days, street dances, music performances, illuminations, Halloween events and more are hosted by BIAs to attract people (Fig. III-9.) The BIA is not merely a promotion body but is the community itself.



**Illumination: Yaletown BIA (left, centre); Car-free day: Mount Pleasant BIA (right)**  
**Fig. III-9 BIA events**

The objective is to attract visitors to retailers, restaurants, bars and new tenants in the BIA area. Yaletown BIA conducts extensive on-line promotions using the Web, social media and other information technologies.

Their restaurant fair, "Taste of Yaletown," celebrated its 7th year in 2011 and has been covered not only by local media, such as newspapers and magazines, but also by world-wide in-flight magazines. Chinatown BIA conducts the Chinatown Festival, the Youth Talent Show, the Radio Talk Show, and the Bilingual Campaign (menus, explanations of merchandise, etc.), and pedicab project to attract tourists (subsidized by the city). The BIA invites hotel concierges to Chinatown so that they will know its attractions and pass information to hotel guests.

#### **4. Collaboration with governments**

Yaletown BIA aims to fill shops with guests and to fill rental properties with tenants. The vacancy ratio is 1%, the lowest of any commercial district in Canada. BIAs and the City of Vancouver work together in partnership. For example, when the BIA closes the street to traffic for an event, the permission of the city is necessary. And the BIA needs to consult with the city about whether its new lighting system and street furniture meet legal requirements. Yaletown BIA proposed that the city install street lights of a new design for the Olympic celebrations. The city agreed and installed the street lights.

Six years ago, the city installed custom street lights on Chinatown streets. Chinatown BIA collaborated with the city on the design and brightness of the lights. Chinatown BIA is also lobbying the city to ease the height restriction of buildings, because the rule has remained unchanged for more than 30 years in some areas. They also collaborate with the city to balance preservation of historical buildings with new development. Their recent challenge is to upgrade Chinatown Festival to a city festival that receives city funding. In 2011, the festival attracted over 60,000 visitors, including the Mayor and City Council Members.

#### **5. Special programs during the Vancouver Olympic Games**

Yaletown BIA decided to work proactively for the Olympics, 5 years before the Games. Its goals:

- 1) Securing immediate cash for Members (short-term goal)
- 2) Branding Yaletown as a place of festivals. The target was not tourists, but residents of Vancouver (long-term goal).
- 3) Improvement of permanent infrastructure: street light replacement and road repair.

As a result, Members gained the equivalent of 16 weeks in sales in just 2 weeks. Ambassadors and volunteers helped to keep the area safe. There was virtually no crime during the Olympic Games. The Members gain the recognition that "many

visitors" means "safety". The endeavour of Yaletown BIA was highly regarded, and it strengthened ties with the city. Also, Yaletown gained much attention and was selected as a place for the introduction of new products by sponsors. The member questionnaire after the Olympics revealed that most of the visitors were Vancouver residents, and the residents recognised Yaletown as somewhere they wanted to revisit for shopping, dining and festivals. This indicates that Yaletown successfully branded itself.

Chinatown BIA invited a torch relay to the area, which gathered a huge number of visitors.

## 6. References

- 1) City of Vancouver website:  
<http://vancouver.ca/commsvcs/cityplans/bia/index.htm>
- 2) Yaletown BIA website: <http://yaletowninfo.com/>
- 3) Chinatown BIA website: [www.vancouver-chinatown.com](http://www.vancouver-chinatown.com)

## IV. Plans on Best Applying our Studies to the Niseko area

### 1. Differences between Canadian examples and the Niseko area

As noted in Section I, the towns of Kutchan and Niseko have launched the "Niseko Tourism Bureau Steering Committee" as a public-private collaborative body, and the "Niseko Tourism Bureau Project Association" for governmental discussions.

Toward forming a Niseko Tourism Bureau that promotes tourism in the Niseko area, transcending municipal boundaries, discussions are ongoing about "determination of how a tourism organization that transcends municipal boundaries should be established and operated" and "fund-raising that supports the promotion of a tourist destination that transcends municipal boundaries." Meanwhile, in the Hirafu district, discussions toward the introduction of BID are under way. The fruits of the Canada study tour and resort development seminar are expected to positively be applied in these discussions and in system development.

Comparisons between Whistler and Vancouver in BC, Canada, and the Niseko area reveal the issues of the Niseko area: 1) The resorts extend over many municipalities, and 2) there are many tourism promotion bodies, such as the tourism promotion section of each municipality, and many tourism industry organizations with different legal status (Figure IV-1).

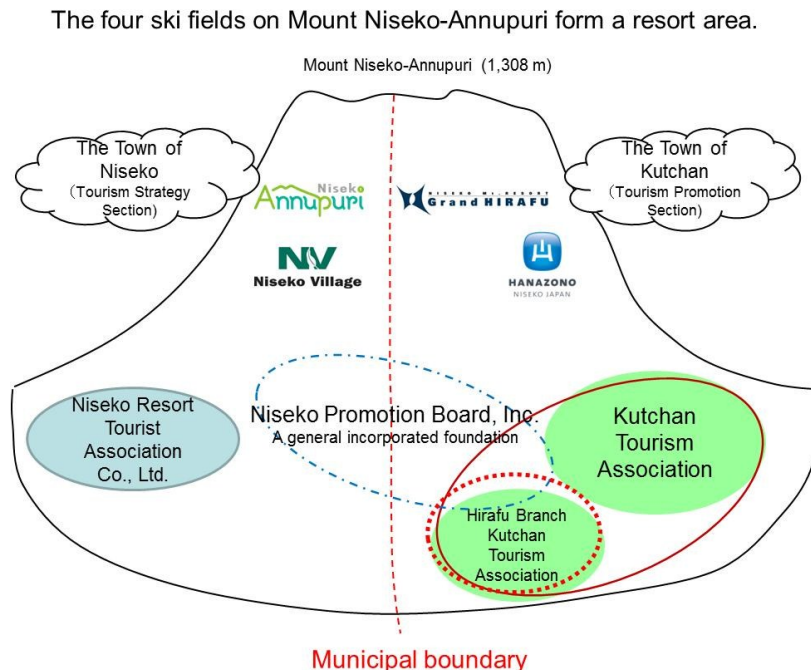


Fig. IV-1 The Niseko area

The Niseko area extends over the five municipalities of Kutchan, Niseko, Rankoshi, Kyowa and Iwanai, all of them in or around the Niseko Mountains. From the viewpoint of visitors, they do not care how many municipalities there are. The towns of Kutchan and Niseko have respective tourism promotion sections in their municipal governments, as well as having private tourism associations. Although they share roles in tourism promotion, there is no shared vision for the entire Niseko area. It is not possible to say that "one-stop" services covering the Niseko area are provided to customers.

When considering potential sites for BID establishment, only the Hirafu district, where commercial facilities are concentrated, may realize project benefits that exceed the costs and efforts of BID establishment.

## **2. A tourism organization that transcends municipal boundaries**

It is important for a tourism organization that transcends municipal boundaries to do the following: 1) set a common goal or "Niseko vision" and 2) develop strategic programs, then 3) allocate roles to each organization, and determine staffing of organizations such as to eliminate duplication of expenses and projects, thus saving costs, 4) improve visitor services based on the perspectives of customers and 5) improve the satisfaction of tourism businesses while securing year-round employment and income for stable living. Following is an idea of how a tourism organization that transcends municipal boundaries should be established and operated.

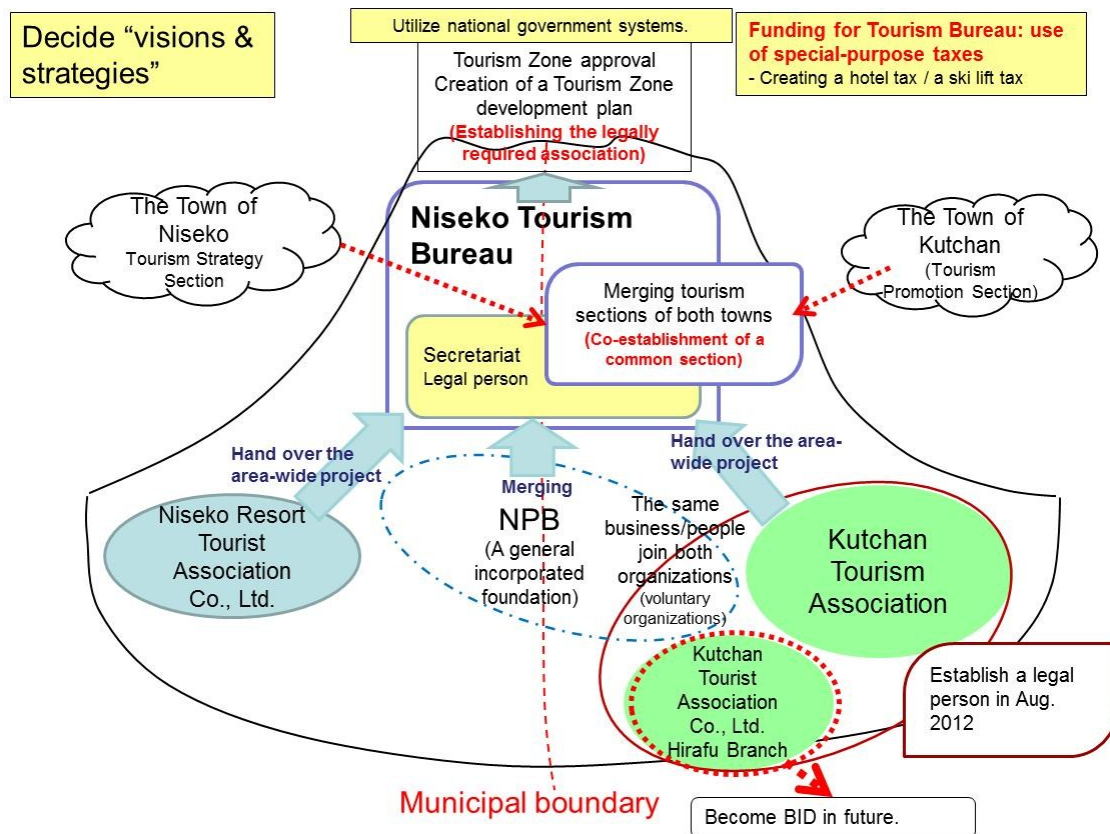
### **(1) Co-establishment of a government section by municipalities**

The Local Autonomy Act was amended and enforced on August 1, 2008, to allow municipalities to establish a common, shared section to address issues common to such municipalities. With this amendment, municipalities can now create a common section that used to be in each municipality. To realize the Niseko Tourism Bureau Project, the installation of tourism section shared by the towns of Kutchan and Niseko is expected. At the time of its creation, the organization is expected to apply to be an association that is designated under the Tourism Zone Development Act. In doing so, because both towns have made tourism promotion plans, they need to revise the plan to make a single plan for the entire area (Fig. IV-2).

### **(2) Legal person appropriate for a tourism organization covering two or more municipalities**

The tourism organizations in the towns of Kutchan and Niseko have different statuses as legal persons (Table IV-1). It is necessary to identify the appropriate status of legal person that enables programs to be developed under the Niseko Tourism Bureau. The shared tourism section of two towns is regarded as a part of the government. To unify services and private-sector organizations, the dispatch

of government officials from both towns to the organization is expected. Also, the status of the private-sector organization's legal person should be appropriate for implementing the project, and the suitable legal status need to be selected through examination of the mission, objectives, activities, members and funding capability.



**Fig. IV-2 Current conditions:  
Issues to be addressed toward Niseko Tourism Bureau establishment**

**Table IV-1 Tourism Organizations in the Niseko area**

Name	Legal status		Notes
Kutchan Tourism Association	A voluntary group	A fee-based association	Kutchan Tourism Association and the Hirafu Branch of the association would be merged to establish a legal person.
Hirafu Branch of Kutchan Tourism Association	A voluntary group	A fee-based association	
Niseko Resort Tourist Association Co., Ltd.	A stock company	Shareholders: The Town of Niseko, residents in Niseko	
Niseko Promotion Board, Inc.	A general incorporated foundation	A fee-based association	

### **(3) Fund-raising that supports the promotion of a tourist destination that transcends municipal boundaries**

The “special tax for purposes other than designated by law” is a tax that is introduced by a municipality/prefecture based on a municipal/prefectural law to charge a tax that is not provided for under The Local Tax Act. For example, the “hot spring tax” (*nyutozei*) is a special tax charged by municipalities. The Local Tax Act specifies that the tax revenues must be applied to tourism promotion (including capital investment), sanitary facilities and the protection and management of mineral bath sources and fire-fighting facilities.

To provide stable funding for multi-municipal tourism promotion, a hotel tax (Metropolitan Tokyo) or a ski lift tax may be necessary to be studied as examples of “special tax for purposes other than designated by law” that can be used exclusively for tourism promotion. If the subject of the new tax is the same as that of the “hot spring tax,” discussions are needed to gain the understanding of the relevant parties. If the tax is to be disbursed on the same things that conventional taxes are disbursed on, then the roles of each tax might need to be adjusted.

## **3. The introduction of a BID**

The Hirafu district of the Niseko area is examining the introduction of a Community Improvement District (CID), which all property owners will join, and a Business Improvement District (BID), which all commercial property owners and tenants and business owners will join. Studies will address levies for properties in a CID and levies for properties in a BID.

Designing a system that is effective for the district will require that several conventional national laws be adopted. The process should involve local residents and businesses and should be examined by the town. The design of the system framework and discussions on what the Hirafu district needs should be carried out in parallel. Then, the town will propose to the Council a new law for the town. Finally, the drafted system will be discussed by the Council. Such processes need to be taken for establishing the first CID/BID in Japan, in which all property owners are subject to levies based on their properties (Fig. IV-3).

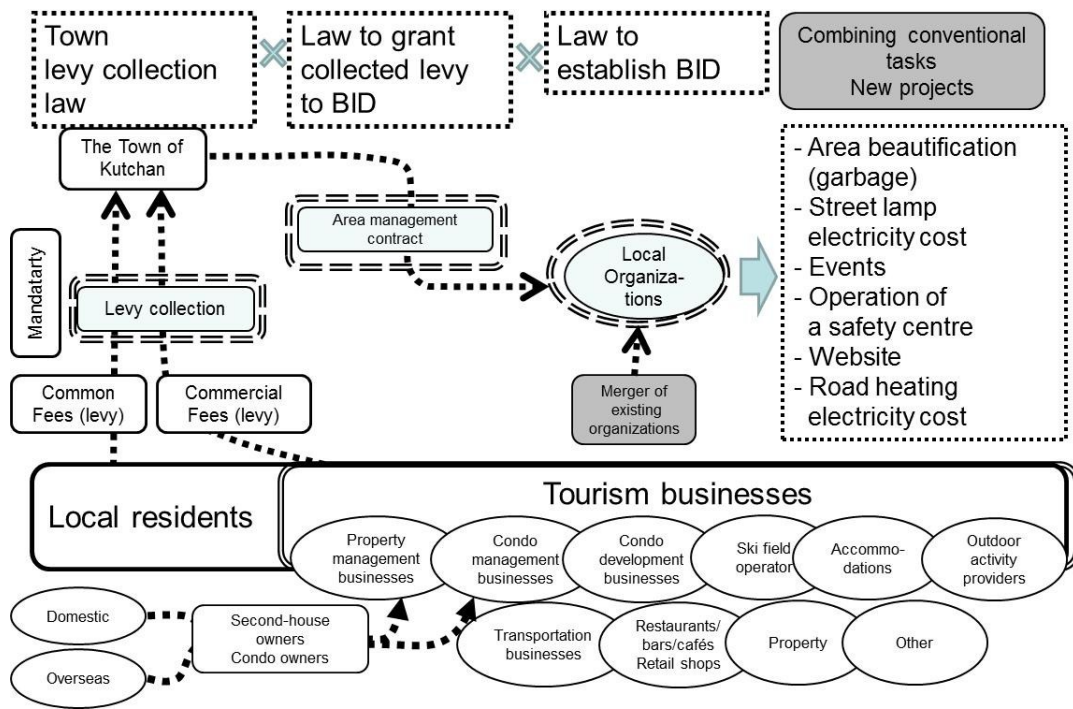


Fig. IV-3 CID/BID need to be established on several town laws



# V. Canada Study Tour and Resort Development Seminar

## 1. Canada study tour

### 1-1 Schedule

The Canada Study Tour was conducted according to the following schedule.

#### Oct. 8, 2011 (Sat.) Whistler

- 13:00- Leave New Chitose Airport on JAL 3042.
- 17:40 Leave Narita Airport on JAL 018.
- 10:30 Arrive Vancouver; visit BIAs in Vancouver; drive to Whistler.

#### Oct. 9, 2011 (Sun.) Whistler

- Morning: Nature experience tour (BC Provincial park)  
Interview the local Japanese guide.
- Afternoon: Visit Olympic facilities by Peak 2 Peak Gondola.  
Visit the mountain bike course on the ski slope.
- Evening: Study tourist services: Whistler Tasting Tour

#### Oct. 10, 2011 (Mon.) Whistler

- Morning: Visit cultural facilities and shopping area, local events.  
Visit museums; Turkey Sale (the largest annual ski/snowboard sale in Whistler); farmers' market.
- Afternoon: Visit cycling trails.

#### Oct. 11, 2011 (Tue.) Vancouver

- Morning: Meet with the Resort Municipality of Whistler.
- Afternoon: Meet with Tourism Whistler.  
Meet with Tourism Squamish.

#### Oct. 12, 2011 (Wed.) Vancouver

- All day: Meet with the BIA Coordinator, City of Vancouver.

#### Oct. 12, 2011 (Turs.) Vancouver

- Morning: Visit the Yaletown BIA.
- Afternoon: Visit the Chinatown BIA.
- Evening: Visit the Yaletown shopping/restaurant streets.

#### Oct. 13, 2011 (Fri.)

- 9:30 Leave the hotel.
- 15:15 Depart from Vancouver on JAL 017.

#### Oct. 14, 2011 (Sat.)

- 14:30 Arrive in Narita.
- 18:40 Depart from Narita.
- 20:25 Arrive in Sapporo.

## **1-2 Interviewees**

### **The Resort Municipality of Whistler (RMOW)**

Date and time: 08:00 - 12:00, Oct. 11, 2012  
Venue: Whistler Municipal Library  
Interviewees: Mo. Bill Brown, Community Planning Manager,  
Resort Municipality of Whistler

### **Tourism Whistler (TW)**

Date and time: 13:00 - 12:00, Oct. 11, 2012  
Venue: Whistler Municipal Library  
Interviewees: Ms. Mary Ann Graebbling, Specialist, Research  
Ms. Nikki Barr, Supervisor, Member Assessments

### **City of Vancouver**

Date and time: 10:00 - 12:00, Oct. 11, 2011  
Venue: Vancouver City Hall  
Interviewees: Mr. Peter Vaisbord, BIA Program Coordinator,  
City of Vancouver

### **Yaletown BIA**

Date and time: 10:00 - 12:00, Oct. 11, 2011  
Venue: Yaletown BIA Secretariat Office  
Interviewees: Ms. Annette O'Shea, Secretary General  
Mr. Gary Foreman, Marketing Coordinator  
Mr. Bert Oba, Project Manager/Web

### **Chinatown BIA**

Date and time: 14:00 - 16:00, Oct. 11, 2011  
Venue: Chinatown BIA Secretariat Office  
Interviewees: Mr. Albert Fok, Chairman  
Mr. Agnes Wong, Vice-Chairman  
Mr. John Bal, Director  
Mr. Diamond Liu, Executive Manager

## 1-3 Delegates

Mr. Yoshito Tanaka	Kutchan Town Council Member President of Niseko Resort Services
Mr. Ross Findlay	Representative Director, Niseko Promotion Board, Inc.
Mr. Koji Kunieda	Managing Director, Niseko Promotion Board, Inc.
Mr. Shuichi Kwahigashi	Chief of Tourism, Economic Department Town of Kutchan
Mr. Kazushi Monji	Chief of Planning/Coordination, General Affairs Department, Town of Kutchan
Mr. Eiji Nishie	Chief of Snow and Ice Control, Economic Department Town of Kutchan
Mr. Keita Yamamoto	Chief of Tourism, Town of Niseko
Ms. Chigako Yamamoto	Tour coordinator, Gradus Multilingual Services

## 2. Resort Development Seminar

Date and time:	Nov. 23, 2011
Venue:	Niseko Kogen Hotel
Keynote speaker:	Mr. Peter Vaisbord, BIA Program Coordinator, City of Vancouver
Panellists:	Prof. Ryo Tamura (Muroran Institute of Technology) Associ. Prof. Miki Yasui (Hosei University) Mr. Kensaku Kuno, General-Manager of Grand Hirafu Niseko, Tokyu Resort Services Co., Ltd.)
Coordinator:	Mr. Hidenori Otsuka, Manager of Hokkaido Branch, Landscape Consultants Association, Inc.

Not only did the seminar draw attendees from Hirafu, as well as Kutchan and Niseko, it also drew many attendees from Sapporo, the prefectural capital.

Ministry of Economy, Trade and Industry  
FY 2011 Subsidized Project for Development of New Regional Industries  
(Project for the Development of New Regional Industries)

The International Resort Development Project  
Overseas Study on Tourism Bureaus and BIDs  
&  
Resort Development Seminar Report

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