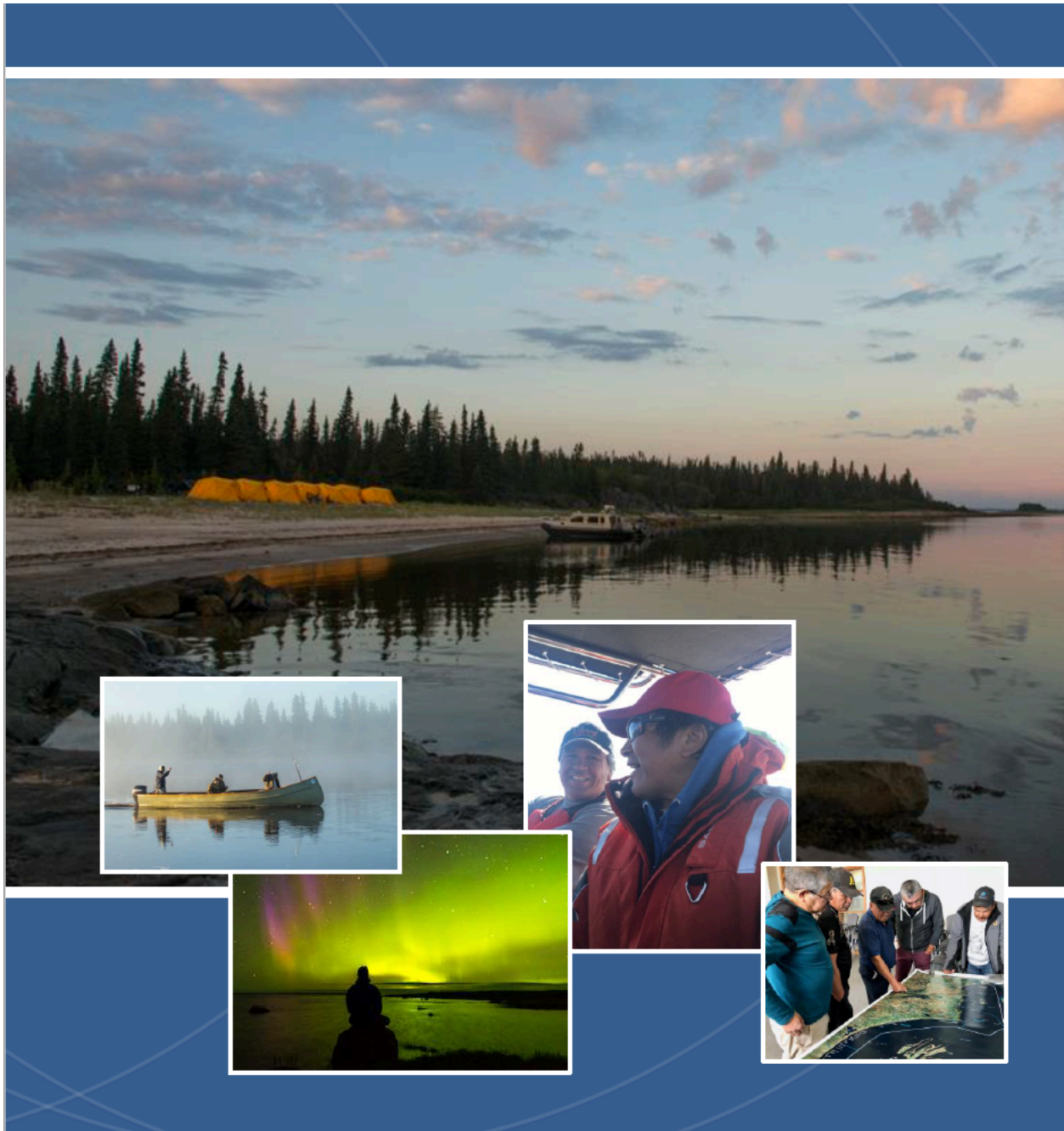


# WIINIPAAKW TOURS SOLIDARITY COOPERATIVE

## 2019-2023 Business plan Summary



The Wiinipaakw Tours Solidarity Cooperative pre-commercialization project was financed by Indigenous and Northern Affairs Canada, the Cree Outfitting and Tourism Association (COTA), Cree Nation Government, Tawich Development Corporation, the Cree Nation of Eastmain and the Cree Nation of Waskaganish.

The business plan was drafted by Arctic Kingdom, the Cree Outfitting and Tourism Association and the members of Wiinipaakw Tours Solidarity cooperative. Special thanks to Graham Dickson and the team of Arctic Kingdom, Legal Advisor Me Danielle Larose and Certified Professional Accountant Robert Turgeon, CPA, CGA for their invaluable contributions.

## Summary

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### WTSC Business Description

Wiinipaakw Tours Solidarity Cooperative (WTSC) is a Cree owned non-profit organization created in April 2018 under Québec law “*Loi sur les Coopératives*”. WTSC’s mission is to develop sustainable coastal tourism in Eeyou Istchee, respecting authentic Cree culture and values, in harmony with nature. WTSC’s vision is to collectively build the marine tourism industry on the coast of James Bay in Eeyou Istchee by bringing businesses and communities together for the greater benefit of all. The Cooperative will provide visitors in the Eeyou Istchee region a variety of original boating eco-tours along the Eastern James Bay coast. It plans to start its operations in the summer of 2019.

WTSC is the first tourism cooperative to be created in Eeyou Istchee. Many advantages of a cooperative structure were identified. For instance, it is open to partnerships and allows the responsibility and risk to be shared amongst many stakeholders. According to statistics from the Québec Government, the average survival rate of cooperatives is double that of private businesses. The coop model is considered efficient and sustainable, due to the flexibility of the model and its capacity to adapt to various situations.

Most of the founding members of WTSC are Cree from 3 communities located on the eastern shore of James Bay, Waskaganish, Eastmain and Wemindji and are certified marine captains. They have been involved in tourism training and boat tour development since 2016. The band-owned local development corporations of the three communities are supporting members of WTSC.

These past years, WTSC members have been working at developing and delivering safe, high-end, quality products. WTSC has benefitted from the knowledge and experience of the Cree Outfitting and Tourism Association (COTA), Wemindji Tourism and Canadian tour operator Arctic Kingdom, specialized in Arctic safaris, getaways and polar cruises since 1999. Extensive efforts were made to provide the necessary training and to understand client expectations in terms of quality and market requirements. The planning of a wide variety of boat tours as well as the present business plan were completed with the professional support of Arctic Kingdom and CEO Graham Dickson.

### MANAGEMENT TEAM

As of November 2018, WTSC has a total of 19 members, ten of whom are Transports Canada certified marine captains. The Board of Directors consists of nine members, three from each category: workers, users and supporting. Five of them are certified Cree captains.

The WTSC Executive Committee is composed of the **President**, Hugo Hester from Waskaganish, representing Waskaganish Business Corporation, the **Vice-President**, Danny Tomatuk from Wemindji, representing Tawich Development Corporation, and the **Secretary-Treasurer**, Robin McGinley, representing COTA and Eeyou Istchee Tourism (EIT). The Executive Committee

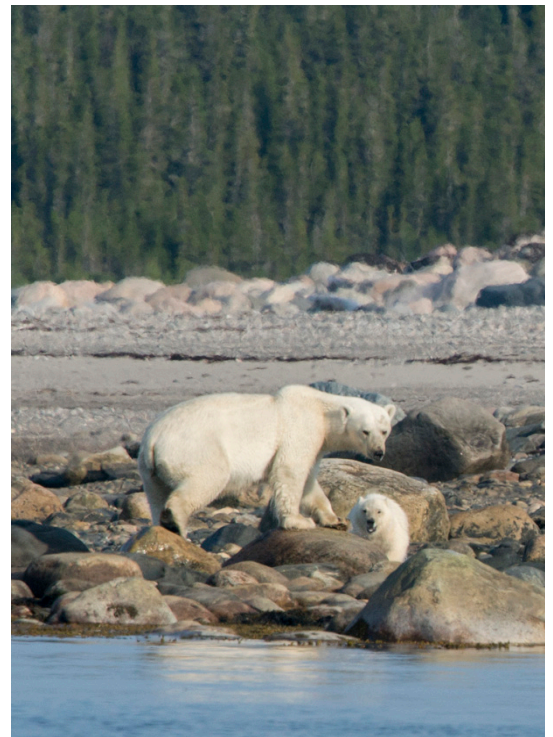
members all have significant experience in management, administration and corporate relations, as well as a thorough understanding of the Cree context and the tourism sector.

## **JOB CREATION**

On a full-time basis, a Coordinator of logistics will be hired to coordinate and manage the daily operations and administration of WTSC and will be reporting to the WTSC Board of Directors. Part-time and seasonal jobs will also be created: an assistant to the Coordinator of logistics, and, for the boats and base camp operations: captains, expedition leader and assistants, guides, camp manager, etc.

## **WTSC Products and Services**

Wildlife and nature observation and the discovery of our vibrant Cree culture and way of life will be the highlights of WTSC tourism products. The James Bay coastal region of Eeyou Istchee is accessible by road and by plane. Northern species such as polar bears, beluga, caribou and a wide variety of migratory and nesting birds can be found on the coast, waters and islands of James Bay. Our region is, as far as we know, the only place in the world accessible by car where you can watch polar bear in summer habitat. Innovative packages respecting the highest ecological and safety standards, based on nature observation, combined with a learning experience of Cree culture, geography and history, will offer unique trips to niche international clients as well as the domestic market. The packages will be marketed in collaboration with the regional tourism associations, namely EIT and Tourisme Baie-James (TBJ) and packages will be sold primarily through the regional travel agency, Voyages Eeyou Istchee Baie-James. Marketing partnerships with Arctic Kingdom and with Huttopia France are also under discussion.



## **OUR VESSELS**

Two vessels with a capacity of 8 passengers plus 2 crew members will be purchased. The model selected is Silver Dolphin, equipped with a cabin, built in Newfoundland and commonly used for this type of travel throughout the Canadian Arctic. The length of the boat tours will range from a half-day excursion out of the communities to 5-day wilderness expeditions. The season of operations will last from June to September. In the longer term, WTSC may also develop winter products to provide all-year round employment opportunities for its worker members.

Starting in 2020, WTSC will own and operate a base camp on an island (Cape Hope) with seasonal glamping accommodation – CreeTopia. The camp will accommodate up to 16 people with multiple

departures in summer months. Also, WTSC will operate coastal tours allowing visitors to see the different Cree communities. In order to generate extra revenues during the shoulder season, WTSC will offer boat charter services upon request.

## OUR BUSINESS MODEL

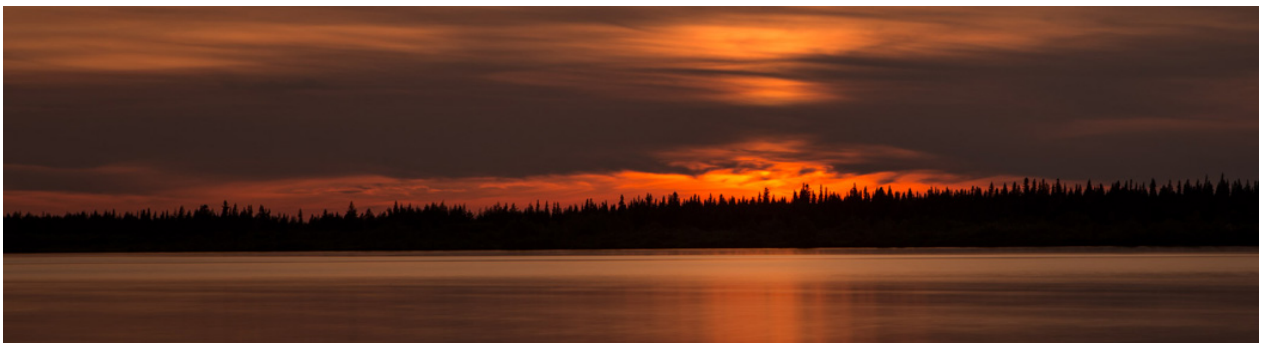
WTSC will offer a variety of services to its user members such as equipment rental, accounting, marketing, bookings/reservations, boat maintenance, etc. The Co-op will also provide guidelines and support to ensure safe, standardized and top-quality tours run by its staff and its user members.

Our business model and the products offered will provide a structuring effect in the development of tourism in Eeyou Istchee, as well as economic benefits at the local and regional levels. Eeyou Istchee Baie-James is in need of an iconic product to bring the focus on the region, to attract more tourists and therefore, increase the economic and social benefits for all of our tourism businesses. That strong iconic product must provide an exceptional quality of service in an amazing natural environment, which will satisfy our visitors' expectations and dreams. WTSC is committed to providing such an experience.

## WHAT MAKES US DIFFERENT

The eastern side of James Bay is scattered with dozens of islands rich with wildlife and history. WTSC will be the tourism operator that will help visitors experience and appreciate the beauty of the bay. Entirely owned and operated by local Crees, the tours will propose excursions on the bay, in search of wildlife such as polar bears, seals, caribou and beluga whales with visits to historical and cultural sites, such as shipwrecks and settlements. During the expedition, the visitors will enjoy the sharing of traditional knowledge during the different activities and the storytelling by local Cree guides around a campfire at night.

The base camp on Cape Hope Island will be offering high-end services and accommodations. In order to deliver this type of quality satisfaction for guests, WTSC will be working and learning from Arctic Kingdom who has experience operating luxury camps in the High Arctic. Discussions are underway with ©HUTTOPIA France for the creation of glamping structures specifically designed for our region. The luxury tents, called ©CreeTopia, will be offering all the amenities required to ensure lasting memories in a perfect mix of modern comfort and true wilderness.





A vibrant Cree culture, unspoiled waters, starlit nights and northern lights, spectacular sunsets and the infinite horizon on James Bay are the views awaiting our guests. They will never forget this unique feeling of being among the first tourists to have the chance to experience this fantastic natural area. With this product, the region is ready to open up a brand-new destination for visitors to Québec. WSTC boat tours will no doubt constitute a major attraction in our region.

## WTSC Operations

WTSC's revenues from operations will come from local tours, expeditions and boat rentals / charters:

1. Local boat tours in and out of the 3 communities involved in the project, Waskaganish, Eastmain and Wemindji – boat rental;
2. Expeditions to and from the base camp (Cape Hope Island) – 5 days. The first base camp expeditions are scheduled for 2020, once the staff and all other requirements are secured. Four departures of 16 passengers are planned in Summer 2020, 6 departures in 2021 and 8 departures in 2022.
3. Rentals/charters for on-water training-related activities and during shoulder season, to organizations and groups such as Cree Trappers Association (to carry material or trappers to their camps), or Eeyou Marine Region (for their research programs on James Bay), and other interested groups;

The table below presents a summary of the number of days the boats will be used during the 4-month summer season

### WTSC DAYS OF OPERATIONS 2018-2022 – SUMMARY

WTSC Sources of revenues	Number of days – June to September Season			
BOAT RENTALS	Summer 2019	Summer 2020	Summer 2021	Summer 2022
Training	15	16	16	16
Local Tours	6	16	16	16
Rentals CTA, EMR, etc.	16	16	16	16
Sub-Total Number of days	37	48	48	48
Base Camp Cape Hope	0	20	30	40
Total Number of days	37	68	78	88

## Market Analysis

Considering the data presented in the Market and Benchmark Analysis below, we can reaffirm that WTSC fits right into the current international market trends in tourism and the objectives of the Québec strategies on Nature and Adventure and Tourism Development North of the 49<sup>th</sup> Parallel.

The main foreign markets targeted by Québec are France, United Kingdom, Germany, USA and Canada. China appears to be a growing market for Québec products.

WTSC product falls into the following categories of tourism offer: Nature and adventure, Northern Tourism, Ecotourism and Wildlife Observation, Aboriginal and Cultural Experience.

## ABORIGINAL TOURISM

Definition: All tourism businesses majority owned, operated and / or controlled by First Nations, Métis or Inuit peoples that can demonstrate a connection and responsibility to the local Aboriginal community and traditional territory where the operation resides.

Aboriginal tourism sector in Canada (2015):

- \$2.65 billions of gross output
- \$1.4 billion GDP
- \$870 million in wages and salaries
- \$67 million of consumption tax revenue

Recent statistics from research announced in October 2018 at the annual International Indigenous Tourism Conference (IITC):

- In 2017, Indigenous tourism in Canada (ITAC) contributed \$1.8 billion to the annual GDP, according to a joint research initiative from the Indigenous Tourism Association of Canada (ITAC) and The Conference Board of Canada (CBoC);
- Due to the growing demand, Indigenous tourism businesses have expanded to 1,878 in 2017, from 1,579 businesses in 2015. This increase has led to 139 export ready Indigenous tourism experiences in 2017 – up from 80 in 2015.
- One of the largest areas of growth is the reported increase in Indigenous tourism jobs. There were 41,153 total jobs in 2017, compared to 33,112 jobs in 2015, a total increase of 8,041 jobs.

The *2019 Market Snapshots, Understanding the Opportunity for Indigenous Tourism Business in Canada\**, published by ITAC and Destination Canada, provide data on Indigenous tourism on the Québec main target markets:

## FRANCE

- 574,4 K arrivals in Canada in 2017
- 37 % of travellers in the past 3 years took part in an indigenous experience
- 13 nights is the Average Length of Stay
- Exploring aboriginal culture; 3rd rank in the Top 10 Activities of Interest
- Immediate potential for Indigenous tourism in the next 2 years: 2 618 500
- 63 % of market interested in Indigenous cultural experiences

#### GERMANY:

- 370,9 K arrivals in Canada in 2017
- 14,9 nights is the Average Length of Stay
- 33 % of travellers in the past 3 years took part in an Indigenous experience
- Exploring aboriginal culture; 6th rank in the Top 10 Activities of Interest
- Average Spend Per Visitor (excluding air): \$2 293
- 47 % of market interested in Indigenous cultural experiences

#### UNITED KINGDOM:

- 763,7 K arrivals in Canada in 2017
- 9,8 nights is the Average Length of Stay
- 19 % of travellers in the past 3 years took part in an Indigenous experience
- Average Spend Per Visitor (excluding air): \$ 1 792
- 37 % of market interested in Indigenous cultural experiences
- Exploring aboriginal culture; 13<sup>th</sup> rank in the Top 10 Activities of Interest

#### USA:

- 14,3 M arrivals in Canada in 2017
- 4,2 nights is the Average Length of Stay
- 18 % of travellers in the past 3 years took part in an Indigenous experience
- Immediate potential for Indigenous tourism in the next 2 years: 17 493 500
- Average Spend Per Visitor (excluding air): \$ 738
- 33 % of market interested in Indigenous cultural experiences
- Exploring aboriginal culture; 20th rank in the Top 10 Activities of Interest

#### DOMESTIC MARKET CANADA:

- 9 % of travellers in the past 3 years took part in an Indigenous experience
- Immediate potential for Indigenous tourism in the next 2 years: 2 584 000
- 27 % of market interested in Indigenous cultural experiences
- Exploring aboriginal culture; 25<sup>th</sup> rank in the Top 10 Activities of Interest

#### Sources:

*Statistics Canada, International Travel Survey - Frontier Counts*

*(Dec. 2017 and May 2018) Global Tourism Watch 2017, Destination Canada EQ Profiles*

### QUÉBEC TOURISM STRATEGIES

Elaborated in 2011, the *Québec Tourism Strategy North of the 49<sup>th</sup> Parallel* opens with this still very relevant observation: « Quebec and its northern regions have the opportunity to create and market a distinctive, high-quality tourism product that will meet the highest expectations. Northern Quebec has what it takes to stand out internationally in nature and adventure tourism. Its natural attractions combined with the presence of vibrant, authentic cultures make it a destination that is both original and appealing. »

The Strategy aims to renew Quebec's tourism supply by developing new products and attractions and encouraging the growth of small- and medium-sized businesses.



Three main principles guide the implementation of the Strategy. In brief:

- A sustainable development approach will maximize the economic, social and environmental benefits for northern populations and reducing the potentially negative impacts of tourism development.
- Priority is given to developing tourist activities and attractions that highlight the cultural and natural characteristics of the region.
- Support programs are tailored to regional realities.

The Strategy aims to develop Aboriginal and cultural tourism, ecotourism and adventure tourism. Efforts are to mainly focus on developing infrastructures, setting up tourist attractions and products, training human resources, and promotion and marketing. Ongoing support is to be provided to community businesses and stakeholders.

## NATURE AND ADVENTURE

Québec's *Stratégie de mise en valeur du tourisme de nature et d'aventure 2016-2020* concludes that:

- The demand for Nature and Adventure is growing. Wildlife observation is one of the 2 most popular and most attractive activities on all main markets;
- Multiactivity packages are in demand;
- Fans of outdoor are also interested in cultural activities;
- France is the market where visitors look for and practice the Aboriginal experience the most.

The *Stratégie de mise en valeur du tourisme de nature et d'aventure* also concludes that:

- Contacts with local population and interactions with the aboriginal communities, combined with outdoor activities, are more and more in demand;
- Visitors are more sensitive to sustainable development;
- Vacation packages in natural areas are characterized by ecological best practices, involvement of local population, exchanges between locals and visitors and alternative and luxury accommodation.

## MORE ON NORTHERN TOURISM

Northern destinations offer a variety of experiences. What tourism products are Québec's target markets most interested in? What do these customers expect from their trips?

The Transat Chair in Tourism was mandated by MTO to analyze the leading, most popular northern destination products in Québec's main international markets and to determine what customers in these markets expect. This study was carried out as part of the work of the Québec Tourism Strategy North of the 49th Parallel implementation committee.

Below are some of the main findings and recommendations resulting from this qualitative study.

- In general, people travel to northern destinations because they want an experience off the beaten path, while still feeling safe
- They have big expectations regarding wildlife observation, mostly want to engage in light adventuring activities like hiking and are very keen on meeting local people
- Comfort is becoming more and more important to these customers, for whom money is no object
- There's a wide range of popular products and they're often aimed at giving customers their first northern experience

Highlights of the interviews with American, British, Canadian, French and German customers:

- Seek new experiences and adventure
- Will likely demand a higher level of comfort including luxury accommodations in the coming years
- Are particularly interested in seeing the northern lights—many travel north mainly for this reason
- Want a unique experience including special encounters with local communities, much like American travelers. This experience must feel authentic, a factor highly dependent on the guide's knowledge of the area.
- Sensitive to the services provided by tour operators during trips (guidance, logistics, etc.) and other services (personalized travel journals, customer service, etc.)
- Expect to venture into a far-off land with breathtaking scenery and unforgettable experiences
- Are increasingly looking for trips with a green and safe image

The analysis of lead products, best sellers, and customer expectations revealed three areas Northern Québec could build on:

- **Winter activities:** Winter activities such as snowmobiling, northern lights viewing, polar bear watching and dog sledding, all of which take advantage of the north's natural assets, should be prioritized.
- **Comfort and luxury:** Customer like their accommodations in remote areas to be comfortable and luxurious. The same goes for tour operators, who also take this aspect into account when choosing a destination
- **Local communities:** Discovering the culture and lifestyle of local people and indigenous communities is a key to customer satisfaction, whether it's through guide services, accommodations, food, or encounters with locals. These experiences should be integrated into products sold in the five target markets.

The fact that customers and tour operators seek comfort and luxury presents a challenge to northern Quebec, where luxury accommodations are lacking. However, this is a great opportunity for

northern Quebec to develop this type of offering in order to meet customer expectations and tour operator requirements.

## Competitive Analysis

Five destination groups stand out in a *Benchmarking Study on Northern Tourism Destinations* made by Ministère du Tourisme in 2016:

- Nordic European destinations: Finnish Lapland, Swedish Lapland, Northern Norway including Svalbard, and European Northern Russia. These destinations target European markets such as Germany, France and Great Britain. The Canadian and U.S. markets are marginal.
- Iceland and Greenland (Denmark): Due to their geographical location, these two destinations target U.S. and European markets.
- Canadian destinations: Nunavut, the Northwest Territories, Yukon and Northern Manitoba target Canadian and U.S. markets.
- Alaska (US): This destination has a strong brand image and mainly targets the domestic U.S. market.
- Patagonia (Argentina and Chile): This growing destination has developed significantly over the last few years.

**Québec destinations north of the 49th parallel compete with** Canadian destinations—especially Northern Manitoba, Nunavut and the Northwest Territories—as well as Greenland. Competition stems from these destinations’ identical tourism products, geography and climate, low population densities and identical target markets (Canada and U.S.).

**The high-performance northern destinations** that provide the most inspiring examples of tourism development are Iceland, Alaska and Patagonia.

## BENCHMARK CONCLUSIONS

- Over the last few years, the tourism offer in northern destinations has developed and improved by leaps and bounds.
- More and more visitors are being attracted to these destinations’ vast wilderness areas and wild nature.
- Northern tourism often constitutes a niche market.
- Northern Lights viewing is very popular with travelers and is highlighted in each of the destinations except Patagonia.
- Aboriginal culture is an integral part of the tourism offer in all northern destinations except Iceland.
- Each destination tries to distinguish itself from the others through marketing campaigns and by showcasing its unique attractions.
- However, tourism development has been inconsistent throughout these destinations.

- High-performance destinations have focused on world-renowned attractions that can bring in tourists from target markets. Their major tourism products include fjords, glaciers, national parks, the Northern Lights, Aboriginal culture and Santa Claus.
- Market identification has been essential for all destinations.
- The development of a destination's tourist attractions depends largely on its accessibility by air.
- Along with accommodation establishments and the restaurant industry, tourism infrastructure plays a key role in welcoming visitors. Its quality and diversity must meet all of the different types of travelers' expectations.
- Population and territory size have an impact on tourism performance. More populated destinations attract more visitors than less populated ones.
- The biggest challenge facing northern tourism is cost. Due to their remoteness, climate and low population densities, northern destinations are more expensive to get to and travel in.

## Financial Summary

Complete projected financial statements can be found in the WTSC business plan.

### PROJECT START-UP COSTS

The investment required for the project start-up and the acquisition of tangible capital assets in years 2019 and 2020 is **\$1.7 million**. This includes for instance the start-up costs, the base camp infrastructures and equipment, the vessels and equipment, office supply and furniture, boat safety and rental equipment inventory, storage and infrastructure, website and graphic design.

### COST AND REVENUES OF OPERATIONS

The table below presents a summary of the yearly projected revenues, the direct and the indirect costs of operations:

**Wiinipaakw Coop**  
**Projected Statement of Operations**  
 For the years ending  
 "Unaudited - See Notice to Reader"

	2019 \$	2020 \$	2021 \$	2022 \$	2023 \$
Revenues	-	83,701	465,042	659,442	851,442
Direct Costs	-	54,091	299,846	351,872	421,398
Indirect Costs	-	220,775	288,511	266,675	257,030

## CONCLUSION

Wiinipaakw Tours is the beginning of the realization of a long-term vision fostered by Sherman Herodier, who was COTA board's president for many years, now shared by many stakeholders.

Sherman's main objectives were to prepare the future of the Cree youth in tourism and to share with visitors from the world the beauty of the beloved waters of James Bay. Wiinipaakw Tours is in good hands, with professional and experienced Cree captains, who will now be carrying on Sherman's vision and hand it down to the next generations.