

TRAINER'S MANUAL

MODULE 1

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Benefits the Local Economy

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How to Use this Manual

This manual provides an outline of topics associated with the SMART principle: ***Benefits the local economy***. A variety of reference materials are listed for each topic such as literature, websites, and audio-visuials. These are suggestions of relevant and more detailed information from which the Trainer may draw, according to what he/she feels is appropriate. Ideally, Trainers and Participants will continue to update the list as new sources become available. The module also incorporates numerous “real life” examples – testimonials and first person accounts which illustrate how other northern tourism operators are making efforts to benefit the economy of their local communities.

This manual is not a textbook. It is a compilation of resources from which a Trainer may choose, with the aim of giving tourism operators, or their employees, practical advice applicable to their businesses. We have made an effort to include examples from both Europe and North America, which means that occasionally there is a repetition of ideas. It is not anticipated that any Trainer will use all of the materials but, instead, will be guided by the characteristics of their group, such as:

- experience in the tourism industry
- educational level
- language abilities
- age
- homogeneity of the group
- tourism sector in which the participants work
- time available for the workshop.

Each section of this manual offers a few suggestions of learning exercises, such as: guided group discussions, field trips, research projects and so on. The Trainer may wish to use these ideas or he/she may have favorite training methods of his/her own.

The intention of the SMART training program is to provide advice that is, to a large extent, supported by the experiences of exemplary northern operators. It is expected that the Trainer will have significant experience in training (rather than teaching) as well as field experience in a related tourism sector.

Benefits the Local Economy

Introduction

This Module provides suggestions regarding the ways in which Arctic tourism companies can *Support the Local Economy*, as specified in the Sustainable Arctic Tourism labeling scheme. Module 1 explains the importance of developing positive and mutually profitable relationships between tourism operators, businesses and the residents of host communities. The Module also provides a basic understanding of the flow of financial resources in northern and remote communities, and outlines the characteristics of a healthy economy. Tourism operators from several Arctic countries provide examples based on their own experiences. They offer a variety of ways in which a tourism operation can contribute to the economy of a community or region, and they show that ultimately this kind of cooperation builds community support while adding to the operation's long-term sustainability.

1. The Importance of Benefiting the Economy of Host Communities and Regions

1.1 Learning objectives

- Understand the importance of benefiting host economies from various perspectives: the community, ecotourism/sustainable tourism organizations, industry.

1.2 Suggested Training Method

- **Guided Group Discussion:** Would the opinions of local suppliers, tourism operators, and the Chamber of Commerce differ in a discussion about how a new tourism company will benefit (or not benefit) the community? What would be the most important issues for each of them?
- **Individual Project:** Is it possible to turn a former mining community into a major ecotourism destination? What would be the challenges? Can you give any examples? Dawson City, Yukon, was once a Gold Rush town. Nowadays, gold is still mined but the community is also a major tourism draw. (Look up the website given in the references.) To what extent is this, or could this be an *ecotourism* destination?
- **Guided Group Discussion:** Can you recount an experience in a northern community where a single-product economy has been enhanced by tourism development (for example, logging or fishing)?

Module 2: Benefits the Local Economy

1.3 Training Resources

1.3.1 Print Materials

World Tourism Organization. 1. Introduction, 2. Enhancing overall Economic Benefits, 3. Enhancing Benefits to Local Communities, *Enhancing the Economic Benefits of Tourism for Local Communities and Poverty Alleviation*, Madrid, Spain, 2002.

Wearing, Stephen and John Neil. *Ecotourism: Impacts, Potentials and Possibilities*, Chapter 6. Linking Conservation and Communities: Community Benefits and Social Costs, Butterworth Heinemann, Oxford, 1999.

1.3.2 Websites

Dawson City story – from gold rush town to tourism destination.

<http://www.yukonweb.com/community/dawson/>

Far from the Arctic but you might try this Australia site:

<http://www.brokenhill.nsw.gov.au/>

Hit *Tourism in Broken Hill* (at the side); Hit *Tourism NSW* (middle blue print); hit *History* in the grey bar at the side.

1.4 Commentary and ‘Good Practices’

The importance of benefiting the economy of host communities and regions.

Many areas have tourism associations or tourism boards. These organizations promote tourism both to potential travelers, and to residents because they believe the industry will contribute economically to their region. Along with recreational associations, they also recognize other kinds of benefits that derive from a well-planned tourism industry.

Alaska Wilderness Recreation and Tourism Association: Ecotourism Guidelines: (Excerpt)

3. Businesses provide direct benefits to the local economy and local inhabitants thereby providing an incentive for local support and preservation of wild areas and wild habitat.

Tourism is increasingly being called upon to replace failing industries (such as exhausted mining operations), or to provide *economic diversification* so that communities are not totally dependent upon one type of industry. Take the time to look up <http://www.yukonweb.com/community/dawson/> to see how Dawson City, Yukon, grew from a gold rush town into a successful tourist destination. In other instances, tourism revenues will hopefully halt (or at least slow) illegal trade in archaeological artifacts and endangered species if residents can be persuaded to choose this more ethical and more sustainable use of their resources.

***Ecotourism: Impacts, Potentials and Possibilities*, Stephen Wearing and John Neil, Butterworth Heinemen, Oxford, 1999**

“Ecotourism provides the local community opportunity to expand its economic resource base as a replacement or complement to traditional economic bases such as agriculture or forestry.” (p. 85)

***Tourism: A Community Approach*, Peter E. Murphy, Routledge, New York, 1985.**

“...there is substantial evidence that tourist spending can help to maintain the viability of otherwise marginal enterprises and preserve ways of life that might otherwise disappear. Simply retaining existing employment, landscapes, and cultures may be as significant for peripheral regions as the creation of new jobs. Thus when tourism helps to supplement existing economic activities, or maintain local amenities, it is performing a supportive role in the local economy. (p. 99)

Vildmark i Varmland, Sweden

The fact that we trade locally and provide packages of supplies to our guest is something very valuable to the local economy. Particularly to small distributors, such as the little shop in the village which otherwise might have closed down. Therefore we pay full price and in exchange they pack the provisions for us – it is a mutual way to profit, and it supports the shop and services in the district.

2. Characteristics of a Healthy Economy

2.1 Learning Objectives

- To gain a basic understanding of the components of a functioning, sustainable economy.

2.2 Suggested Training Method

- **Break-Out Groups:** Would you describe your community or region as having a 'healthy economy'? Why do you think it does, or why not?
- **Guided Group Discussion:** Why are equal opportunities for minority groups, aboriginal groups (whether majority or minority in the community), and both sexes important in maintaining a 'healthy economy'? How would these criteria apply to the tourism industry in northern communities?

2.3 Training Resources

2.3.1 Print Materials

Elias, Doug. *Development of Aboriginal People's Communities*

Richards, Greg and Derek R. Hall (Eds), *Tourism and Sustainable Community Development*, Routledge Advances in Tourism, 7, Routledge, 2000.

2.4 Commentary and ‘Good Practices’

What are the characteristics of a healthy economy?

Remote communities may not have well-developed economies. Where communities are dependent upon one industry or where there are limited service operations or suppliers, the opportunities to make *economic linkages* (keeping money flowing through local businesses) may be few. In order to identify ways in which a business might benefit a community or region, it is important to name some of the characteristics, which describe a ‘healthy economy’ (by 21st century standards).

- a. A significant number of successful (sustainable) local businesses and a broad range of services;
- b. Employment opportunities at different educational and skill levels and for different age groups (e.g. youth, elders);
- c. Employment opportunities for both sexes;
- d. Employment opportunities for minorities as well as dominant groups;
- e. Educational services to support local hires (skills development; training for real jobs);
- f. Regional integration of businesses and services (businesses feed into one another);
- g. Presence of good transportation links, accommodations and other tourism-related infrastructure;
- h. Adequate community infrastructure: power, water services, sewage systems, sufficient to support desired business growth;
- i. Facilities to support local hires such as day-care services;
- j. Introduction of ‘new money’ into the local economy;
- k. Working conditions that respect local cultural norms; [See also Modules 4 & 8]
- l. Business operations which are environment-friendly (the economic aspects of environmental responsibility). [See also Module 2]

3. Economic Leakage and How it Affects Arctic Economies

3.1 Learning Objectives

- To understand the meaning of ‘economic leakage’ and to be able to identify occurrences of economic leakage within your community.

3.2 Suggested Training Method

- **Individual Project:** Identify where significant economic leakage occurs in your community or region. Why does this problem exist?
- **Guided Group Discussion:** Compare different tourism sectors – In your area, which sector experiences the most economic leakage? How could some of these leakages be minimized? Which tourism sector do you think should be encouraged?
- **Case History:** There is a case history described in this section (the outfitter in community AB). Are there any ways you think this operator could improve his situation? (see page 14 of manual)
- **Case History:** In parts of the sub-Arctic, or Arctic where there are roads, significant numbers of visitors arrive in recreational vehicles. These tourists often bring their own food, and travel in their own sleeping accommodations. Communities would therefore not derive some of the usual sources of tourism revenues. Can you suggest ways that local businesses and operators might improve the economic benefit from these visitors?

3.3 Training Resources

3.3.1 Print Materials

Lindberg, Kreg, Megan Epler Wood, and David Engeldrum, Eds., *Ecotourism: A Guide for Planners and Managers*, Vol. 2, Chapter 4, Economic Aspects of Ecotourism, The Ecotourism Society, North Bennington, Vermont, 1998.

Lindberg, Kreg and Donald E. Hawkins, Eds., *Ecotourism: A Guide for Planners and Managers*, Vol 2, Chapter 4, Economic Issues in Ecotourism Management, The Ecotourism Society, North Bennington, Vermont, 1993.

Richards, Greg and Derek R. Hall (Eds), *Tourism and Sustainable Community Development*, Routledge Advances in Tourism, 7, Routledge, 2000.

3.4 Commentary and ‘Good Practices’

What is economic leakage and how does it affect Arctic economies?

Economic leakage occurs where resources, infrastructure, and linkage between industries are all limited. When supplies or equipment are not available locally and must be purchased from elsewhere, money ‘leaks’ out of the community. In a more favourable situation this money might have been retained as local business revenues, to create employment, and so on. Economic leakage can be a serious factor in remote tourism destinations.

Using ‘imported’ workers - such as bringing in tourist guides from ‘down south’ instead of hiring locally also represents ‘leakage’ since these individuals will usually take the major part of their salary with them when they return home, rather than spend it locally.

The following is a fictional but realistic example from one Arctic community, which will illustrate the problem of economic leakage.

An outfitter in the community of *AB* takes visitors for spring snowmobile trips to the edge of the sea ice. Here his guests will see returning whales and migratory birds as well as polar bears and other interesting wildlife. They will meet local people out camping with their families and hunting for food for themselves and their dogs. Visitors will have an opportunity to learn something about local culture and the natural environment.

The overall package costs the tourist \$7,000 but not all of this stays in the outfitter’s pocket. In fact, *not very much* of this amount will remain in the community. A large percentage of what the traveller pays covers airfare – provided by an airline from the south. The snowmobile, fuel and other business equipment were manufactured by companies in the south to whom the outfitter makes payments. Much of the food provided to the guests is flown in from the south. Liability insurance fees are paid to a southern insurance agent. These are some of the ways that money that seems to be earned in a small northern community actually ends up in a southern city and this is *economic leakage*.

In attempting to benefit local economies, tourist operators should look for ways to put money into the community, which will circulate amongst local residents. Purchase of local crafts (made of local materials), and payment for local cultural events, for example, tend to show only slight economic leakage. But there are other ways to address this problem. Buying locally produced foods may be possible. Even purchasing southern goods sold by northern retailers is more beneficial than simply bringing in supplies directly from southern businesses.

4. Direct Benefits to the Local Economy

4.1 *Learning Objectives*

- Understand ways in which a business can provide direct benefits to its host community/host region.

4.2 *Suggested Training Method*

- **Guided Group Discussion:** What are the ways in which tourism currently contributes to your community or region? How could these economic contributions be improved?
- **Case Study:** You have a small outfitting business in a northern community. You have checked out prices and find out that buying your packaged food supplies from 'down south' would cut your costs by 20% and would provide you with greater variety. You would save about 12% by buying cleaning supplies from a southern business. You are trying to make a 'go' of your business. Where would you decide to buy your supplies? How would you justify your decision? If you bought locally, what would be your reasons for absorbing the extra costs?

4.3 Training Resources

4.3.1 Print Materials

World Tourism Organization. *Enhancing the Economic Benefits of Tourism for Local Communities and Poverty Alleviation*, 1. Introduction, 2. Enhancing overall Economic Benefits, 3. Enhancing Benefits to Local Communities, Madrid, Spain, 2002.

Wearing, Stephen and John Neil. *Ecotourism: Impacts, Potentials and Possibilities*, Chapter 6. Linking Conservation and Communities: Community Benefits and Social Costs, Butterworth Heinemann, Oxford, 1999.

4.4 Commentary and ‘Good Practices’

How can your business provide *direct benefits* to the local community?

Direct benefits are the most easily identifiable. Since direct benefits are seen by the community, they go a long way in encouraging local support for the tourism operation. Types of benefits that your business can bring to your region or community include:

- a. Jobs – including creative working hours (e.g. banking working hours to extend payments over longer periods);
- b. Purchase of arts and crafts by your business or its clients;
- c. Providing investment opportunities for community members;
- d. Tax payments to the community;
- e. Buying business supplies locally – such as food, gasoline, building supplies;
- f. Making use of local building contractors, services;
- g. Business cooperation with other local tourism operations;
- h. Contributing to community charities or community resources (e.g. day-care centre);
- i. Financially supporting the performing arts;
- j. Providing scholarships, internships, summer employment for students;
- k. Participation with local training authorities as a resource person/resource company.

Here are ways our northern operators have found to contribute to their communities, though some acknowledge that the process takes time.

Anishinabe Experience, Golden Lake, Ontario

Adventure Travel and Ecotourism Best Practices Tour 2000, The Economic Planning Group of Canada on behalf of The Canadian Tourism Commission, July, 2000

Ensure that financial resources will remain in your area and region.

We have extended our programming for the winter. However, I can’t feel comfortable offering our Tee Pee accommodations in the winter, knowing my guests will be too cold, so arrangements have been made with a local B&B for accommodations. Programming continues, and financial resources stay within our region.

Pyhän Tunturila, Päivi Suutari, Finland

“Food is one of the important components of our tourism product. We get ideas from around the world, but we prepare the meals by using local resources. For the upcoming summer, we have an agreement with a local farmer to deliver us turnips, dill, parsley, etc. The moose and reindeer meat come from our municipality. The fish comes from a nearby lake or from another local supplier.”

But this operator points out that it takes effort to set up this system:

“The cooperation has not been smooth all the time and the food circle hasn’t worked efficiently. We ourselves have had to be active and contact the farmers to make the cooperation work.”

Frontiers North, Manitoba and Nunavut, Canada

We take our clients on community tours and encourage them to buy local arts and crafts.

Polar Sea Adventures, Nunavut

We often include ‘community days’ in our packages [which allow clients the opportunity to get to know the community, make purchases and use services].

[quotes from operator interviews]

Orkney Island Holidays

Quoted from *Greening Scottish Tourism Case Studies*, Tourism and Environment Forum

Orkney Island Holidays endeavors to offer a unique experience for visitors through small friendly groups, expert guiding, excellent accommodation, exciting days and relaxed evenings. Through their day trips, the Hollinrakes offer a diverse natural and cultural experience with a conservation edge.

The business networks with other businesses on the island such as tour operators and boat businesses. Marketing opportunities are shared between these businesses whenever practical. The Hollinrakes source food from local producers and shops as much as possible. Both fish and local produce are used in the dishes prepared for guests during their stay.

Source: Pam Wight for the Canadian Tourism Commission. Quoted from: *Best Practices in Natural Heritage Collaborations: Parks and Outdoor Tourism Operators*, Ottawa, 2001, p. 73.

Bluewater Adventures “in recognition of our role as an ‘ecotourism’ company, we buy all food and fuel locally, promote the local area with our visitors and provide them a list of local accommodation to lengthen their trip locally outside the protected area. Last year we started organizing a one-day add-on local trip to visit the local museum, and enjoy a native Haida dinner hosted in a local home. We seek to hire resource people locally and are starting to have success.”

Kari Kaakkurivaara, shopkeeper – Finland

Seventy percent of the souvenirs we sell are made in Rautajoki. But we cannot really buy all our food locally. Berries and fish we can buy from a local refinery and reindeer we purchase from Savukoski. We don't yet have a good local product in reindeer meat – one of the major problems being the difficulty in operating according to the requirements of the health laws.

Uncommon Journeys, Yukon Territory, Canada (provides dogsled trips and training)

Most of our business activities take place on the land rather than in the community, however, one thing we are able to do for the community is to provide free dog care seminars for local school classes. We also sponsor women who have been victims of family violence to attend Canada Outward Bound programs. [skills and confidence building]

Some more comments from our operators:

We hire locally on principle – what else would people do? – go work in the mine?!

Shopping at the Coop store and using the Coop hotel indirectly benefits everyone in the community.

It isn't always cheapest to buy locally but it gives other benefits, not only for us. After we brought some pressure to bear upon a local supermarket they started to buy bread from a bakery here....instead of from a big one in southern Sweden.

B.K. ...arranges for shared air transportation services [which are very costly in our area] with other tourism operators and even other industries such as mineral prospectors – so everyone benefits.

Summer students work at [our] Lodge every year.

Out of 1100 or so residents, we've employed about 100 at one time or another.

A number of local benefits can be in-kind through discounts, community services, sharing facilities or skills, hosting events, volunteering, partnerships or other creative kinds of activities.

Lindblad Expeditions makes ports-of-call in many parts of the world, including the Arctic. This example happens to be from the Galapagos program.

Travelling Light, Lisa Mastny, Worldwatch Paper 159, 2001. (excerpt)

Growing numbers of privately owned tour operations are also supporting local initiatives by donating a portion of their profits to conservation, particularly as they recognize its value for their own survival. ... New York-based Lindblad Expeditions has given more than \$500,000 in client donations from its Galapagos trips to scientific research and environmental preservation efforts in the archipelago.

5. Indirect Benefits to the Local Economy

5.1 *Learning Objectives*

- To understand the difference between direct and indirect benefits;
- To understand the kinds of indirect benefits which can accrue to the host community or region from a well-regulated and sustainable tourism industry.

5.2 *Suggested Training Method*

- **Group Discussion:** How could a group within your community blend traditional activities with a cultural tourism product so that visitors would have a meaningful experience, while financially supporting the group's chosen lifestyle?
- **Individual or Group Project:** Name infrastructure in your community that has been built because of anticipated or existing tourist flows. How has your community benefited from this infrastructure? If you don't feel your community has benefited then state the reasons. (Examples participants might consider: airports, parks, docks, roads, cultural centres, visitor centres, larger hotels, food service establishments, craft sales outlets and museums.)

5.3 Training Resources

5.3.1 Print Materials

Murphy, Peter E. *Tourism: A Community Approach*, Section 4: Society and Culture, Routledge, New York. 1985.

Richards, Greg and Derek R. Hall (Eds), *Tourism and Sustainable Community Development*, Routledge Advances in Tourism, 7, Routledge, 2000.

Kim Whytock & Associates Inc. *Models for Sustainable Tourism: National Parks and National Historic Sites of Canada*, Ottawa, 2002.

This publication focuses on Atlantic Canada but provides interesting discussions on the shared vision and responsibility between tourism industry and federal parks towards sustainability.

Trainers should check with their local governments or tourism boards for tourism strategies and studies that have been completed (by consultants) over the last decade or so. These documents often provide detailed speculations on what benefits the region could enjoy from tourism development.

5.4 Commentary and ‘Good Practices’

What are the indirect benefits tourism can provide your community?

Indirect benefits from tourism are often not obvious to the general public but they are important. A well-run, sustainable tourism industry can have indirect, but positive economic impacts on the community in ways such as the following:

- a. Financially justify improved infrastructure (e.g. improved roads, parks, public utilities);
- b. Justify better transportation links or more frequent public transportation service;
- c. Make local cultural events and facilities financially feasible, allowing for the local development of the arts;
- d. Employing local staff adds authenticity to your product – particularly in cultural tourism products.

At tourism destinations, local governments (or federal governments) will go ahead with a number of developments which they believe will either attract visitors, increase tourist numbers, or better serve those who are already arriving. The seasonality of our northern products is something of an advantage in this case since we are able to make good community use of tourism-related infrastructure during the off-season.

Nunavut, Canada

The Unikkaarvik Centre (Iqaluit) and the Nattinnak Centre (Pond Inlet), along with other centres within the Territory, are visitor/interpretive centres constructed with government funding to provide tourist services and to promote local tourism businesses. Both these centres have developed numerous visitor programs but during the winter season they also provide a broad range of programs for community residents:

- Programs for elders (particularly those with mobility problems)
- Cultural programs for school classes
- After school clubs
- Special events for residents
- Inuit Art experience for visitors and residents
- Sewing classes for community women

This is to name only some of the ways in which residents benefit from these facilities.

6. Benefits to Operators who Support their Communities and Regions Economically

6.1 Learning Objectives

- Understand how companies can benefit from their economic loyalty to host communities and regions.

6.2 Suggested Training Method

- **Brainstorming Session:** When a company makes use of local services, supplies and cultural components, ‘authenticity’ is built into the tourism product. Nowadays authenticity is important to sensitive travelers. What does ‘authenticity’ really mean? What local or regional products and services would bring authenticity to your tourism business? Are there new ‘authentic’ products that could be created in your community? Can you name other ways (besides hiring and purchasing locally) which will ensure the authenticity of your product?
- **Presentation:** Invite one of the pilot companies to talk about their relationship with the host community of their operation.

6.3 Training Resources

6.3.1 Print Materials

Aboriginal Tourism Team Canada/Canadian Tourism Human Resource Council.
Aboriginal Tourism, Business Planning Guide: Checklist for Success, Ottawa, ISBN# 1-533-4-337-5.

Patterson, Carol. *The Business of Ecotourism*, Second Edition. Kalahari Management, Inc. Explorers Guide Publishing, Rhinelander, Wisconsin, 2002, Chapter 7: The Dollars and Sense of your Business, pp. 95-120.

Sanders, Edward G. and Elizabeth Halpenny. *The Business of Ecolodges: A Survey of Ecolodge Economics and Finance*, The International Ecotourism Society, Burlington, Vermont, 2001.

6.4 Commentary and ‘Good Practices’

How do operators benefit by supporting their communities and regions economically?

Communities are not the only beneficiaries of a cooperative relationship with tourism businesses; healthy communities make better tourism destinations. Appreciative communities make better hosts to visitors. Loyalty is two-sided.

In addition, using local hires is an important way of building authenticity into a tourism product.

Nutti Sami Siida, Sweden

The guides and the staff members must be proud of telling about our [the Sami] way of living and represent what our product is promising. The guide has a very important part in our arrangements – they are the ones who can make our inheritance lifelike by showing how we are working with the reindeer, cooking traditional foods, and wearing Sami clothing. But above all, they can in a real and genuine way tell about how the Sami are living and have been living because they have strong connections to the traditions themselves.

Loyalty by tourism operators to local suppliers is often rewarded when times get tough.

Uncommon Journeys, Yukon Territory, Canada [dog team trips, dog handling training]

We purchase all of our dog food locally. This is a considerable additional expense since we pay about 20% more than we would by bringing dog food in from the ‘south’. The Yukon businesses try to give us the best discount they can afford and when we are really in need they ‘treat us royally’. The return on investment is not always in strict financial terms...but when we have urgent needs we ended up with vehicle loans, building supplies and other kinds of support.

Hiring locally, and working with local suppliers builds up continuity for the future of the industry and the community itself.

Here are some additional comments from our Arctic operators:

Hiring locally means investing in the community. Our guides will pass their skills on to other community members and to their sons and daughters.

There's lots of wage employment in gold and diamond mines ... but the people most valuable to us are the people who need us most – the ones who are trying to make a living off the land.

K.....is our home!

Our communities are small and resources are limited – we have to work together.

Costs in the community may be high but it comes back to you in community relations and cooperation in the future.

Buying and hiring locally means the community can see tangible benefits from tourism

...We have chosen to buy everything we need as close as possible in order to support the local trade and industry. But at the same time we create a local network, which will support us in the long run.

We build partnerships – don't be shy to ask for quantity discounts from local stores.

Using the services of local businesses and communities can create tremendous good-will and support, and can contribute to a sustainable local economy by allowing many of the benefits generated by the company to flow through the community economy. Having a 'purchase local when possible' policy...strengthens the 'local flavour' for customers at the same time.

Some other points to think about...

There are also some cautions regarding purchases in remote communities. In many Arctic communities supplies for residents are shipped in on a limited schedule – in Nunavut – on the annual sealift. For many Nunavut communities the shipping season is only about six weeks long. Supplies, which miss the sealift, must be flown in during the winter at much higher cost.

Ecotourism: A Guide for Planners and Managers, Kreg Lindbert and Donald E. Hawkins, ed. The Ecotourism Society, Vermont, 1993.

Tourism also puts new demands on local economies, particularly those in remote areas. Consumption of local products can be an important benefit of ecotourism, but this demand should be managed carefully so it does not shock local economies or the local environment. For example tourist demand for firewood in Nepal has increased the cost of wood to the Nepalese as well as caused severe deforestation. (Solution: trekkers now use kerosene rather than firewood.)

Examples of questions regarding benefit distribution. Excerpt from *Ecotourism: A Guide for Planners and Managers*, Kreg Lindbert and Donald E. Hawkins, ed. The Ecotourism Society, Vermont, 1993. [Proposed Hotel Project]

...is it best to have a hotel and restaurant run by the community with some revenue sharing, or is it best for individuals in the community to establish lodges and restaurants individually? Is there the local capacity to run it efficiently?... Is there the tourist demand to justify multiple investments by many people? Are there crafts which can be sold? ...If the benefits are widely distributed will everyone get so little that it is not worth their involvement?...if the benefits are narrowly distributed will that act as an incentive for others to participate or will it exclude too many people and lead to resentment and income inequality?

Tourism Development in Village Areas

Enhancing the Economic Benefits of Tourism for Local Communities, World Tourism Organization, 2002.

The progress of tourism should be based not only on numbers of tourist arrivals but also on the socio-economic benefits generated by tourism. A few number of tourists with higher spending patterns may generate as much or more benefits than a larger number of tourists with lower spending patterns. The fewer number of tourists are also likely to create fewer environmental or social problems of congestion and over-use of tourist attractions, facilities services and infrastructure. ...Therefore, emphasis in establishing tourist targets should be placed on economic benefits including consideration of the spread of benefits to local communities, as well as minimizing negative environmental and socio-cultural impacts....

An unfortunate story but a true one.....

In one of our small northern villages – there is a tourist lodge owned by an ‘absentee’ owner. Recently the lodge hired a new manager. The manager received suggestions in various forms from people in the village about how he might work together with them. The new manager thought this sounded like people in town were asking *favours*. Well, after all, the lodge had meeting rooms and a bar so it would surely succeed. The manager found it easier to listen to some hotel *experts* in the city, suggesting he should not give the villagers an inch because soon they would want a mile. So he decided to hold back on this cooperation idea, until he felt the villagers had taken his and the lodge’s interests more seriously.

What happened? Of course the local companies did not want to do business with the lodge – such as accommodating their guests there. Then the lodge started losing its restaurant customers to a new, small, locally owned eatery. The lodge’s reputation sank and sank. The manager and the owners never did understand that there are very good reasons to support the local community.

Where is this village? We’re not telling – it could be in any one of our countries.

The Reality Check

Before leaving the topic of economic benefits to the community, it is important to stop and do a ‘reality check’. A business that cannot make even a modest profit is not sustainable and will not provide sustainable local benefits. Often those who are not directly involved in the tourism business imagine that operators are deriving huge profits while sharing very little with the community. Either ‘hard feelings’ build up, or excessive demands are made. This is more likely to happen in small remote villages where residents are not experienced in running businesses nor have an understanding of businesses finances. Many costs go into running a tourism operation (say an outfitting package) than are obvious to the general public. Attending consumer shows, brochure development and distribution costs, advertisement design and placement, travel related to marketing, commissions paid to wholesalers, equipment maintenance and replacement costs, fuel costs, telephone, fax and computer costs, taxes, and endless hours of work on the part of the owner, are only some of the expenses which must be paid out of the revenues received from clients.

This could be an important group discussion topic. An exercise might be designed where learners draw up a financial plan for a simple ecotourism business and then decide how the operation can benefit the community while still staying “in the black”.

Module 2: Benefits the Local Economy

7. Considering the Social Costs of Tourism

7.1 Learning Objectives

- To understand what is meant by ‘Social Costs of Tourism’;
- To understand how sustainable tourism seeks to avoid the ‘Social Costs of Tourism’.

7.2 Suggested Training Method

- **Guided Group Discussion:** Are there ways in which the culture of your community/region has been impacted for good or for bad by the development of tourism? As a sustainable tourism operator, what would you continue to do, or what would you change?

7.3 Training Resources

7.3.1 Print Resources

Wearing, Stephen and John Neil. *Ecotourism: Impacts, Potentials and Possibilities*, Chapter 6. Linking Conservation and Communities: Community Benefits and Social Costs, Butterworth Heinemann, Oxford, 1999.

7.3.2 Websites

www.seagrant.umn.edu/tourism/pdfs/ImpactsTourism.pdf

At this website you will find a pdf format document entitled “The Impacts of Tourism”, by Glenn Kreag.

Kreag, Glenn. *The Impacts of Tourism*. Publication T13, Minnesota Sea Grant, 2001.

7.4 Commentary and ‘Good Practices’

Considering the Social Costs of Tourism

In Module 1 we discussed ways in which regions and communities will derive advantages from locally developed sustainable tourism, and we also pointed out that operators too, will benefit from responsible tourism operation. However, a brief mention should be made of the social costs of tourism and how these, at times, affect communities that are making every effort to develop sustainable tourism.

First, it should be remembered that almost everyone in a small community experiences some impact from tourism although it is quite possible that not everyone feels they are benefiting. (Often, the improved community economy and construction of public infrastructure actually *do* benefit everyone, but this fact may not be obvious to the individual resident.) What residents *do* take note of is the need to share resources, such as parks, campgrounds, beaches, and parking spaces with visitors. In a community of 800, 150 passengers landing on-shore from a pocket-cruise ship can’t help but be noticed and sometimes feel intrusive.

Tourism workers in the ‘underdeveloped’ Arctic often hear comments from the travel trade: *This place has so much potential!* Unfortunately, the outside tourism industry does not recognize that their ‘vision’ of community *potential* may be quite different from that of local residents – even if the community is in favour of tourism development.

Culture is often one of the attractions that brings visitors. Presenting one’s own culture can build community self-esteem. Tourism may provide the financial resources to allow residents to continue cultural activities which may not be affordable otherwise – and we have noted earlier that cultural tourism products usually show little economic leakage in the north where leakage from other tourism sectors may be rampant. Interest may be awakened in cultural activities and skills because they seem to be of ‘value’ to tourists.

However, there can be something of a Pandora’s box effect. From the visitors’ point of view, ‘culture’ has become a commodity which they have purchased and have the *right* to demand in a certain location and at a specific time in the same way they might have purchased a boat ride or a hotel room. In time, there may be a sense that the ownership of one’s culture is being compromised beyond the community or region’s control. Inuit often feel proud that the world has begun to recognize the Inukshuk, an inherent part of their past. At other times, however, they feel that use of the Inukshuk and the Inukshuk symbol has slipped into the hands of many non-Inuit across North America. Whether the use is for generating revenue, or whether it is just because people ‘all over’ are enchanted by the Inukshuk, it still seems like a loss.

According to Stephen Wearing, the important issue here is that sharing one’s culture, such as through paid performances, has to be seen as mutually beneficial and mutually important. [p. 77.] (see Reference list)

Module 2: Benefits the Local Economy

While it is important [that] the traditional values of local and indigenous communities be maintained, indigenous people must not be asked to maintain their traditional practices simply for the sake of tourism entertainment. However, it must also be recognized that cultures undergo a constant process of change and it is this process of *genuine* culture change and exchange that is a fundamental component of ecotourism. ‘Genuine’ in this sense may be read as synonymous with *sovereignty*. [Wearing, p. 77]

Some social guidelines for visitors are obvious – like asking permission to take photographs. When visiting small Arctic communities, surprisingly often, visitors do not recognize they are guilty of ‘invasion of privacy’. Perhaps it is because there are no fences or property markers as they would see in the south, or perhaps it is because the stereotypic view is that all northerners are ‘hospitable’. These individuals apparently do not stop to think how they would feel if strangers peered in their windows or handled the property in their yards. Tourism can encroach on important family time. Tourists come in the spring and summer but this is also the traditional time for family camping and fishing. In some communities, children have learned to beg for money or candy, creating a negative (and mistaken) perception by the visitors. Tourism imposes a certain regime on suppliers (tourism operators) – to be in a certain place on a certain date; to always be on time; to find alternative activities during inclement weather. Each of these requirements represents significant adjustments from traditional life.

New sources of income can result in different financial (and therefore different power) structures within families and within the community.

For more on this topic refer to:

Wearing, Stephen and John Neil. *Ecotourism: Impacts, Potentials and Possibilities*, Chapter 6. Linking Conservation and Communities: Community Benefits and Social Costs, Butterworth Heinemann, Oxford, 1999.

Wearing describes ‘Social Impacts’ as *those changes in social relations between members of a community, society or institution, resulting from external change*.

Appendix 1 Training Tips

Each Topic in this module lists suggested training methods. Experienced trainers will have their own inventory of training methods they have used in the past. The choice of workshop delivery styles will, of course, be dependent upon a number of factors, including:

- Age of participants
- Educational level
- Linguistic skills
- Experience in the tourism industry
- Homogeneity of the group
- Tourism sector represented
- What part of the Arctic the participants are in (trees? roads? towns? tundra?)
- and perhaps even gender of the group

The following are suggested workshop/training techniques. It is hoped that trainers will share their ideas and experiences so that additional training methods may be included in the SMART Trainers' Manuals.

- Individual Projects, including research projects
- Guided Group Discussions
- Debate over a controversial issue
- Brainstorming session
- Break-out groups
- Guest presenters
- Role Play
- Case Studies
- Field Trips
- Video resources
- Using visual resources (such as murals or posters) to generate discussion, interpretation, or role plays
- Panel of presenters
- Demonstrations (trainers or participants)
- Games
- Hand-outs, pre-course study materials