

# NORTHERN INDIGENOUS LODGE NETWORK

Summary

April 2024

Tom Jutzler @ Yukon



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Carcross/Tagish Management Corporation - Carcross, Yukon courtesy of ITAC

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The Tourism and Destination Advisory group of Jones Lang LaSalle (JLL) was chosen as the consulting partner to study, plan, and recommend next steps for the network throughout the Yukon, Northwest Territories, and Northern British Columbia.

# EXECUTIVE SUMMARY

## NORTHERN INDIGENOUS LODGE NETWORK CORRIDOR AREA



In early 2023 and in response to Destination Canada's new and innovative [Tourism Corridor Strategy Program](#), tourism partners in the Yukon, Northwest Territories, and Northern British Columbia (BC) came together to propose a unique concept for the two territories and province to become more interconnected within the tourism and visitor experience landscape. Destination Canada assessed various projects against detailed criteria such as business viability, stage of development, geographic coverage, investment needs, project type or theme, and settings. Subsequently, the Northern Indigenous Lodge Network was selected as one of the three Corridor projects for 2023.

This concept, named the Northern Indigenous Lodge Network, was centered around supporting the development of a fully Indigenous-owned lodging network that connects various lodges together and provides a support network for reservation, staff training, visitor experience, and quality accommodations. Throughout the planning phase, stakeholders and rightsholders were enthusiastic about the possibilities. The resounding consensus? This corridor project has the authentic potential across the three vibrant regions. This dynamic

model can bring not only success in enhancing the visitor experience, but also immense value to each Indigenous community it touches. There was particularly strong sentiment that tourism within Indigenous communities has the possibility to be a universal opportunity as an industry that can be present regardless of natural resource. Unlike mining and other extraction industries, investment in tourism can be universally beneficial.

The project aims to meet the demand for Indigenous tourism experiences led by Indigenous communities while addressing the chronic shortage of accommodations beyond major cities. To this end, the Corridor Partners set to work with Destination Canada and JLL to analyze the business case for an Indigenous lodging network. As there are currently over 140 existing Indigenous-owned lodges across Canada, the proposed lodging network can include a combination of existing lodges and newly developed ones, tailored to the preferences of each Indigenous community, with a commitment to authenticity and uniqueness. As this work continues, the Corridor Partners' vision for each lodge is that they would be authentic and unique, reflecting the priorities of the community it represents. Inspiration was drawn from successful

accommodation networks such as Paradores in Spain and Logis Hotels in France, in addition to over 10 networks and 220 global case studies serving as benchmarks to guide the project.

To support Destination Canada and the Corridor Partners with the planning process, JLL's approach consisted of three phases. The first phase involved collaborating with the Destination Canada leadership team and the Corridor Partners to establish the project timeline, identify stakeholders and rightsholders within the Corridor, review existing data and statistics for the Yukon, Northwest Territories, and Northern BC, analyze the current state of lodging in the Corridor, and examine previous plans and documents.

Phase Two focused on reviewing 220 global Indigenous lodging networks and interviewing several network operators on the global scale. JLL also conducted in-depth interviews with Indigenous relations experts and Indigenous tourism experts to gain a comprehensive understanding of the current landscape of community-based tourism. Furthermore, a six-day site visit in the Yukon and Northern BC in October 2023 provided an immersive understanding of the Corridor, its diverse experiences, rich Indigenous Community history, and existing accommodations and lodging landscape. Phase Two also included engaging with 37 stakeholders and rightsholders through in-person site visits and virtual means, providing valuable insights into the potential of the Northern Indigenous Lodge Network.

Phase Three involved reviewing the findings with Destination Canada and the Corridor Partners, and developing priorities, recommendations, milestone timelines, and action items. Throughout the planning process, the project team meticulously vetted these aspects and maintained stakeholder and rightsholder communication. In addition, a blog post was created to provide updates as the process neared completion, and a dedicated webpage for the Northern Indigenous Lodge Network project was created by Destination Canada to update the industry and local communities and foster further engagement.

The findings of this process are presented in this report. Before delving deep into the report, it is essential to highlight two consistent themes that continually emerged throughout the market study, engagement, and site visits:

1. It is of the utmost importance for individual communities, their leadership, and their members to

be actively engaged and fully involved in the process as this work continues. Due to time constraints, the course of engagement for this process shifted to center the majority of engagement on individual interviews with Indigenous Development Corporations as well as elected officials and local consultants to gain a foundational understanding of the communities' interest in the proposed lodging network. As this work continues, it is important to dedicate extensive time and resources to an in-depth community engagement process to fully learn about each community's priorities and their willingness to participate in the Corridor development process. Individuals engaged, including the managers of benchmarked lodging networks, reaffirmed this and confirmed that when in-depth engagement is conducted with the communities and proper time is allowed for the process, the outcomes of the process will be invaluable to the Corridor, communities, visitors, and broader economy.

2. Throughout the benchmarking study as well as the engagement process, it was revealed that in addition to Indigenous communities' willingness to participate, government funding and public support are vital for the development of an Indigenous-owned lodging network. Global case studies indicated that the discontinuation of government funding often resulted in network failure. Given the various incentives and support options offered by the Canadian government, it is crucial to the continuance of this work to analyze funding opportunities available to interested communities. Pursuing a sustainable funding approach that includes public, government, and private sources will ensure the continued progress of the project and provide each community and lodge project with the necessary financial backing.

The study's detailed findings, recommendations, and milestone timeline are presented in this report. It is evident that initial community interest exists, and global benchmarks validate the viability and feasibility of the Northern Indigenous Lodge Network. To fully realize the potential of this project, ongoing in-depth community engagement and a sustainable funding approach are imperative. The report underscores the importance of continuing this valuable work, empowering communities, and leveraging government incentives and support to create a network that first and foremost benefits each individual community, and provides a unique stay and authentic experiences for guests.

# STAKEHOLDER AND RIGHTSHOLDER ENGAGEMENT

A cornerstone of this project by Destination Canada and the Corridor Partners was the deliberate inclusion of stakeholders and rightsholders throughout the entire process. Recognizing the immense value and importance of Indigenous Communities and stakeholder and rightsholder engagement, this project sought to actively involve all relevant parties from the very beginning stages of this project. This concerted effort prioritized stakeholder and rightsholder engagement, recognizing the importance of listening and learning from the communities first to align with their priorities and values and determine the potential for this Corridor together. The active involvement and engagement of various stakeholders and rightsholders was a pivotal step in gauging potential interest and support for the Corridor development.

Elected officials, development corporations, tourism associations, national stakeholders, potential future financing partners, global benchmark network operators, chambers of commerce, local consultants, and relevant organizations were all included in the process. Their input and collaboration played a critical role in shaping the project and fostering an environment of inclusivity.

However, it is important to acknowledge that initial stakeholder and rightsholder input conducted in this project is just the tip of the iceberg in terms of engagement that will need to be included in future phases of a much larger, strategic process. The feedback that was received during the process reinforced the importance of understanding each community's priorities and determining how the network can ultimately support those priorities. The recommendations section emphasizes the need for true and in-depth community engagement. This entails integrating assistance of local and Indigenous liaisons and/or consultants who can work with each of the communities and their leadership to provide valuable insights into each community's unique priorities, values, and true business cases. By fostering genuine understanding and partnership, the project can effectively support the communities' priorities and bring tangible benefits to their members and residents.

This ongoing commitment to stakeholder and rightsholder engagement and community involvement will remain central to the project's success, ensuring that the Corridor development reflects the aspirations and needs of the communities it serves. Beyond engagement, gaining support for the project will be critical. As formal engagement with community continues, gaining

consensus for project development and continued support should be the prioritized outcome for Destination Canada, Corridor Partners and the interested Indigenous Communities.

It is important to acknowledge that, unfortunately, the engagement and site visit process in the Northwest Territories could not take place due to the devastating wildfires that occurred in July and August of 2023. These wildfires had catastrophic outcomes for the local communities, and as a result, the project team was unable to include the Northwest Territories in the initial engagement activities.

However, it is essential to underscore that the project remains open to including the Northwest Territories communities once they are ready to proceed. The opportunity for their participation and contribution to the project will be extended, and the starting point for Northwest Territories can occur in parallel as this process evolves.

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**Throughout this project, the following steps were taken as part of the engagement phase:**

Recurring biweekly meetings with the internal project team, including representatives from Destination Canada, Tahltan First Nation, the Yukon, and Northwest Territories

**37** in-depth, one-on-one interviews with key stakeholders, rightsholders, and experts, including elected officials, development corporations, tourism associations, national stakeholders, potential future financing partners, chambers of commerce, local consultants, and relevant organizations. Due to the timeline of this project, the course of action for engagement shifted to be focused on individual interviews recommended by community liaisons and confirmed with Destination Canada. The list of the stakeholders, rightsholders, and organizations engaged is included in the Appendix section of this report.

- *These interviews were conducted both in person and virtually to ensure a comprehensive understanding of the diverse perspectives and priorities of the stakeholders and rightsholders involved.*
- *The goal of these interviews was to assess potential interest and support for the Corridor development, as well as to gather valuable feedback, input, and ideas from the stakeholders and rightsholders.*
- *The project team utilized these interviews to gather insights on community priorities, values, and business cases, while also identifying potential areas for collaboration and partnership.*
- *The information and feedback gathered from these interviews served as a foundation for further strategic planning and informed decision-making throughout the project.*

During the course of this project, the consulting team had the remarkable opportunity to explore the striking landscapes of Northern British Columbia and the Yukon, the traditional territories of the Tahltan First Nation, Carcross/Tagish First Nation, Champagne and Aishihik First Nations, Dena River Council, First Nation of Na-Cho Nyak Dun, Kluane First Nation, Kwanlin Dün First Nation & Ta'an Kwäch'än Council, Liard First Nation, Little Salmon Carmacks First Nation, Ross River Dena Council, Selkirk First Nation, Ta'an Kwäch'än Council, Teslin Tlingit Council, Tr'ondëk Hwëch'in First Nation, Vuntut Gwitchin First Nation, and White River First Nation.

During the six-day site visit in late September to early October 2023, the primary focus was to gain a comprehensive understanding of this wonderful Corridor, its diverse range of experiences, its rich Indigenous Community history, as well as the existing accommodation and lodging landscape. This immersive experience allowed the consulting team to appreciate the significance of the region's natural beauty and cultural heritage firsthand.

While the site visit provided valuable insights, it is important to acknowledge that the success of this project hinges upon continuous, ongoing engagement as this project continues. Recognizing this need, the recommendations section will explore strategies to ensure the inclusion and active participation of all communities involved.

- *In Northern BC, 7 towns and more than 22 points of interest were visited.*
- *In the Yukon, 6 towns and more than 30 points of interest were visited.*

# STAKEHOLDER AND RIGHTSHOLDER ENGAGEMENT OUTCOMES

The engagement process yielded valuable insights and guidance, serving as a foundation for the recommendations outlined in the Corridor plan.

## Lessons Learned

The lessons learned from the stakeholder and rightsholder engagement outcomes are:

**Lack of Inventory:** The shortage of available accommodations within the Corridor is a key finding that presents both a challenge and opportunity. This highlights the need to address the accommodation shortage to enhance the visitor experience while providing economic benefit throughout the Corridor.

**Indigenous Ownership:** Increasing Indigenous ownership and involvement in lodging operations is important for promoting economic opportunities within the communities. It is crucial to engage with Indigenous communities and develop sustainable and financially viable business models that align with their priorities and aspirations.

**Quality and Standards:** The existing accommodations within the Corridor often lack the necessary quality and standards expected by visitors. Improving facilities, amenities, and overall guest experience is essential to meet the expectations of travelers and ensure the success of the tourism sector.

**Reporting and Metrics:** Lack of reporting to industry analytics platforms like Smith Travel Research hampers the ability to accurately assess performance and identify areas for improvement. Implementing robust reporting and metrics systems is crucial for gathering data-driven insights and measuring the success of the Corridor development.

**Compelling Business Case:** The lodging network proposal needs to make a compelling business case to gain involvement and support from Development Corporations. Demonstrating the financial viability and tangible benefits in terms of revenue generation and profitability is crucial for attracting investment and support.

**Community Engagement and Trust-Building:** Engaging and collaborating with communities is vital for the success

and acceptance of the Corridor development. Ongoing dialogue, addressing community concerns, and aligning project objectives with long-term visions and goals are key to building trust and ensuring a mutually beneficial and sustainable tourism and hospitality sector.

**Community Benefits:** The Corridor development should bring tangible and sustainable benefits to the communities, both socially and economically. Providing language and cultural preservation, youth development, and opportunities for community members to return home are some of the important factors that were surfaced throughout this process. The project should prioritize inclusive community engagement to ensure benefits flow back to the community.

**Indigenous Communities as Storytellers:** Indigenous communities should control how their stories and cultural heritage are shared. Respecting their boundaries, empowering them to shape and deliver their cultural offerings, and ensuring authentic representation of their traditions and values are crucial in fostering an authentic and respectful Corridor development.

**Advancing Reconciliation:** The Corridor development has the potential to contribute to reconciliation efforts and promote understanding and appreciation for Indigenous cultures. By actively involving Indigenous communities and ensuring their meaningful participation in the economic benefits, the Corridor can play a role in advancing reconciliation.

**Bringing Community Members Home:** Bringing community members back to their ancestral lands is a significant goal for some communities such as the Tahltan First Nation. Providing specific rates for members and locals, hiring locals for various roles, and supporting youth development are important strategies to drive economic growth and retain talent within the community.

# MARKET STUDY

The Strategic Plan for the Corridor is based on a comprehensive approach that incorporates extensive market research and benchmarking against successful global networks. The market research conducted for the Corridor involved the following components:



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## Market Research:

Extensive research was conducted on each community in Northern BC, the Yukon, and Northwest Territories, analyzing 20+ datapoints to understand the local market demographics and makeup of the Corridor.

## Lodging Review:

The lodging sector within the Corridor was reviewed and analyzed, and metrics such as the availability, quality, and capacity of accommodations were assessed. However, it is worth noting the availability of data across the Corridor is scarce.

## Global Case Studies:

A comprehensive review of 220+ global case studies was conducted, examining examples of community-based and/or Indigenous Lodging Networks in other regions of the world. In addition to researching these case studies, interviews were conducted with a selection of the most notable operators to better understand the dynamics of their success. These case studies provided valuable insights and best practices to inform the future strategic planning process for the Corridor.

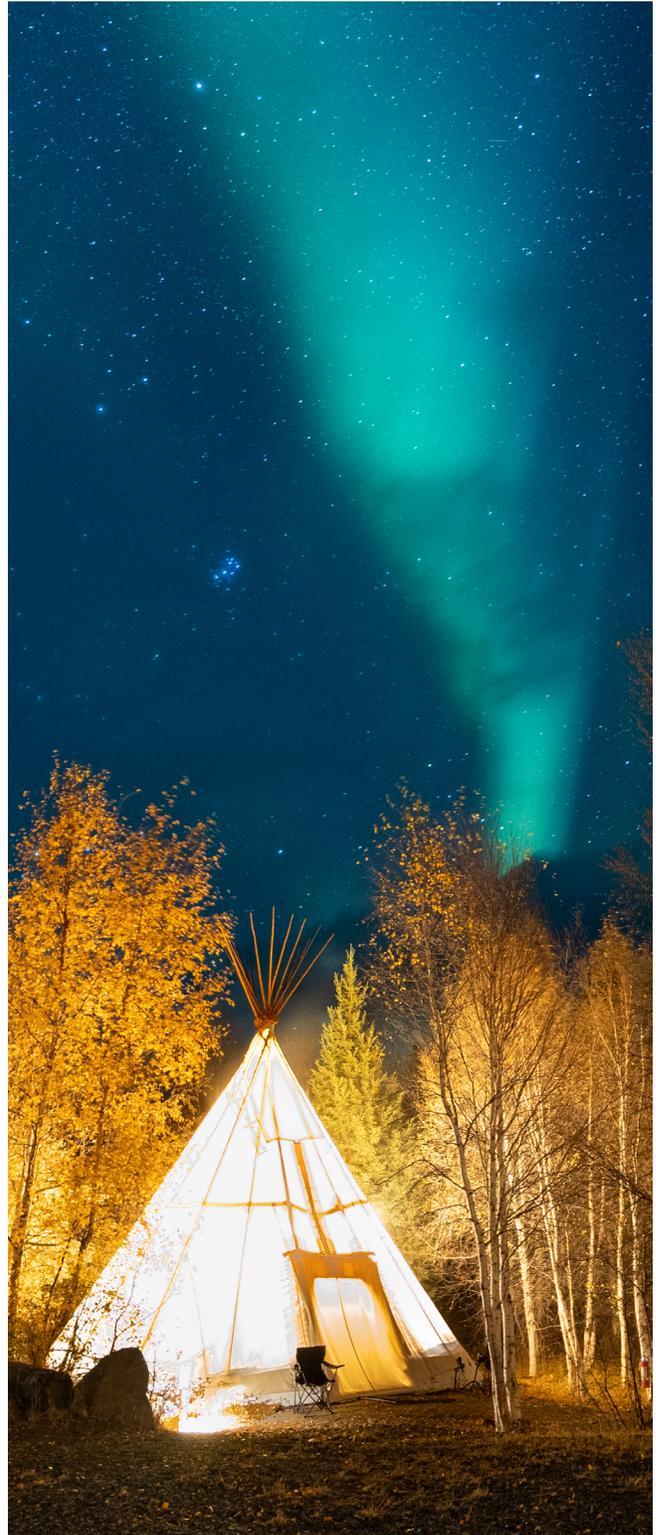
# MARKET STUDY OUTCOMES

The outcomes of the market study were continuously vetted against stakeholder and rightsholder feedback received during the engagement and participation process.

## Lessons Learned

The regions in the Corridor have vast geographic areas, which can provide many unique visitor experiences, but can pose challenges in terms of infrastructure development, transportation, and accessibility.

- Accessibility is an important factor across all regions, given their remote locations. The availability of airports or alternative transportation methods is crucial for enhancing the visitor and resident experience and improving connectivity.
- The regions have a relatively young population, which can be an advantage for attracting younger visitors who may be more adventurous and interested in outdoor activities.
- Despite the young population, the regions may face a challenge of population decline. This can have implications for the long-term sustainability of the tourism industry and the availability of a local workforce.
- The data shows that the Yukon has the largest population among the regions, with a relatively high median household income. It also has a significant share of tourism employment and the highest GDP attributable to tourism. The presence of numerous attractions and a substantial number of hotel rooms suggests potential for a well-developed tourism industry.
- Northern BC has a smaller population but shows potential for growth in the tourism industry. Despite the limited number of registered attractions and hotels reporting to STR, local data indicates decent occupancy rates and a potential demand for leisure tourism.
- The Northwest Territories have the highest median household income in Canada and a moderate share of tourism employment and GDP. The region also has a significant number of attractions, but data limitations hinder a comprehensive analysis of the lodging market.



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# GLOBAL CASE STUDIES



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As part of the process to better understand the Corridor and its potential, a comprehensive analysis of over 220 Indigenous- or community-owned and/or operated lodges and lodging networks was conducted across 14 countries worldwide. The research encompassed regions such as Africa, Europe, India, and Australia. This analysis involved in-depth research on various metrics, including ownership, operations, opening dates, room count and capacity, experiences offered, experience partners, high- and low-season rates, booking systems, transportation, and funding sources.

From the analysis of these 220 lodges, a total of 10 networks were identified that shared similar premises to the Corridor. These networks provided valuable insights into the process of creating, operating, and managing the Corridor. While these 10 were determined to be worthy of further study and inclusion in this report, it is important to note how rare this type of project is across the globe. From the research conducted, less than 5% of the lodges inventoried for this purpose had aspects worthy of best practice. Furthermore, three of the 10 were interviewed and their consistent feedback provided good guidance for the recommendations contained in this report. This illustrates that these projects are rare and hard to do well, however, when the concepts are thoughtfully developed and managed there are good success stories to be told.

A fixed set of criteria was then created to compare and analyze each of these networks. The criteria covered the following aspects:

- Indigenous ownership
- Indigenous affiliation
- Community ownership
- Community operation
- Public-Private Partnership models
- Multiple lodge locations
- Uniform booking networks (one network vs. independent bookings)
- Uniform staff training and education
- Community-driven experiences
- On-site services (such as food and beverage and transportation)

Each of the 10 networks was examined and analyzed against these criteria, and while none of the networks have all the criteria above, a lodge from each network was highlighted as a sample, providing relevant data on location, opening date, ownership and management, rates, number of rooms, services, and experiences from a successful lodge.

Following the categorization of the networks, the project team reached out to each network and their operators to validate the data and gather further information.

The findings of this extensive study contributed to key recommendations about partnership, funding and business models as well as shaped the understanding of what it takes to operate a network.



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## Lessons Learned

The three highlighted networks above as well as the other identified global networks, provide this process with best practices and valuable lessons that should be considered in the Corridor. The highlights include:

- Indigenous ownership and community operation are fundamental principles for successful community-owned lodging networks from the perspective of the private operator. Without the community support and endorsement of the operation, the lodges are less successful.
- Tailoring lodge operations to the unique characteristics of each community and location is crucial for their success.
- Public-private partnership models can provide necessary expertise, funding, and support for community-owned lodges.
- Within the community- and Indigenous-owned models, government support is a necessity, including both initial capital needs and ongoing operational support.
- Engaging local guides, hiring local workforce, artisans, farmers, and suppliers fosters community involvement, economic empowerment, and cultural preservation.
- Revenue sharing models and equitable profit distribution are crucial to reinforce community benefits and ownership.
- Ensuring direct community benefits and circulating financial benefits within the community are critical for a successful community-owned lodging network.
- Continuous employee education and training that respects community values and culture enhances the overall lodge experience.
- Centralized booking systems can streamline the reservation process for customers in communities with limited infrastructure.
- Community engagement and transparent communication with advisory boards foster collaboration and empower communities.
- Prioritization of authentic cultural experiences exist within all lodging networks to facilitate visitor education and provide visitors with an intimate firsthand experience with regards to local arts and crafts, cultures, and traditions.
- Lodges are only part of the reason to visit a place, but the experience and access to these unique, exclusive locations is what drives demand. The lodges have to promote the experience beyond all else. Working with interested communities to create and develop “product” and experiences is equally as important as developing the lodge.
- Early engagement with private sector partners during lodge development brings expertise and aids in facility design and construction.
- Achieving profitability may take time, and efforts to break even should consider minimum occupancy rates and high-achieving occupancy targets.
- The remoteness of the lodges and the uniqueness and exclusivity of the experience necessitate attracting high-value guests via a full-service lodging experience.
- Return on investment criteria will likely be different for different communities. Success measures should be determined collaboratively.

# HIGH LEVEL BUSINESS CASE

This section explores the high-level implications of financing, supply, and demand on the overall project. This section serves as a high-level foundation for the implementation and financial work as this project continues, Additionally, the following section on Recommendations aims to provide a foundation for the Corridor's successful execution.

In summary, the network shows great possibility for development. The recommendations of this report speak to next steps in the process, but overall, the opportunity to invest in a start-up network exist with initial public and private support, and of course varying levels of Indigenous Community investment. Consideration for length of time in the start-up phase will be important as well as ensuring replacement funding, joint ventures or other private institutions are part of the long-term financing plan will be important in the network's success for the respective communities and for fiscal performance.

## Supply

In reviewing the status of lodge supply within the Corridor, several key findings emerged from the stakeholder and rightsholder engagement and site visit process.

First, it was observed that there are currently no fully Indigenous-owned lodges in the Corridor. While some hotels within the Corridor are owned or have a stake held by Indigenous communities, there are no lodges that are fully owned and operated by the communities themselves. This highlights an opportunity for further Indigenous engagement and exploration of potential partnerships to address this gap in the market.

Additionally, it was noted that none of the current hotels in the Corridor provide cultural experiences in their approach. The existing lodging options do not embody the rich cultural heritage and traditions of the Indigenous Communities. This further reinforces the opportunity to develop lodges that complement and celebrate the diverse cultures present within the Corridor, providing visitors with an authentic and immersive cultural experience.

Within the Tahltan community specifically, it was discovered that two out of the three hotels/lodges in the area are currently up for sale. However, none of these hotels provide cultural experiences that align with the conceptual vision for the Corridor. This limited supply of suitable lodging options plus the lack of Indigenous cultural presence underscores the importance of conducting a deeper exploration of community priorities and engaging in discussions that will identify potential solutions and gauge the interest of communities in creating a cultural experience for visitors and members.

Taking these findings into account, it becomes evident that there is a clear gap in the market for Indigenous-

owned lodges that provide cultural experiences within the Corridor. Addressing this gap requires further engagement and a deep dive into the communities' priorities, and whether they support cultivating a supply of lodges that authentically represent the cultural richness of the communities and contribute to a unique and compelling visitor experience.

Analyzing the Corridor's supply of Indigenous-owned lodges indicate a high-level business case for the Corridor and its clear gap in the Indigenous -owned lodge supply. While some communities in Northern BC have expressed interest, this should be further investigated with all communities by placing robust Indigenous engagement and community involvement at the forefront of future projects.

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# Demand

## Trends

Indigenous tourism is a rapidly growing sector both globally and in Canada. By 2032, according to Indigenous Tourism Association of Canada (ITAC) and Future Market Insights, the global Indigenous tourism market is expected to reach \$88 billion CAD, with a 4% CAGR, up from \$40 billion in 2022. This growth is driven by a strong desire for cultural understanding among travelers. In Canada, the Indigenous tourism market generates approximately \$750 million in annual revenue, making a significant impact on the country's economy. Many organizations in Canada are actively engaged in enhancing the development of Indigenous communities' priorities in the field of tourism. Recognizing the importance of cultural preservation, economic empowerment, and creating sustainable opportunities, these organizations work alongside Indigenous communities to support their tourism industry.

One notable organization that contributes to Indigenous tourism development in Canada is the Indigenous Tourism Association of Canada (ITAC). ITAC is dedicated to promoting authentic Indigenous experiences and supporting Indigenous entrepreneurs in the tourism sector. A survey conducted by ITAC reveals that around 88% of Canadians express interest in participating in at least one Indigenous experience. They are particularly eager to learn about the history, traditions, and heritage of Indigenous Peoples, with 75% expressing a desire to learn about their history and 74% showing interest in their traditions and heritage. Though interest is high, certain barriers hinder full participation. Lack of awareness, distance to Indigenous experiences, and time constraints are the primary obstacles.

The research also indicates that international visitors have a heightened interest in Indigenous experiences, with 37% expressing a desire to engage in Indigenous tourism activities. This underscores the broad appeal and market potential for Indigenous experiences both domestically and internationally.

Pre-pandemic, the Indigenous tourism sector in Canada had significant growth, contributing \$1.9 billion to the country's GDP. However, the sector suffered during the pandemic, with employment dropping to 10.6K employees and GDP contribution decreasing to \$580 million. As of 2021, the sector has begun to recover, employing around 19.7K individuals and providing an estimated \$858 million in GDP contribution.

According to projections, the Indigenous tourism sector is expected to generate approximately \$1.5 billion in revenue this year. These estimates indicate the resilience of the sector as well as market demand despite the challenges posed by the pandemic. Moreover, if the demand from both domestic and international travelers continues to rise at a similar pace, industry experts suggest that revenues could triple by 2030. This optimistic outlook underscores the potential for sustained growth and economic impact within the Indigenous tourism sector in Canada.

These figures underscore the impact of the pandemic on the Indigenous tourism sector, as well as its potential for recovery and future growth. As the demand for Indigenous tourism experiences continues to rise, it is crucial for the supply to keep up with the market. The potential for demand for Indigenous-owned lodges with cultural experiences will only increase in the coming years. With projected revenue growth and a positive perception among Canadians, there is an opportunity to foster cultural understanding, address barriers to participation, and position Indigenous tourism as a contributor to the communities' health, wealth, and wellbeing. Therefore, it is imperative to support the development and establishment of such lodges to meet the evolving needs and preferences of travelers. As the industry adapts to changing circumstances and instills visitor confidence, Indigenous tourism continues to show promise and signals a brighter future for the sector in Canada.



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## Business Case

In crafting a business case for the market demand, several key factors come into play. Firstly, the price-point of the Indigenous lodge experience is considered high, attracting highly engaged visitors. The intimate and local nature of the experience adds to its allure, creating an exclusive and authentic atmosphere. Additionally, the remote and untouched characteristics of the area further contribute to the exclusivity and desirability of the Indigenous lodge experience.

In estimating the potential demand for the lodges, we can look to global case studies as benchmarks. These studies have shown that, after a few years of lodge operations, average occupancy rates typically range from 30% to 50%, all were seasonal and did not operate year-round. By examining similar lodging networks, findings indicate that full-service lodges typically have a nightly rate ranging from \$1,500 to \$4,000. While room numbers can range anywhere between four to 40. Following the engagement process as well as the global case study review, we can assume an average number of 9 rooms for this project per lodge. It should be noted that pending further engagement with each of the communities to gauge their interest, further feasibility studies should be undertaken to determine the exact number of rooms per lodge at each location.

Considering these factors, we can calculate the potential impacts by modeling a sample lodge scenario. It is important to note that these calculations and rate assumptions take into account that the lodges offer full-service amenities which align with the vision of the Corridor project, to deliver the desired experience due to their remote locations and potential gaps in infrastructure. These services could include room and board, culinary services, tours and experiences, and transportation provided within the experience.

### Sample Lodge Annual Revenue for a 9-room lodge:

	ADR	OCCUPANCY	REVENUE
<b>LOW SEASON</b>	\$1,500	30%	\$1,478,250
<b>HIGH SEASON</b>	\$4,000	50%	\$6,570,000

This report utilizes a research-based model for the lodges to ensure an accurate estimation of revenue potential. A single lodge with 9 rooms that is occupied between 30% to 50% of the year depending on seasonality can generate a potential gross revenue ranging from \$1,478,250 at the low end to \$6,570,000 at the high end.

The Tahltan First Nation in Northern BC has a unique scenario where their lodge business mix aligns with their priority of bringing their members back to their land. After engaging with stakeholders and rightsholders, it was determined that their lodge business mix could initially comprise 25% members and 75% visitors. Over time, these numbers may increase, reflecting a gradual shift towards a higher proportion of members participating in the lodge operations. This approach allows for the gradual integration of community members while also catering to the needs and interests of visitors.

Taking into account special “local” rates for community members, a lower average daily rate (ADR) of \$500 can be considered (this amount can vary for each community). There is potential for such rates to be either paid by the members or be subsidized by the community as an investment in the future of the First Nation. Assuming that 25% of the low and high season occupancy comprises members, this results in an incremental 7.5% occupancy by members in the low season scenario and 12.5% occupancy by members in the high season scenario. Consequently, this translates into potential revenue ranging from \$123,187.50 to \$205,312.50 generated exclusively from community member bookings within a given year.

**Sample Lodge Annual Revenue for a 9-room lodge with community members as guests:**

	ADR	OCCUPANCY	REVENUE
<b>LOW SEASON</b>	\$500	7.5%	\$123,187.50
<b>HIGH SEASON</b>	\$500	12.5%	\$205,312.50



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Based on these estimations and considering the growing demand for immersive Indigenous experiences, there is a case for investing in and developing Indigenous-owned lodges. Offering a high-value and exclusive experience, the lodges have the potential to attract a steady stream of visitors throughout the year, contributing to sustainable revenue generation. With the right infrastructure and comprehensive amenities, the lodges can cater to returning community members as well as the discerning tastes of travelers seeking culturally authentic and enriching experiences. It is worth noting that these figures are based on international benchmarks that prioritize cultural travel and experiences. This does not include guided hunting or similar experiences activities that typically have a much higher guest rate. This reinforces the need for further community conversations and detailed feasibility for each interested lodge in future phases to establish a strong business case that aligns with the unique experiences, offerings, and preferences of each individual community.

As the project progresses, it is important to consider that there are numerous programs available in Canada that can aid in this process. These programs offer micro funds and Indigenous tourism development funds, which can be valuable resources for supporting the implementation of the project.

The recommendations of this report include a “hub and spoke” model within the network. Although the exact locations within the network have not been fully identified or vetted there is a potential to establish three hubs, one within each region of the Corridor. From these hubs, remote spokes can be developed to further expand the network. The table provided above represents only one hub, suggesting that the final lodge network could be significantly larger and generate a revenue of more than threefold than what is currently outlined.

After analyzing international benchmarks and considering two example lodges in the Tahltan Territory (one for sale and one in need of major redevelopment), it is estimated that the approximate cost to develop the main Tahltan hub at a high level would range from \$10-20 million. This range is determined based on the current market value and general information, including high average cost per square foot and the observation that conducting business in remote areas tends to be more expensive due to transportation and infrastructure costs. Additionally, it takes into account expenses such as FF&E (Furniture, Fixtures, and Equipment), renovation costs, land movement expenses, horizontal infrastructure, outbuildings, service kitchens, and front-of-house expenses. However, further validation is required to ascertain the overall cost for the entire Corridor.

# RECOMMENDATIONS

Based on the work completed to date, there are six specific areas that have emerged as recommendations to be considered for advancing the Corridor. These recommendations address various aspects and have the potential to not only support the existing economies and industries but also enrich the overall offerings within the corridor. By implementing these recommendations, we can further amplify the Corridor's fabric and contribute to its growth and success.



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## Ongoing Community Engagement

Based on the findings from stakeholder and rightsholder engagement and the market study phases, it is recommended that community engagement continues. While there is initial interest from the Indigenous Communities regarding this concept, a more comprehensive and prolonged engagement process with community corporations, central governments, and First Nation Chiefs and leaders is necessary. This will allow for a more thorough exploration and understanding of community perspectives and priorities, enabling the successful integration of community values and aspirations into the Corridor's development.

Additionally, engaging local Indigenous relations experts and liaisons is integral to the success of community relationship-building. These experts possess the knowledge, cultural sensitivity, and experience necessary to navigate the nuances of community engagement and facilitate effective communication. By including these experts, the Corridor development project can navigate cultural protocols, foster respectful dialogue, gain critical insight and enhance the overall trust and collaboration with the communities.

In order to gain a deeper understanding of community interest and perspectives, it is vital to engage not only with the Indigenous Development Corporations, but also with the Community Corporations. It is recommended that these organizations are engaged in future phases of this project. These organizations play a pivotal role in representing and advocating for the financial and social interests of the communities they serve. Engaging with them will allow for more targeted conversations, diving deeper into specific community needs, aspirations, and values.

An implementation milestone timeline is included in this report to outline the ongoing engagement and development process as the project progresses. This timeline serves as a valuable reference for tracking the project's advancement and ensuring an organized approach to its implementation.



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## Connecting Community Priorities to the Corridor

Based on continued engagement, identifying community priorities will be key. Moving forward, work should include identification of community priorities and vetting the network potential against those. This phase could span 1-3 years, based on feedback from international benchmarks, to allow sufficient time for thorough engagement and assessment. The primary objective during this phase is to gain a deep understanding of community aspirations, needs, and values, and to explore how the corridor development can align with and support these priorities.

It is essential to acknowledge that as the engagement process in this project indicated, the pure business case may or may not be the primary consideration for each community respective to their individual goals. While economic viability and revenue generation are important, there may be other aspects of the Corridor development that hold greater significance for the communities. This may include cultural preservation, youth development, community wellbeing, or sustainable resource management. Understanding these priorities can inform the design of the Corridor to ensure it contributes holistically to the long-term success and prosperity of the communities involved.

One example of differing priorities can be seen in the Tahltan community in Northern BC. The engagement process revealed that a primary goal for the Tahltan Central Government is to bring their members back home, but this will only make up 25% of the potential utilization. This unique focus can influence their perspective on the importance of the network development and may set them apart from other communities within the Corridor. Understanding and exploring the significance of this priority will be crucial in shaping the development of cultural and experiential processes within the network. It is essential to recognize the varying priorities among local communities through further engagement to ensure that the Corridor development can provide the most meaningful and beneficial outcomes for each community with their specific goals and aspirations.

Ultimately, as the work continues, a holistic community engagement should be prioritized, aiming to support the communities' broader goals and aspirations. By placing various community priorities at the forefront of the Corridor development, the project team can foster meaningful and mutually beneficial partnerships, leading to a successful and sustainable Corridor that not only generates economic opportunities but also respects community values.

## Shared Network

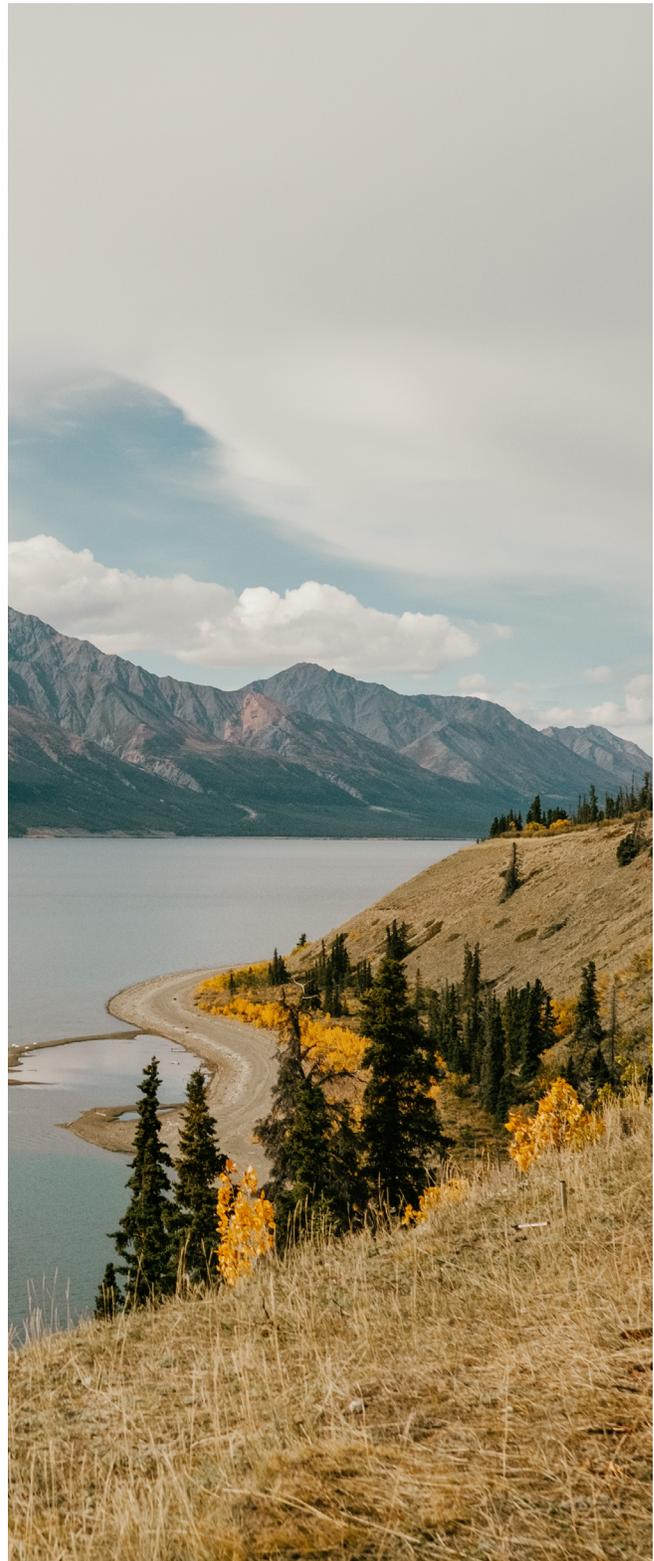
Based on the findings and considerations, it is recommended that the Corridor partners implement a shared services network, where possible, after fully engaging with the communities as per the recommendations above. This network would facilitate the sharing of resources and services among the lodges and communities within the Corridor, bringing operational efficiencies and cost savings. These shared services can include procurement and staffing, transportation, reservation systems, and other operational needs identified in the corridor development.

To ensure the successful implementation of the shared services network, it is essential to actively engage Indigenous entrepreneurs in providing these services. Indigenous entrepreneurs bring valuable expertise and insights that can contribute to the development and operation of the shared services network. Their active involvement can help tailor the services to meet the specific needs and cultural sensitivities of each of the communities while fostering opportunities for economic empowerment within the Corridor.

Prioritizing the engagement of Indigenous entrepreneurs ensures that community voices are heard and that the development process remains culturally inclusive and respectful. It provides an opportunity for meaningful participation, capacity building, and economic empowerment within the communities.

Implementing a shared services network will not only drive operational efficiencies but also create a sense of collaboration and shared responsibility among the Corridor partners. By pooling resources and expertise, the lodges and communities can tap into a larger network of support and benefit from collective knowledge and experiences. This collaborative approach fosters a sense of unity and strengthens the corridor's overall competitive advantage.

As the project progresses, the establishment of a shared network can provide valuable resources, including booking and reservation systems, fulfillment opportunities, staff training and education, and standardized qualities. A criteria for the shared network should be collaboratively defined with the Corridor communities and the plethora of case studies reviewed, in order to ensure the shared network's alignment with community aspirations and successful tourism trends.



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## Main “Hubs”

Based on the information gathered during the engagement process and best practices observed, it is recommended to gauge interest from the communities for establishing a “main hub” in each Province/Territory within the Corridor. This strategic decision would create central points that effectively connect to individual and more remote lodges, enhancing connectivity and accessibility for visitors. Given the geographic vastness and remoteness of the localities the network could benefit from singular hubs in each of regions within the Corridor and leveraging additional lodge locations as spokes from each hub. This would centralize and streamline visitor access and utilization.

By implementing the main hubs, the Corridor development can streamline operations, optimize resource allocation, and improve guest experiences. These hubs would serve as convenient locations for visitors, and could a range of services, amenities, and transportation options. They would facilitate smoother travel logistics and enable visitors to easily access the various offerings within the Corridor.

While the lodges and communities within the network would retain their individuality, there are significant benefits in sharing best practices. The main hubs can serve as platforms for the network staff to receive training, exchange knowledge, and collaborate, fostering the sharing of successful strategies and innovations among the different participants. This sharing of best practices enhances the overall quality of the Corridor’s offerings and promotes continuous improvement throughout the network.

To ensure the success of the main hubs, it is crucial to leverage community engagement, stakeholder and rightsholder input, and industry expertise in their development and operations. By involving the local communities, Indigenous entrepreneurs, and relevant stakeholders and rightsholders, the main hubs can be designed and managed in a way that respects and reflects the unique cultural and environmental attributes of the communities they serve.



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## Funding & Financing

Based on the global benchmarks and insights gained from the engagement process, it is recommended to initiate discussions around investment in capital for the startup of the Corridor development. The benchmarks revealed consistent initial investment from public funding as a common requirement in successful projects, and exploring avenues for government and related public sector investment is crucial for securing the necessary financial resources.

In addition, it is important to assess the operational funds required to ensure the sustainable functioning of the Corridor. This assessment should account for ongoing maintenance, infrastructure development, marketing, and other operational expenses. A comprehensive understanding of the funding requirements will be essential in formulating a robust financing plan.

Any initial capital and operating funds from the public sector should be determined and set as seed funding. Replacement funding from other investment institutions that have ESG funds and other thematic investments should be consulted and engaged. These funds are

looking for a significantly lower rate of return and would make ideal partners in replacement funding, joint ventures and initial investment partners.

While private interest from operators and investors was identified in the benchmarks, it is important to emphasize that a true financing plan cannot be developed solely based on the current level of engagement. To create an effective financing plan, a general criteria and approach can be developed from the global benchmarks along with robust community engagement process needs to be undertaken in the next few years. This will allow for a deeper understanding of community priorities, aspirations, and potential contributions to the financing model.

In order to explore diverse funding sources, other relevant stakeholders, such as NGOs, non-profits, private funding partners, development corporations, and investment partners should be engaged after truly vetting the community interest and priorities in the next phase. These entities can provide valuable insights and financial support. Collaborating with them will ensure a more diversified and resilient financing model, with a mix of public, private, and philanthropic investments.

## Operating Model

Operating models should be determined by each community and lodge location. During the community engagement phase, the potential operating models noted below can be explored.

To determine the most suitable operating model, active participation from the communities is essential. This phase should involve in-depth discussions, consultations, and collaboration to understand their preferences, capacity, and resources. It is important to respect the autonomy and self-determination of the communities in shaping the operating model that aligns with their goals and values.

Further development of criteria is necessary to determine when the lodges should be developed and how they should operate. While various operating models have been explored in the global examples, it is not our current recommendation to favor one approach over the other, these determinations should be made by engaging each community as the work progresses.

### Option 1: Community-Owned and Operated

The community-owned and operated model empowers the communities to have direct control over the Corridor's development, operation, and decision-making processes. It allows the communities to maximize economic benefits, preserve cultural integrity, and ensure that their voices are heard throughout the entire process. This model builds a strong sense of ownership and fosters community empowerment. However, scaling and resourcing may be a challenge to implement this model in the near-term.

### Option 2: Community-owned, Third-Party Operated

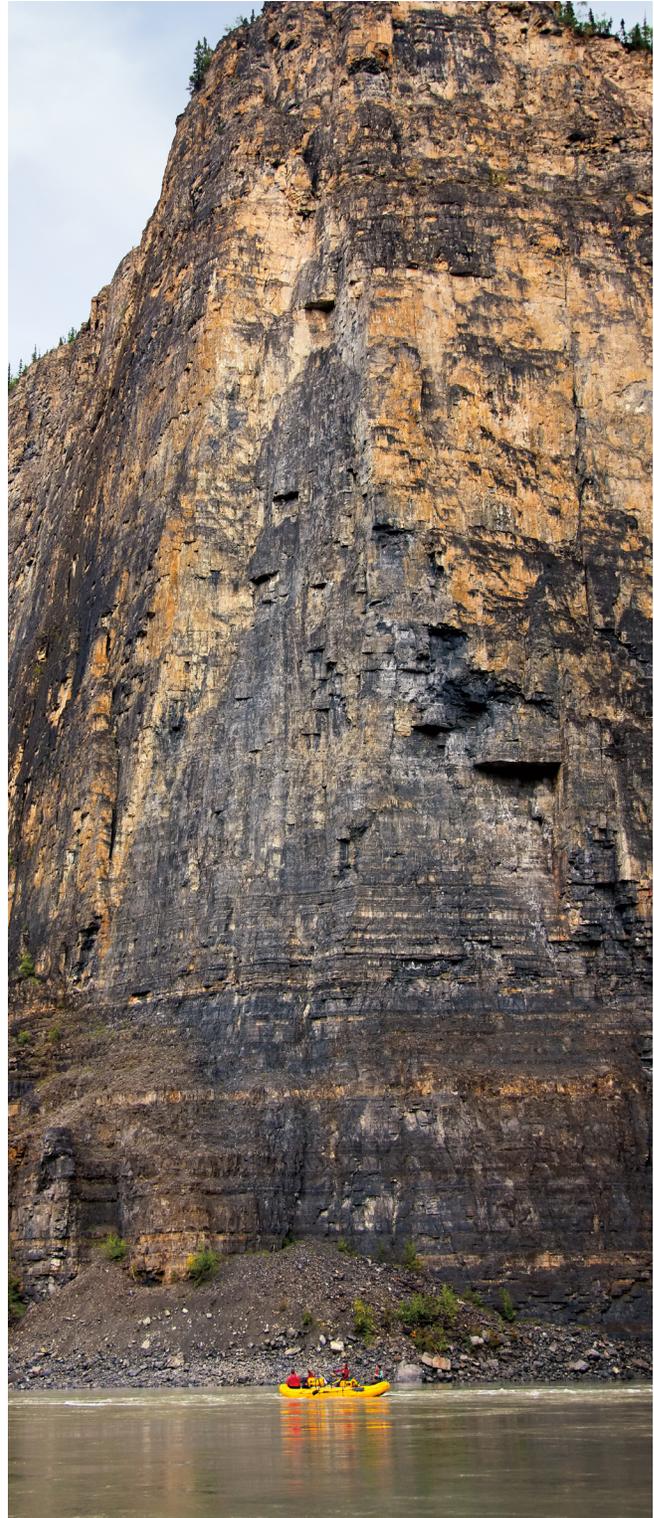
Alternatively, the community-owned and third party-operated model offers a hybrid approach. It allows the communities to retain ownership while collaborating with a trusted and experienced third-party operator. This model leverages the expertise of the operator while ensuring that the communities maintain influence and benefit from the economic returns. It provides an opportunity to combine local knowledge with industry expertise, creating a sustainable and successful operation.

### Option 3: Hybrid Model

There could also be a hybrid model where communities own the lodges and start out with a third party-operator, with the intent for the communities to assume operational responsibilities over time.

Ultimately, the operating model should reflect the unique context and priorities of each community. By exploring these potential operating models through meaningful community engagement, the Corridor development project

can ensure that the chosen model aligns with the desires, capabilities, and aspirations of the communities. This collaborative approach supports community ownership, celebrates local culture, and maximizes the economic and social benefits for the communities involved.



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# MILESTONE TIMELINE

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## YEAR 1-YEAR 3

### Continue Community Engagement

- Community Corporations
- Central Governments
- Community Chiefs and Leaders

### Continue Industry Engagement

- Tourism Industry Associations
- Indigenous Advocacy Associations
- Funding Institutions

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## YEAR 2- YEAR 3

### Create Criteria for Lodge Development

- Minimum Room Count
- Services Provided
- Experiences Offered
- Site Requirements
- Community Investment Levels

### Identify Initial Partners

- Pilot Lodge Development with 1-3 Interested Communities
- Confirm Sites in each Community
- Confirm Operating Model
- Determine Potential Shared Services

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## YEAR 3-YEAR 5

### Confirm Financing Plan

- Determine Public Funding for Investment
- Confirm Private/Community Investment Level
- Confirm Outside Agency Delta Funding Needed

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## YEAR 5+

### Begin Network Development

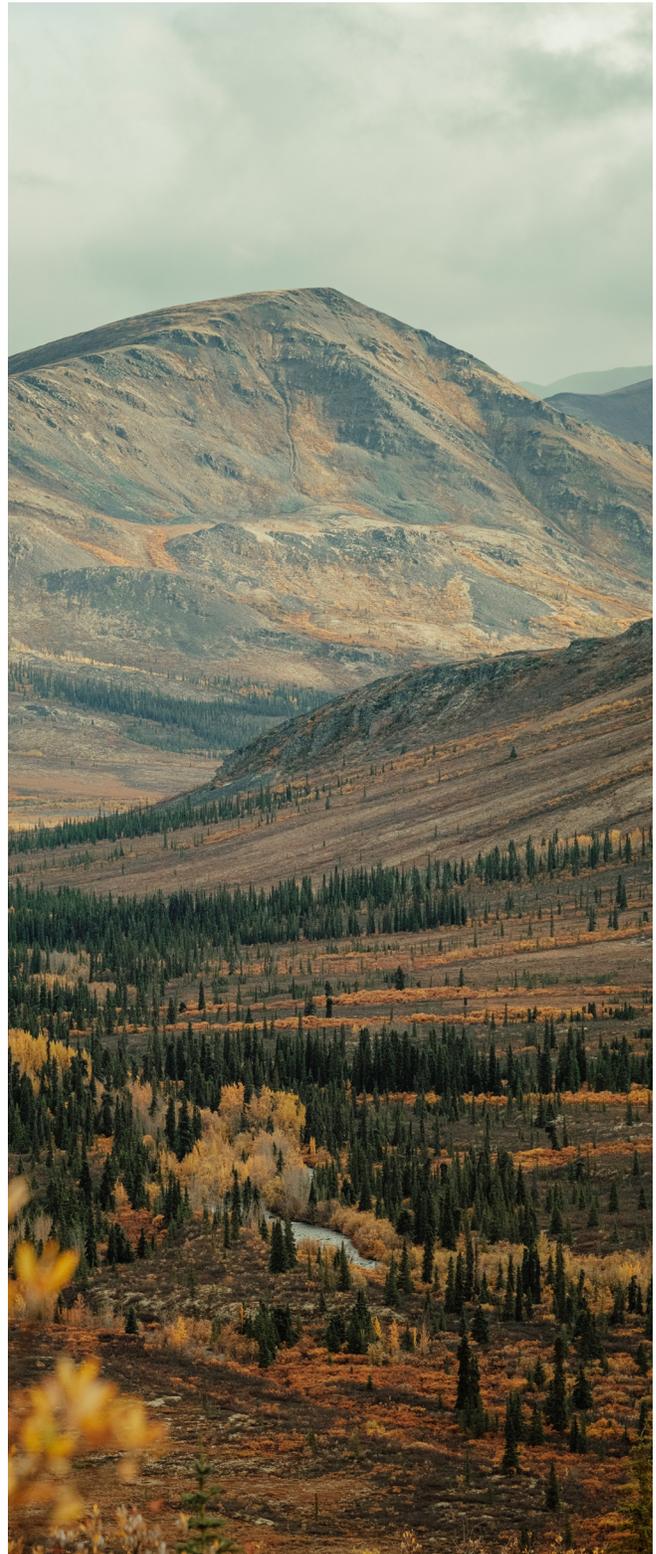
# CONCLUSION

Based on the extensive work and study conducted thus far, there is significant potential for the development of the Northern Indigenous Lodge Network (NILN) in the Yukon, Northwest Territories, and Northern BC. Addressing the current lack of fully Indigenous-owned lodges which provide authentic cultural experiences, this project presents an opportunity to fill a gap in the market and meet growing demand for Indigenous tourism.

Through the engagement process, the communities have expressed initial interest, but further in-depth community engagement is critical to ensure that the network development aligns with their unique priorities, values, and aspirations. Additionally, the establishment of a shared network, implementation of main hubs within each region, and exploration of diverse funding and operation models constitute important steps in propelling the project forward.

Creating a Northern Indigenous Lodge Network is not just about boosting the tourism sector, but also fostering deeper cultural understanding, economic empowerment, and reconciliation. The Corridor also has the potential to contribute to community priorities such as bringing community members back to ancestral lands, local youth development, and sustainable tourism practices.

As we look to the future, it is evident that there are many dimensions to explore and consider. Ensuring consistent community engagement, addressing supply and demand components, and establishing robust financial and operating models based on each community's needs are imperative for the project's success. Conducting this work with respect, transparency, and collaboration is crucial to ensure the project is a true representation of the communities it serves, offering unique, authentic experiences while bringing tangible benefits to the Indigenous communities. This endeavour is not just an opportunity for tourism development, but a chance to create a successful, sustainable lodging network that respects community values, fosters cultural preservation, and advances reconciliation efforts in Canada.



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There are opportunities to support the implementation process and continuance of this work. To better understand how to engage with and contribute to this work, please contact:

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