

# VOLUNTARY CODE OF CONDUCT FOR DESTINATION MARKETING FEE COLLECTORS ▶▶

JANUARY 2014

*The Voluntary Code of Conduct for Destination Marketing Fee Collectors was developed to ensure transparency of the collection, management & use of funds generated by Destination Marketing Funds (DMFs). The items listed in the code are based on the Alberta Hotel & Lodging Association's Recommendations for the Governance and Administration of Destination Marketing Fees.*

***The Voluntary Code of Conduct for DMF Collectors was created to ensure that decisions are made ethically in the best interests of:***

- ▶ Consumers
- ▶ Accommodation providers that participate in a Destination Marketing Program (DMP)
- ▶ Organizations that receive funds for the purpose of operating a Destination Marketing Program.

***Why should a DMF follow the Voluntary Code of Conduct?***

- ▶ To demonstrate accountability and transparency to consumers, industry and government.
- ▶ To ensure policies and practices are in place for effective governance and efficient administration.
- ▶ To limit the liability of:
  - ▶ Accommodation providers that participate in a Destination Marketing Program
  - ▶ Directors of organizations that conduct Destination Marketing Programs, and
  - ▶ Organizations, agencies and/or individuals who receive DMP funds for the purpose of destination marketing.

***Every business that participates in a Destination Marketing Program for consumers should remit those fees to a DMF Collector for the purpose of destination marketing.***

## THE VOLUNTARY CODE OF CONDUCT FOR DMF COLLECTORS

### ***1. Create the DMF Collector as a legal entity with its own bylaws.***

*Ideally, a legal entity should be in place before monies are collected and marketing begins. Bylaws should include, but are not limited to:*

- ▶ Participation criteria, with agreements in place between the legal entity and each collecting property.
- ▶ Board composition & election process.
- ▶ A requirement to hold an Annual General Meeting so that participating properties are able to review the business of the legal entity.
- ▶ A definition of destination marketing.
- ▶ A description of the organization's role as collector and allocator of funds.
- ▶ A requirement to conduct a financial audit or review annually.
- ▶ A requirement for participants to comply with applicable laws and regulations in order to participate in a DMP.



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## **2. Develop a Strategic Plan and Business Plan for the DMF Collector, and ensure there is a Marketing Plan for how funds will be used.**

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- Strategic Plan**
- ▶ Vision – what is the end result the DMF Collector is striving for?
  - ▶ Mission – what is the DMF Collector's purpose?
  - ▶ Values – what behaviours are expected of the DMF Collector?
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- Business Plan**
- ▶ Goals – ideal states that the DMF Collector strives to achieve
  - ▶ Strategies – how the DMF Collector will achieve its goals
  - ▶ Budget – identifies resources allocated to achieve goals
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- Marketing Plan**
- ▶ Participate in the development or approval of a destination marketing plan. The DMF Collector may be responsible for developing a destination marketing plan itself. If it is not, the DMF Collector should have the right to approve the destination marketing plan before the plan is implemented.
  - ▶ Define accountability for the marketing entities it funds. The DMF Collector should clearly state how the entities it funds (DMOs, private contractors, agencies or other organizations) will be held accountable for results.
  - ▶ Ensure that funds are used for destination marketing, not to market individual properties. The purpose of collecting a Destination Marketing Fee from visitors is to market the destination, therefore funds must never be used to market individual properties. This is particularly important for corporate DMF Collectors.
  - ▶ Ensure marketing efforts are aligned with regional, provincial and national initiatives. This helps to support brand awareness and maximize return on investment.
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## **3. Stakeholder Engagement**

- ▶ Participating properties should be consulted as part of the strategic plan.
  - ▶ Regular reporting to all participating properties on the progress made on the strategic plan.
  - ▶ A written annual report, including annual financial statements, should be provided to all participating properties, other stakeholders and the AHLA.
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## **4. Policy Development**

*The DMF Collector should create and communicate policies on:*

- ▶ The amount to be contributed by participating properties.
  - ▶ Statutory remittances & filings. This includes but is not limited to GST, T2 Corporate Income Tax Returns, Society Annual Returns and source deductions.
  - ▶ Compliance with the federal Competition Act.
  - ▶ Remittance of contributions from participating properties. This should include but is not limited to documentation required, frequency of remittances, and how unpaid remittances will be collected.
  - ▶ Training for front line staff on the Destination Marketing Program.
  - ▶ The integrity of financial processes and verification of funds collected. This may include appointment of a trustee to collect and distribute funds.
  - ▶ Financial reserves and investments.
  - ▶ Reporting to stakeholders.
  - ▶ Orientation for properties that participate in the DMP
  - ▶ Orientation for new board members, which includes the roles & responsibilities of both board members and the legal entity.
  - ▶ The process for changing the amount to be contributed to the DMP.
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