



October 10, 2012

Dear Friend of Ontario Snowmobiling:

I'm writing today to introduce a major new direction for Ontario snowmobiling.

Titled, "***A Framework for Change***", this ambitious initiative is the result of a two year review of OFSC's core business model. We believe that implementing the comprehensive suite of new program directions contained in "A Framework for Change" will assure the continued viability of snowmobiling as Ontario's premier winter tourism product both today and for the future.

Attached is an initial briefing document that overviews the growing challenges that prompted a need for significant action, the nature of the major changes necessary to meet them, and the steps required to put those changes in place for the 2013/14 snowmobile season. I ask that you take the time to review these overarching concepts at your earliest convenience.

As you will see from the briefing document, we will be working over the coming months to develop and communicate a detailed business plan that supports the implementation of the four key framework elements. We know we will need the understanding and input of partners and stakeholders to achieve that goal and this briefing is simply a first step in our outreach and review program.

I thank you for your continued interest and support.

Yours in snowmobiling,

Brenda R Welsh
President





A Framework for Change

Assuring the Continued Viability of Ontario's Premier Winter Tourism Product

Be it resolved that the OFSC Board of Governors be directed to negotiate with the Province of Ontario to secure commitment to the four core elements described in "A Framework for Change".

If the negotiations are successful and subject to input from and ratification by the membership with respect to regional boundaries, permit pricing, resource sharing and related processes, the Board shall be further directed to bring to the membership for possible implementation for the 2013/2014 season.

Carried.
Sept 15, 2012





A Framework for Change

Assuring the Continued Viability of Ontario's Premier Winter Tourism Product.

Purpose

At their September 15, 2012 Annual General Meeting in Collingwood, the membership of the Ontario Federation of Snowmobile Clubs approved a comprehensive suite of new program directions designed to assure the continued viability of snowmobiling as Ontario's premier winter tourism product. Collectively, the elements of this dynamic initiative are identified as "A Framework for Change".

The purpose of this paper is to provide an initial briefing for parties with an interest in the growing challenges that prompted a need for significant action, the nature of the major changes necessary to meet them, and the steps required to put those changes in place for the 2013/14 snowmobile season. Consequently, its contents are introductory in scope and conceptual in nature.

Ontario's Premier Winter Tourism Product

While it is assumed that the reader is somewhat familiar with the OFSC organizationally, it may be useful to first review how organized recreational snowmobiling is delivered across Ontario.

Together, the OFSC's 217 community based member snowmobile clubs and organizations provide more than 32,000 kilometers of signed and groomed snowmobile trails. This world-class tourism product is primarily funded through the sale of Ontario Snowmobile Trail Permits. Displayed on the assigned snowmobile, valid Trail Permits provide legal access to the OFSC prescribed snowmobile trail network for an estimated 160,000 individuals.



It takes at least \$15M to operate, manage and maintain the OFSC prescribed trail network each season¹. 95% of the necessary operational revenue comes from proceeds of the sale of Ontario Snowmobile Trail Permits under agreement with the Ministry of Transportation. Additionally, the province contributes significantly to snowmobile tourism development projects, most recently through the Ministry of Tourism, Culture & Sports' Tourism Development Grant program.

2012/2013 Ontario Snowmobile Trail Permit Fees

Type	To Dec 1	After Dec 1	Type	To Dec 1	After Dec 1
 Provincial Seasonal	\$210	\$260	 7 Day	\$140	\$140
 Classic Seasonal	\$130	\$130	 3 Day	\$100	\$100

¹ Snowmobile Program Finance Survey, International Association of Snowmobile Administrators, 2012



The Permit Value Proposition

At the heart of the OFSC snowmobile trail funding program is the perception of value by the permit purchaser in terms of the fees they contribute weighed against the quality and availability of the trail experience provided them.

In a recent major survey², almost 96% of respondent snowmobilers indicated that they found Ontario snowmobiling to be enjoyable, very enjoyable, or extremely enjoyable. More than half agreed that the overall trail experience has improved over the past several years.

While this response is solid confirmation that interest in an organized snowmobile trail experience remains strong, there is also clear evidence that a growing number of committed and experienced snowmobilers are questioning the fundamental permit value proposition:

- 25% of respondent snowmobilers could not agree that a seasonal trail permit is a good value for the money.
- 70% of respondent snowmobilers could not agree that 3 and 7 day permits are a good value for the money.

It's not that permit purchasers don't appreciate and support the OFSC volunteers and clubs that provide the trails – they do and said so clearly in the survey. Rather, their concern is that increasingly unpredictable weather patterns, shortened season lengths and growing participation costs are making them more likely not to purchase trail permits until they are sure there will be trails available in their home riding area.

This growing “wait and see” approach substantially increases variability in our primary funding processes and greatly affects our ability to cope with fixed operating costs like insurance, capital equipment, signage, and bridges.

Finally, when asked about their expectations for the future, 8% of respondent snowmobilers said they would likely purchase fewer permits for the coming season.

If not addressed, this changing customer behavior threatens to continue the generally downward trend in overall annual seasonal permit sales over the past several seasons.



² *Understanding the View Through the Rider's Visor*, Ontario Federation of Snowmobile Clubs, July 2012



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A Framework for Change

As an organization, the OFSC knows well that it must work continually to understand and react to a constantly evolving business environment. That's why a special task force chaired by the President was formed two years ago with a mission to "develop and recommend options for change (if required)".

At the 2012 Annual General Meeting, the OFSC membership received a comprehensive report³ detailing the work and board supported recommendations of the task force in fulfilling its important objectives. After careful deliberation, the membership directed the OFSC Board of Governors to negotiate with the Province of Ontario to secure commitment to four core elements identified together as "A Framework for Change".

The **Framework for Change** core elements are as follows:

Element	Rationale	Authority
1. Maintain a Provincial Full Season Permit with a substantial increase after Dec 1st.	Preserves a provincial tourism scope. For avid snowmobilers who travel widely across the province, there is little change in securing full access to the trail product.	Minister of Transportation - Motorized Snow Vehicles Act
2. Establish 5 Regional Permits priced at just over half of the Provincial Full Season rate. No Classic.	Offers a lower cost option for local or casual riders who do not travel outside their home riding area. Little cost change for classic sled owners. Upgrade path to be provided if the rider's plans change.	Minister of Transportation - Motorized Snow Vehicles Act
3. Support provincial programs through a MSV registration surcharge for all snowmobiles.	Provides for OFSC service to, and on behalf of all snowmobilers. Similar to successful existing programs ⁴ in QC, NB, NL, NS, PE, & SK. Meets outstanding sustainable funding commitment ⁵ .	Minister of Transportation - Motorized Snow Vehicles Act
4. Establish permit enforcement powers for Trail Patrol members.	Implements effective permit enforcement. Similar to successful existing program in QC. Complements existing S.T.O.P. program and local policing efforts.	Minister of Transportation - Provincial Offences Act

It's vital to see these four points as a suite of changes, all of which must be addressed if the program is to succeed. It only works if all of the pieces are in place. If any one of the four can't be secured, then the concept can't move forward. While the implementing authority for all four elements appears to be the Ministry of Transportation, the strategic support of the Ministry of Tourism, Culture & Sport as OFSC's identified lead ministry will be vital to achieving the major program goals.

³ *Provincial Revenue Distribution Task Force Report*, Ontario Federation of Snowmobile Clubs, August 2012

⁴ *Snowmobile Program Finance Survey*, International Association of Snowmobile Administrators, 2012

⁵ *Commitment Letter – G. Sorbara*, Ontario Liberal Party, September 7, 2007



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Next Steps

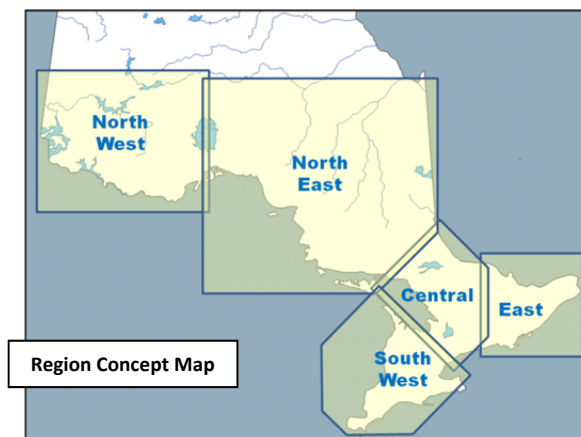
As noted at the outset, the purpose of this paper is simply to introduce the concept to those with an interest in its implementation. Over the next few months, the OFSC will be executing a major work plan effort expected to consist of the following major tasks.

1. Conduct preliminary concept discussions with the Province including MTCS & MTO.
2. Complete economic modeling based on historical sales and revenue projections.
3. Consultation with the membership and stakeholders through a number of channels.
4. Development of a complete and comprehensive Business Case.
5. Submission of the business case to the Minister of Transportation.
6. Establish an Implementation Plan with the goal being the 2013/14 season.
7. Develop and implement a broad Communication Plan.

The Ontario Federation of Snowmobile Clubs understands well the magnitude and importance of the task at hand and the need to work collaboratively with government and stakeholders to meet the aggressive time lines.

We look forward to this next phase of organizational development necessary to assure the continued viability of Ontario's Premier Winter Tourism Product.

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The Ontario Federation of Snowmobile Clubs is a volunteer led not-for-profit association, which through strong leadership, provides a wide range of quality programs and services to, and on behalf of, its member organizations. Our provincial network of organized snowmobile trails connects Ontario communities providing responsible riding experiences that are safe, enjoyable and environmentally sustainable.

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