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## MINISTRY OF TOURISM AND RECREATION

### 4.10—Tourism Program

(Follow-up to VFM Section 3.10, 2002 Annual Report)

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#### BACKGROUND

In 2002, the Ministry of Tourism and Recreation estimated that the tourism industry employed approximately 500,000 people and generated \$21.8 billion for the Ontario economy. The Ministry's Tourism Program (Program) is responsible for developing and promoting tourism in Ontario. The role of the Ontario Tourism Marketing Partnership Corporation (Corporation), a ministry agency, is to market Ontario as a tourist destination. For the 2003/04 fiscal year, tourism operating expenditures totalled \$145 million (\$83 million in 2001/02), of which \$102 million (\$52 million in 2001/02) was spent by the Corporation.

In our 2002 audit, we noted that the Program had experienced numerous shifts in focus and organizational structure—as evidenced by its five different mission statements—as the responsibility for the Program had changed ministries six times. Another major change was the recent creation of the Corporation, which was delegated the responsibility for tourism marketing and advertising. In addition, at least 11 provincial ministries have a tourism objective as part of their mandates. Given the significance of tourism to the Ontario economy, we concluded that the Ministry needed to take a more proactive leadership role in developing and implementing a long-term tourism strategy to help co-ordinate the many activities of public- and private-sector organizations that contribute to the promotion of tourism in Ontario. We also found that the Ministry and the Corporation did not have adequate procedures in place to ensure that several aspects of the Program were delivered with due regard for economy and efficiency. Specifically, we noted the following:

- There was no process in place to collect information on the tourism-related activities undertaken by other ministries or on the financial support provided by other ministries to the tourism industry. As a result, there was a risk of overlap and duplication of tourism-related programs and services.
- Tourism publications were not sufficiently comprehensive and were not published on a timely basis. For example, the Corporation's main tourism guide lists only 1,400 of an estimated 8,000 tourism facilities, and the 2001/02 winter events guide was not published until December 2001 and contained listings for events that had already taken place.
- The promotion of accommodation rating systems in Ontario had not been adequately co-ordinated between the ministries and the private sector. As a result,

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Ontario is one of only a few leading tourist destinations that does not have province-wide quality standards.

- In many instances, the acquisition of management consulting services was not justified by a business case, nor were related contracts signed on a timely basis. Moreover, several contracts were awarded directly to the vendor without competition, and other projects were split into separate contracts, thus allowing the Ministry to avoid open competition requirements.

We made a number of recommendations for improvement and received commitments from the Ministry that it would take corrective action.

## **CURRENT STATUS OF RECOMMENDATIONS**

According to information received from the Ministry of Tourism and Recreation and the Ontario Tourism Marketing Partnership Corporation, considerable progress has been made on most of the recommendations we made in our *2002 Annual Report*. The current status of action on each of our recommendations is as follows.

### ***STRATEGIC PLANNING AND REPORTING***

#### **Ministry Vision and Strategic Planning**

##### **Recommendation**

*To help strengthen accountability and provide clear direction to fulfill its vision, the Ministry should develop a strategic plan for the Tourism Program that has measurable short- and long-term objectives and an action plan with a defined accountability framework.*

##### **Current Status**

In the spring of 2004, the Ministry released its Ontario Tourism Strategy, which had defined goals and a framework for action. According to the Ministry, the Strategy, which was developed in consultation with industry stakeholders, is a long-term plan for the sustainability and growth of the tourism industry. The plan established a lead role for the Ministry in co-ordinating the efforts of the Ontario government across all ministries. At the time of our follow-up, the Ministry was developing a detailed implementation plan including roles and responsibilities and priorities and timelines. The plan was scheduled for completion by the fall of 2004.

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## Procedures to Measure and Report on Program Effectiveness

### Recommendation

*To provide better accountability to the public and the Legislature for their use of public funds and to encourage a results-based operational focus:*

- *the Ministry should develop performance measures over which it has a reasonable degree of influence, report on the actual achievement of these measures, and provide explanations for any significant deviation from the expected outcomes; and*
- *the Ontario Tourism Marketing Partnership Corporation should develop standards for its performance measures and prepare the required annual reports for submission to the Legislature.*

### Current Status

The Ministry informed us that it had developed additional performance measures that are more directly influenced by ministry activities. Examples include increases in the number of visits to Ontario resulting from the Corporation's marketing efforts and attendance at ministry tourism agencies and attractions. The Ministry now publicly reports on these measures annually and was developing yet more measures at the time of our follow-up.

The Corporation informed us that it was implementing a program to track the performance of its marketing programs, and additional performance measures were under development for activities such as tourism marketing and travel information services. All measures were expected to be developed by fall 2004. In addition, the Corporation's annual reports for the 2000/01, 2001/02, and 2002/03 fiscal years were tabled in the Legislature in the spring of 2004.

## Co-ordination of Tourism Initiatives

### Recommendation

*To help ensure that provincial funding in support of Ontario's tourism industry is used in an efficient and effective manner, the Ministry should:*

- *minimize the risk of overlap and duplication between its programs and services and those of other ministries and agencies;*
- *develop a process to collect financial information on the support provided to the tourism industry by other ministries; and*
- *develop a strategy to assist in the co-ordination of all government activities that promote tourism in the province.*

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## Current Status

We were informed that, in recognition of the importance of minimizing the risk of overlap and duplication between its programs and those of other ministries, a key focus of the Ontario Tourism Strategy is to develop an “all-of-government” approach to tourism that will guide all provincial activities related to tourism. The Ministry informed us that, as part of this strategy, an Assistant Deputy Ministers’ Committee had been established to co-ordinate activities among those ministries most affected by the tourism strategy. Meetings are held on an ongoing basis.

The Ministry also implemented an ongoing process to collect information, including financial information, on the tourism-related policies, programs, and services developed by other ministries, and regular meetings of deputy ministers are now held to develop a collaborative approach to tourism-related initiatives.

## Legislative Review and Tourism Licensing

### Recommendation

*To clarify the Tourism Program’s responsibilities and ensure compliance with relevant legislation, the Ministry should:*

- *consider reviewing all other tourism legislation during its current review of the Tourism Act; and*
- *follow up on establishments that have not renewed their licence and review procedures to ensure that tourist establishments comply with the legislation currently in place.*

### Current Status

In June 2004, the Ministry completed its review of the *Tourism Act*. However, the Ministry did not review all other tourism legislation during that review. The Ministry informed us that, notwithstanding the importance that the Ontario Tourism Strategy places on co-ordinating all government activities supporting the tourism sector, reviewing all legislation affecting tourism was presently not cost effective. The Ministry indicated that, instead, it would propose an agenda for policy reform that may include reviewing legislation affecting the tourism industry.

As part of its review of the *Tourism Act*, the Ministry reviewed the issue of requiring that operators using Crown land and resources be licensed and comply with the Act. The licensing process was reviewed and several options for the future were being considered. In the meantime, operators are still required to obtain a licence to access Crown lands and resources. In addition, the Ministry informed us that a licensing manual was completed in the fall of 2003 to assist ministry field staff in performing their functions relating to licensing and ensuring compliance with the Act (including following up on establishments that have not renewed their licence).

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## **TOURISM PROMOTION**

### **Marketing Plans**

#### **Recommendation**

*To maximize the impact of its marketing process for attracting visitors to Ontario, the Ontario Tourism Marketing Partnership Corporation should:*

- *require the selection of potential markets be supported by documented analysis; and*
- *review the applicability to Ontario of marketing analysis research used in other jurisdictions.*

#### **Current Status**

The Ministry informed us that the Ontario Tourism Marketing Partnership Corporation's 2003/04 marketing strategy included a review of the best practices in other jurisdictions. It had also received, reviewed, and analyzed marketing research and budget information from other provinces and U.S. states near the border. The results of this documented analysis were used in the development of the Corporation's 2004/05 marketing plan.

### **Advertising Program**

#### **Recommendation**

*To help ensure the economic, efficient, and effective delivery of its advertising campaigns, the Ontario Tourism Marketing Partnership Corporation should:*

- *conduct or arrange for the auditing of the billings of the advertising agencies it contracts with to ensure that planned advertisements have been placed and agency billings are accurate; and*
- *complete, as required, the annual performance reviews of the advertising agencies.*

#### **Current Status**

The Ministry informed us that the Ontario Tourism Marketing Partnership Corporation had met with the Advertising Review Board, had established a process for the periodic audit of advertising agency billings, and had developed a training program for Corporation staff. The Ministry indicated that the first audit of an advertising agency's billings was completed in February 2004. We were also informed that future audits are to be conducted on a quarterly basis and that staff training is ongoing.

In the fall of 2003, the Corporation completed the first performance reviews of its advertising agencies. The review process is ongoing and is to be extended to other advertising agencies in the 2004/05 fiscal year.

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## Consumer Publications

### Recommendation

*To help ensure that its tourism publications are produced and distributed in an economical and effective manner and that they effectively meet the needs of tourists, the Ontario Tourism Marketing Partnership Corporation should:*

- *review the completeness of the tourism information contained in its publications, and release publications on a more timely basis;*
- *assess the potential for obtaining advertising revenue for its French-language publications; and*
- *review its distribution and inventory policies.*

### Current Status

The Ministry informed us that the Ontario Tourism Marketing Partnership Corporation had undertaken a comprehensive review of its consumer publications, which included reviewing all aspects of our recommendation. The Corporation developed a publications strategy to incorporate the results of the review. The strategy was presented to stakeholder groups at 18 forums across Ontario in the summer of 2003 and was formally approved by the Corporation's Board of Directors in September 2003. Implementation of the strategy was scheduled to begin in the fall of 2004. The Ministry informed us that, in the interim, to ensure timely release to the public, the Corporation was now using a process for all publications whereby the deadline for each step before publication is scheduled by working backwards from the publication date.

Based on the above review, the Ministry undertook to include advertising in French-language publications to obtain revenue. For example, the French-language 2004 summer publication *Venez Chez Nous* contained seven pages of advertising, resulting in increased revenues.

According to the Ministry, the Corporation developed and implemented inventory and distribution policies to ensure the efficient distribution of all publications.

## Festival and Event Grants

### Recommendation

*To ensure that the financial assistance provided to festivals and events through its two grant programs achieves the overall objective of encouraging and increasing tourism in the province, the Ontario Tourism Marketing Partnership Corporation should:*

- *develop a formal, province-wide strategy for providing financial support to eligible festival and event operators;*

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- *more effectively monitor grant approvals to help achieve the goal of developing off-season events;*
  - *develop procedures to periodically verify the sponsorship commitments that are generated through festival and event organizers; and*
  - *ensure that grant recipients submit the required post-project reports and review all reports received to assess the success of the grant programs.*

### **Current Status**

The Ministry commissioned a study in 2002 that identified festivals and events as key players in reflecting community culture, history, and traditions, thereby drawing national and international visitors and generating economic benefits. We were advised by the Ministry that it was working with Festivals and Events Ontario to develop a province-wide quality standards program and classification system. At the time of our follow-up, fieldwork was nearing completion, and a report with recommendations was expected to be available in the fall of 2004.

With regard to providing financial support, the Ontario Tourism Marketing Partnership Corporation has developed and implemented funding criteria for large events and festivals in Ontario as part of its Tourism Event Marketing Program.

Corporation staff were working with regional office staff and local organizations to increase festival and event operators' awareness of the Tourism Event Marketing Program, especially for off-season events. As well, the Corporation indicated that it had committed to ensure that at least 30% of funded events would be held in the off-season. In 2003/04, the Corporation reported that 48% of all funded events were held in the off-season.

The Ministry's Internal Audit Services worked with the Corporation to develop and implement procedures to periodically verify sponsorship revenues. The Corporation indicated that it had completed two sponsorship audits in 2003/04 and was looking at expanding the number of audits in the future.

The Corporation advised us that it now requires post-project reports from event organizers and stated that future funding is now contingent on receiving such reports. A formal evaluation framework has been developed to evaluate sponsorships, and a mechanism has been developed to track the impact of event funding.

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## **TOURISM OPERATIONS AND SERVICES**

### **Travel Information Centres**

#### **Recommendation**

*To help assess whether provincial travel information centres are effective in meeting their objectives, the Ministry should develop procedures to periodically evaluate whether the centres continue to encourage visitors to stay longer, return more often, and spend more money in Ontario.*

#### **Current Status**

The Ministry informed us that in 2003 a customer survey was undertaken at all 18 Ontario travel information centres to measure visitor satisfaction and the ability of the centres to influence travel decisions and to identify ways to improve service. The report on survey results was completed in February 2004 and is to be used to improve the effectiveness of the centres.

The Ministry indicated that it had developed a policy with standards and guidelines for operating and promoting regional travel information centres across Ontario. The policy includes standards for signage on provincial highways and a model for quality service in the delivery of travel information in partnership with municipal and private-sector groups. The Ministry anticipated that the new policy would be implemented in fall 2004. In addition, a strategic plan to guide the future development of travel information services in the province is scheduled for development in the 2004/05 fiscal year.

### **Maintenance of Agency and Attraction Assets**

#### **Recommendation**

*To ensure that its tourism agencies' and attractions' assets are adequately maintained for the benefit of future generations and provide a safe environment for staff and visitors, the Ministry should:*

- *conduct a formal assessment of the value and condition of all of its assets, especially those of a historic or heritage nature; and*
- *develop a long-term capital maintenance plan to identify the funding needed to rehabilitate the capital infrastructure and preserve assets.*

#### **Current Status**

The Ministry informed us that it prepared a long-term (10-year) capital maintenance plan that included obtaining funding to conduct a formal assessment of the value and condition of its assets. The plan, along with a four-year interim infrastructure strategy,



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was submitted for approval. The Ministry indicated that, although the strategy was not approved in its entirety, the Ministry is to receive \$10 million in capital funding for specific repair and maintenance projects in 2004/05. Furthermore, although funding was not received to conduct a formal assessment of the value and condition of its assets, the Ministry indicated that it will continue to prioritize health and safety needs among capital projects.

## Service Standards and Accommodation Rating Systems

### Recommendation

*To help encourage and promote improvements in the standards of accommodations, facilities, and services offered to travellers in Ontario, the Ministry should:*

- *review accommodation rating systems in other provinces and those supported by other Ontario ministries;*
- *take a lead role in encouraging and promoting the development of province-wide rating systems in Ontario; and*
- *integrate any resulting rating systems into its information network.*

### Current Status

The Ministry informed us that, in 2003, it reviewed accommodation rating systems and found that they were not very useful because the ratings were voluntary and very few of the total establishments were rated.

In developing the Ontario Tourism Strategy, the Ministry confirmed the need for consistent quality standards and the development of province-wide rating systems in Ontario. The Strategy, released in June 2004, is based on a “visitor-first” philosophy and places priority on the development of an accommodations ratings system as a means to assist visitors in making informed decisions and a means to encourage and promote improvements in the standards of accommodations. The Ministry will be seeking input from the roofed accommodation sector on the development of a ratings system through a series of discussions with stakeholders.

## Consumer Comments and Complaints

### Recommendation

*To help assess the quality of service and consumer satisfaction with Ontario’s tourism experiences, the Ministry should:*

- *reassess the need for the current restrictions on responding to concerns and complaints from the public; and*
- *establish standard guidelines for recording, consolidating, evaluating, and taking action on public comments and complaints.*

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## Current Status

The Ministry informed us that it had developed data collection standards for a new complaints management system and that the system has been fully implemented. We were advised that the new system captures all available public comments and complaints from 2003 originating from the Ontario Tourism Marketing Partnership Corporation, travel information centres, ministry correspondence, and public enquiries. According to the Ministry, staff have been trained to use the database and are responding to concerns and complaints from the public. Reports on the public's comments and complaints from 2003 were produced and analysis of complaints was completed in March 2004. The Ministry indicated that this process is being used to assess consumer satisfaction and make improvements to the delivery of Ministry and Corporation services. Subsequent reports are now to be produced on a quarterly basis and analyzed for issues and trends to help determine if there is a need for corrective action.

## Management of Consulting Services

### Recommendation

*To help ensure that consultants are engaged in a fair and competitive manner and that value for money is being achieved, the Ministry and the Ontario Tourism Marketing Partnership Corporation should comply with the Management Board of Cabinet directives on the acquisition of consulting services. Special emphasis should be placed on improving the monitoring and evaluation of consultants' performances and on improving contracting practices.*

### Current Status

The Ministry informed us that controls to improve procurement practices and execution of consulting contracts were implemented in January 2003. According to the Ministry, staff have been provided with regular training and updates.

The Ministry indicated that the Ontario Tourism Marketing Partnership Corporation developed a draft manual of administration that included detailed procurement policies and that was to be presented to the Finance and Audit Committee for approval in September 2004. The Corporation also hired a procurement/contract co-ordinator to provide expertise in procurement, requests for proposals, contracts, and other related items. One of the co-ordinator's first assignments will be to provide staff training on using the new procurement policies.

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## **INFORMATION MANAGEMENT**

### **Tourism Consumer Information System**

#### **Recommendation**

*To support the efficient and economic administration of systems development projects, the Ministry and the Ontario Tourism Marketing Partnership Corporation (Corporation) should ensure that:*

- *a transfer of knowledge occurs from consultants to staff to avoid a continuous reliance on consultants;*
- *all significant deliverables and options are included in project business cases and all required approvals have been received;*
- *requests for proposals are well researched and provide a clear description of project requirements; and*
- *financial and operational risks are adequately managed and shared with the vendor.*

#### **Current Status**

The Ministry informed us that the Ontario Tourism Marketing Partnership Corporation is to facilitate the transfer of knowledge from consultants to staff to the extent feasible—total transfer may not always be possible, as consultants' work is often highly specialized. In late 2002, ministry staff were provided with a training session on key procurement risks, preparation of business cases and requests for proposals, consulting services, mitigation strategies, and documentation. Yearly refresher updates on proper procurement processes began to be provided to staff in 2003.

### **Facilities and Attractions Databases**

#### **Recommendation**

*To help ensure that tourist information is collected in an economical and efficient manner and provides prospective tourists with complete and accurate information, the Ministry and the Ontario Tourism Marketing Partnership Corporation should:*

- *establish procedures to share information between their current databases and consider establishing one shared database;*
- *review the feasibility of developing a single method of obtaining and verifying data from tourist operators; and*
- *determine the practicality of entering into partnerships to share data on tourist establishments with other organizations, such as municipal and regional travel organizations.*

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**Current Status**

The Ministry informed us that the Ministry's and the Ontario Tourism Marketing Partnership Corporation's databases would not be combined due to their different data requirements and analytical needs.

The Ministry and the Corporation reviewed the feasibility of developing a new data collection process. As a result, an integrated data collection method was established in May 2004.

The Ministry informed us that it was exploring ways to make data on tourism establishments available to other organizations.