

7.

**ECONOMIC DEVELOPMENT AND TOURISM -  
TOURISM NOVA SCOTIA**

**BACKGROUND**

**7.1** The Economic Renewal Act, enacted in June 1994, assigns responsibility to the Minister of Economic Development and Tourism (ED&T) for matters relating to the economic renewal of the Province. The mandate of the Department defined in the Act includes the requirement to “*encourage and enhance the continued growth of tourism and tourism industries in the Province.*” The Act identifies Tourism Nova Scotia (TNS) as a possible division of the Department.

**7.2** As noted in *Government By Design* (1996-97), one of the strategic goals of ED&T is to “*encourage a healthy and growing tourism industry*”. This document also identifies the *Value of the tourism sector* as one performance measure for government with regards to economic renewal. It notes the value for 1994-95 at \$880 million with a target of \$1 billion for the year 2000 and \$1.25 billion for the year 2005.

**7.3** As defined in the 1996-97 business plan of TNS, the mission of the division is to “*lead the growth and development of tourism as a key sector in the economic renewal of Nova Scotia by creating jobs, generating revenue and enhancing our quality of life.*”

**7.4** The 1997-98 *Estimates* note that Tourism Nova Scotia supports its mission “*by encouraging a globally competitive tourism product and industry and by disseminating accurate and timely information.*”

**7.5** Tourism Nova Scotia’s strategic business plan for 1996-97 notes that by supporting the development of the tourism product and industry, TNS “*delivers a high level of visitor satisfaction, helps to draw new visitors, extend stays and increase spending*”. The strategic business plan also identifies seven goals towards achieving TNS’s mission.

- *to have the right products for the right markets*
- *to provide customers with quality tourist experiences of good value*
- *to market our products effectively*
- *to develop effective leadership and partnerships among industry stakeholders*
- *to foster a supportive business environment and an entrepreneurial customer-oriented business culture within the tourism sector*
- *to improve transportation access from key markets and to enhance transportation infrastructure within the province, and*
- *to nurture and protect our tourism assets”*

**7.6** The 1996-97 actual net expenditures of the division were approximately \$6.7 million. This represents 10% of the total net expenditures of ED&T. Exhibit 7.1 on page 67 shows a breakdown of gross and net expenditures by classification. It also shows expenditures by program area as defined in the *Estimates*. The 1997-98 estimated net expenditures of the division are \$7.4 million.

**7.7** As of November 1997 there were 187 staff positions for Tourism Nova Scotia. Exhibit 7.2 on page 68 shows the breakdown of the positions, by type, for the division and the resort hotels for

which TNS is responsible. TNS represents 22.3% of the staff of the Department. If the hotel staff are also included, this percentage increases to 73.3%.

**7.8** The Tourism Nova Scotia publication *1996 Nova Scotia Tourism Statistical Review* notes,

*"Tourism, a major force in both the national and provincial economies, generates hundreds of millions of dollars in sales for Nova Scotia businesses, and tens of thousands of jobs for Nova Scotia workers. In addition, both the provincial government and municipal governments receive tens of millions of dollars in tax revenues from tourism related expenditures and business every year. These benefits are realized in virtually every area of the province and span a range of industries almost as broad as the economy itself."*

**7.9** Tourism Nova Scotia and the Nova Scotia tourism industry reported in a press release in November 1997 that "1997 tourism receipts will exceed \$1 billion dollars." This exceeds the target for the 1999-2000 fiscal year noted in *Government By Design*. Exhibits 7.4 to 7.8 have been included on pages 69 to 71 to provide information on the tourism industry in Nova Scotia. A majority of the information for these Exhibits has been extracted from *Strategy for Nova Scotia* and *1996 Nova Scotia Statistical Review*, which were produced by, or with input from, TNS. These Exhibits refer to tourist seasons so for example 1996 means the 1996 tourist season which occurred during the 1996-97 fiscal year. This would apply to the remainder of the report as well. The exhibits include the following information.

- Exhibit 7.4 - Historical analysis of tourism employment from 1994 - 1997.
- Exhibit 7.5 - Historical analysis of number of person visits from 1994 - 1997.
- Exhibit 7.6 - Analysis of visitors by region of origin for 1996.
- Exhibit 7.7 - Historical analysis of tourism receipts from 1994 - 1997.
- Exhibit 7.8 - Analysis of tourism receipts by business sector for 1996.

**7.10** During the fall of 1997 we conducted a review of certain aspects of Tourism Nova Scotia. The purpose of this chapter is to provide summary information on the operations and activities of Tourism Nova Scotia.

## **RESULTS IN BRIEF**

**7.11** The following are the principal observations from our review.

- Tourism Nova Scotia is working closely with stakeholders to ensure growth in the tourism industry including the development of plans. The development of a Tourism Partnership Council to be operational in 1998-99 will change the way tourism is managed in the Province. There will be more involvement by industry in planning and delivering services related to tourism, with the Council being accountable to government and industry.
- Improvements are required in the information reported to the House of Assembly on the operations of Tourism Nova Scotia. Tourism Nova Scotia creates publications for industry and the public including information on operating results in the tourism industry which could support the preparation of an annual report. ED&T has not produced an annual report even though one is required by legislation.
- Tourism Nova Scotia uses outcome measures to monitor the achievement of the mission of the division. During our review we noted opportunity for improvement in the reporting on outcome measures.

- Tourism Nova Scotia has established processes to ensure compliance with the Tourist Accommodations Act and regulations, and the division is complying with the *Government Procurement Policy*.
- Tourism Nova Scotia entered an agreement with CorporaTel effective May 1, 1994 for the management of a computerized information and reservation system owned by the Province (Check In). Tourism Nova Scotia has received adequate information to monitor the performance of CorporaTel and compliance with the Agreement. This information has included a review performed by external consultants. At the time of our review, Tourism Nova Scotia was undecided as to whether another review would be completed by consultants. The receipt of independent information is required to adequately monitor compliance and performance of CorporaTel with regard to the Agreement. This could be performed by consultants or staff of ED&T.

## SCOPE OF REVIEW

**7.12** The objectives of this assignment were to obtain background information on the operations of Tourism Nova Scotia and review selected aspects of its operations including processes in place to ensure due regard for economy and efficiency and compliance with applicable legislation and the *Government Procurement Policy*.

**7.13** Our approach included interviews with management and staff of Tourism Nova Scotia and the Nova Scotia Marketing Agency as well as a review of legislation and information made available to us.

**7.14** Our review of compliance with the *Government Procurement Policy* was limited to a selected sample of expenditures recorded in the 1996-97 fiscal year. The initial procurement decision on these transactions may have been made prior to that time.

## PRINCIPAL FINDINGS

**7.15** Information and observations on Tourism Nova Scotia resulting from our review are discussed under the following headings.

- Follow-up to 1993 Management Audit
- Organization
- Planning
- Accountability
- Interactions
- Compliance
- Quality Assurance
- CorporaTel Agreement

### *Follow-up to 1993 Management Audit*

**7.16** In 1993, the Nova Scotia government commissioned a series of management audits of departments with the objective of identifying opportunities for efficiency improvement and better program delivery. At the same time, the government announced that the Departments of Tourism and Culture, and Economic Development would be merged. The report of the combined

management audit of these two departments was released in November 1993. It identified a number of opportunities for improvements to be considered when creating the Nova Scotia Economic Renewal Agency (now the Department of Economic Development and Tourism) which was established in June 1994 through the Economic Renewal Act.

**7.17** The management audit report suggested a timeframe of three years to implement or address all the recommendations. In 1994-95 we met with senior management of the Department to obtain an overview of how they had or were dealing with the matters reported. We reported the results of our enquiries in Chapter 16 of our 1994 Report.

**7.18** During this year's assignment we followed up on the progress made in addressing the recommendations of the management audit which related specifically to Tourism Nova Scotia. Exhibit 7.9 on page 72 provides the Departmental responses to these recommendations.

### ***Organization***

**7.19** Exhibit 7.10 on page 74 shows the overall governance, accountability and management organization of TNS. The Director of Community Relations and the Controller are support positions for the Division.

**7.20** Exhibit 7.1 on page 67 shows the actual 1996-97 expenditures of Tourism Nova Scotia by functional area. TNS administers seven grant programs. The total advanced under these grant programs in 1996-97 was approximately \$1.4 million. Exhibit 7.3 describes three of the larger grant programs which represent approximately 70% of total grant payments made in 1996-97.

**7.21** Tourism Nova Scotia is divided into four functional areas: Tourism Development; Quality Services; Field Services; and Enquiry and Research Services.

**7.22** Tourism Development is responsible for coordinating the planning and implementation of strategies to develop the tourism product and industry. It develops policies to support growth and development of the tourism industry.

**7.23** Quality Services is responsible for ensuring quality service and product delivery. Its responsibilities include:

- administering the Tourist Accommodations Act and regulations including inspection services, (see paragraph 7.56);
- administering the Award of Quality Programs of TNS (paragraph 7.56); and
- the operations of the three Provincial resort hotels.

**7.24** The net expenditures for the hotels are not included in those reported for TNS. They are reported by ED&T as a separate budget subject. For 1996-97 the resort hotels recorded an operating profit of approximately \$176,000. However, this figure does not include all Provincial costs of operating the hotels, such as the capital and maintenance costs incurred by the Department of Transportation and Public Works. Exhibit 7.14 is a copy of the unaudited financial information included in Volume II of the March 31, 1997 *Public Accounts*.

**7.25** Field Services is responsible for the operation of the 15 Provincial visitor information centres (VICs) as well as the visitor services at Peggy's Cove. Eight of the centres are located throughout the Province, one is located in each of Prince Edward Island and Maine, and five are located on ferries travelling to Nova Scotia from various locations. These centres provide a range of services

to tourists including information counselling by staff, and the distribution of tourism literature. Some locations have access to the Provincial information and reservation system. This system is the responsibility of Enquiry and Research Services.

**7.26** Enquiry and Research Services (E&RS) is responsible for the Provincial information and reservation system (Check In) which is discussed in more detail in paragraph 7.57. E&RS manages the distribution centre which distributes tourism literature throughout the VICs and fulfills consumer requests for tourism literature which are received through Check In. E&RS is also responsible for gathering and analyzing data to provide information and statistics to support decision making within Tourism Nova Scotia and the tourism industry.

### ***Planning***

**7.27** *Strategic* - For 1997-98 there are three planning documents which have been developed to manage tourism in the Province. The documents are:

- Strategy for Tourism;
- 1997-98 Tourism Marketing Plan; and
- Tourism Nova Scotia Strategic Business Plan for 1997-98.

**7.28** The Strategy for Tourism was published in March 1996 and covers the next five years to 2001. It provides the vision of tourism in the Province along with the key goals, strategies and actions to achieve this vision. It was developed by a committee with representation from TNS; the Tourism Industry Association of Nova Scotia (TIANS); the Atlantic Canada Opportunities Agency; Voluntary Planning (which is an organization of non-government individuals whose operations are funded by ED&T); and the Nova Scotia Marketing Agency (NSMA) - a division of ED&T.

**7.29** An Implementation Committee with representation from industry and government was established to facilitate implementation. A number of initiatives have been identified which address a majority of the actions required by the Strategy. The Committee developed an action status document which identifies actions, the responsible government and industry leaders and partners and the timing of activities. The Committee uses this document to monitor progress.

**7.30** The 1997-98 Tourism Marketing Plan was completed by the Nova Scotia Marketing Agency. It identifies measurable marketing objectives and activities required to support the goals of TNS. However, there is no clear linkage to the goals of TNS. This has been recognized by TNS and the NSMA, and has been addressed in the 1998-99 tourism marketing plan.

**7.31** The Tourism Nova Scotia Strategic Business Plan for 1997-98 identifies the vision, mission and goals for Tourism Nova Scotia consistent with the Strategy for Tourism. The business plan also identifies the priorities for 1997-98 required to achieve these goals. These priorities are linked to the strategic goals of ED&T.

**7.32** *Financial* - TNS prepares an annual budget which is reviewed and challenged at a meeting of senior management of ED&T, and incorporated in the Department's budget included in the annual *Estimates*.

### ***Accountability***

**7.33** *Roles and responsibilities* - The roles and responsibilities of Tourism Nova Scotia are defined in the Economic Renewal Act, and the various planning documents related to tourism in the Province.

**7.34** The responsibilities of the Executive Director of TNS, along with the staff reporting to him, are described in job descriptions. The approved job descriptions of the staff are not current.

**7.35** Performance evaluations of staff reporting to the Executive Director have not been completed by the current Executive Director because of his recent appointment. The Executive Director plans to complete these in the near future.

**7.36** *External reporting* - There is no specific reporting to the House of Assembly on the operations of TNS other than the estimated expenditures included in ED&T's annual budget submission and the total actual expenditures compared to budget which is reported in the *Public Accounts*. Annual reporting to the House of Assembly, by ED&T, is required by the Economic Renewal Act, however this has not occurred. The Deputy Minister has indicated that a detailed report for 1997-98 will be completed with summary reports prepared for prior years.

**7.37** Tourism Nova Scotia prepares two reports for the tourism industry and the public on some of the operating results in the tourism industry. *Tourism Insights* is published monthly and *Tourism Industry Facts* is published annually. Exhibits 7.4 to 7.8 on pages 69 to 71 include extracts from these publications. This type of information could be included in an annual report.

**7.38** The publication *Nova Scotia Counts*, to be released in 1997-98, will report on the accomplishments of departments, including ED&T, against the business plans of the departments described in *Government By Design*. (See Chapter 2, page 14)

**7.39** *Internal reporting* - There are no defined reporting requirements to senior management other than financial actual to budget comparisons. However, there are daily, weekly and monthly reports on various topics provided to senior management. These include information on inspection reports completed, resort operations, visitation activity at the VICs and distribution centre activities.

**7.40** Within the division, weekly status meetings are held with staff reporting on the various plans and projects within TNS.

**7.41** *Outcome measures* - TNS recognizes the importance of outcome measures in monitoring the performance of the division. TNS gathers information and reports on a number of outcome measures, through *Tourism Insights* and *Tourism Industry Facts*. These measures demonstrate the economic impact of tourism in the Province and relate to the achievement of the mission of the division. However, at the time of our review, improvements in reporting could have been made by reporting the outcome measures of the division in a way that tied them to the seven goals of TNS, listed in paragraph 7.5, to demonstrate the division's progress in achieving each goal. Further, outcome measures had yet to be defined for all of the division's goals.

**7.42** As noted in paragraph 7.43, there is a need for TNS and the NSMA to work closely together. According to senior management of TNS and the NSMA, the two divisions are planning to develop combined outcome measures appropriate for both divisions.

### ***Interactions***

**7.43** *Internal* - The plans and activities of TNS and the Nova Scotia Marketing Agency have a direct impact on each other. It is important that they work closely and cooperate to ensure success in achieving their objectives.

**7.44** The NSMA was involved in developing the *Strategy for Tourism* and TNS was involved in developing the *1998-99 Tourism Marketing Plan*.

**7.45** The Executive Director of TNS is involved in weekly status meetings of the NSMA where NSMA staff report on various plans and projects related to tourism marketing. Over the past year, the Executive Director of TNS and the NSMA were also involved in bi-monthly meetings of all divisional management of ED&T to deal with policy and operational issues related to tourism.

**7.46** In addition, weekly meetings of senior management of ED&T ensure all are aware of the activities and plans of the other divisions within ED&T.

**7.47** *External* - There are a number of stakeholders involved in the tourism industry. Tourism Nova Scotia interacts with departments of both the Provincial and Federal government as well as government agencies, and industry groups and associations. Exhibit 7.11 includes a list of some of those stakeholders.

**7.48** There has been an effort to involve members of the tourism industry in identifying and achieving actions required to develop tourism in the Province. A number of government-industry committees have been created which reflect the efforts of government to work in partnership with industry in addressing the needs of the Province. The committees created include:

- Tourism Strategy Implementation Committee (paragraph 7.29);
- Tourism Marketing Alliance;
- Tourism Partnership Planning Committee; and
- Tourism Marketing Strategy Group.

**7.49** The Tourism Marketing Alliance was established to collect industry feedback on the 1997-98 tourism marketing plan developed by the NSMA.

**7.50** The Tourism Partnership Planning Committee was created in January 1997. It will dissolve once the Tourism Partnership Council, discussed in paragraph 7.51, is formed. The Committee was established to identify a partnership structure between government and industry to manage tourism and ensure growth in the industry. In a slide presentation concerning the Tourism Partnership Council the following was noted. *“We have seen the value of tourism grow over the past several years. In Canada, there has been an average increase of 24% since 1992. But in Nova Scotia, since 1992, our increase has been at the 16% level.”*

**7.51** In the fall of 1997, a partnership model was taken to industry and government for consultation and was accepted, with modifications. As a result, at the time of our review, it was intended that a Tourism Partnership Council be created by the end of fiscal 1997-98. Its mandate is to include marketing tourism for the Province, assisting industry to prepare tourism products for the market, advising ED&T on how its other tourism programs impact on the Council’s mandate and developing strong communications with industry and government.

**7.52** At the time of our review, it had been determined that the Council would be made up of 16 members with 14 from industry. Government was to provide administrative funding while government and industry would cost-share programs on an individual basis. Programming would be based upon a jointly developed industry-government marketing strategy. Staff of ED&T would support the Council. The Council was to be accountable to government and industry and would produce an annual report.

**7.53** The Tourism Marketing Strategy Group was created to provide for industry involvement in the development of the 1998-99 tourism marketing plan, and to begin work on developing a five-year strategic plan for marketing tourism in the Province. Once the Tourism Partnership Council becomes operational, it will take over the responsibilities of this Group.

### ***Compliance***

**7.54** *Tourist Accommodations Act and Regulations* - The Tourist Accommodations Act and regulations require that all roofed tourist accommodations and camping establishments obtain an annual license from ED&T. They set the minimum quality standards for each type of establishment and provide for inspection. Processes and procedures have been established to ensure compliance with the requirements of the Act and regulations.

**7.55** *Government Procurement Policy* - On January 1, 1996, the government released a *Policy on Government Procurement*. During this assignment we reviewed a sample of procurement transactions for compliance with the Policy. We found that the division was complying with the *Policy on Government Procurement*.

### ***Quality Assurance***

**7.56** As noted above, one of the roles of Tourism Nova Scotia is to support the delivery of a high level of visitor satisfaction in order to draw new visitors, extend stays and increase visitor spending. Department staff have established some processes for evaluating the quality of service provided to tourists when they visit the Province. These processes include:

- *Inspections* - According to the Tourist Accommodations Act, "an accommodation officer or campground accommodation officer may, at all reasonable times, enter and inspect any roofed accommodation or camping establishment or other building or premises in which accommodation for the travelling or vacationing public is provided or offered." TNS has established a policy which requires that all fixed-roof accommodations and non-government camping establishments be inspected, on an annual basis, for compliance with the minimum standards of quality identified in the regulations to the Act. The Tourist Accommodations Act gives ED&T the authority to cancel or suspend an operating license if the standards of quality are not met and the authority to enforce the requirement of a license, in order to operate. According to staff, there have been no licenses cancelled or suspended in the past. However, problem properties will be removed from the Provincial Travel Guide. None were removed in the 1996 tourist season but nine were removed from the 1997 guide. In the 1996 tourist season there were approximately 900 fixed roof accommodations and 125 non-Provincial camping establishments.
- *Award of Quality Programs* - Award of Quality Programs were established for campgrounds in 1993-94 and VICs in 1994-95. Participation in the Award of

Quality Program for campgrounds is voluntary. The purpose of the program is to improve the service quality offered by campground operators. Qualifying campgrounds are accredited in the Provincial Travel Guide. The standards required for the Award of Quality accreditation are in excess of the minimum standards required by legislation. The purpose of the VIC program is to ensure a professional level of service is consistently provided and recognizable to visitors by the "Award of Quality" logo. Standards are established by TNS and all VICs are inspected annually. This includes the 15 provincial VICs and approximately 65 local VICs. For local VICs, Provincial funding for operations are contingent upon the VIC meeting the established minimum standards.

- *Feedback from Travel Guide* - At the back of the travel guide there is a questionnaire which tourists can complete concerning their experiences during their visit to the Province. TNS staff maintain a database of the comments received. According to staff any action taken on negative comments received would depend on the severity of the problem identified. The information gathered can have an impact on the timing of an inspection of an establishment as discussed above. An annual report is produced for internal use which summarizes the results of the compliments and complaints received. It is used to identify potential problems with regards to the quality of service provided to tourists.

### ***CorporaTel Agreement***

**7.57** *Overview* - In 1978, the government, along with the Tourism Industry Association of Nova Scotia, initiated a toll-free, computerized information and reservation system. Through this system an individual can reserve accommodations or a car, and acquire detailed tourist information about the Province including such items as packaged tourist products offered. This system also provides the Province with a database of information it can use to plan and manage the tourist industry. This system was managed by Check Inns Limited, a crown corporation, until May 1 1994, when government entered a partnership agreement with CorporaTel for management of the system.

**7.58** The Province owns the system software and CorporaTel is responsible for and has sole possession of the hardware for the duration of the Agreement. Upon completion of the Agreement, the hardware becomes the property of the Province. The Agreement ends on April 30, 1999. There is an option to renew the Agreement for three years but no decision has yet been made as to whether the Province will exercise that option.

**7.59** Membership in the information and reservation system includes fixed-roof tourist accommodations, campgrounds, and car rental companies. The system represents over 90 % of the total rooms available in Nova Scotia. It also represents some entities outside the Province. Exhibit 7.12 on page 76 provides a description of the membership numbers based on the 1997 season travel guide. The information and reservation system answered 373,334 inquiries, made 57,559 reservations and distributed 273,300 pieces of tourist information.

**7.60** *Expenses and revenues* - Through the Agreement, the Province pays certain expenses to CorporaTel for the operation of the information and reservation system. A majority of the payments relate to a per minute charge on all calls received. The Province also pays for long-distance charges on calls, the cost of certain mailing labels and some hardware and software costs which were incurred at the beginning of the Agreement.

**7.61** CorporaTel collects commission revenue on behalf of the Province for sales made by members through the system. Since the Province owns the software, they are also entitled to a \$15,000 royalty for each sale of the software by CorporaTel. Since the beginning of the Agreement, CorporaTel has sold the software to three others but have only paid the Province \$15,000 for the first sale. The last two sales were made in 1996-97. TNS is pursuing receipt of the remaining \$30,000.

**7.62** Exhibit 7.13 on page 76 details the expenses and revenues from the beginning of the Agreement to March 31, 1997.

**7.63** There are processes in place to ensure the Province is receiving all revenue to which it is entitled. As well, there is a clause in the Agreement which allows the *Province's auditor* access to CorporaTel's records in relation to the Agreement. In the 1994-95 fiscal year, the first year of the Agreement, ED&T internal audit conducted an audit and reported that "*the systems in place at CorporaTel to record and control the financial aspects of the contract are adequate and the information available is more than sufficient to support the commissions due or the billings to the Province.*" At the time of our review, internal audit was planning to conduct a similar audit at CorporaTel before the end of fiscal 1997-98.

**7.64** *Monitoring compliance and performance with the Agreement* - Performance standards are identified in the Agreement and CorporaTel provides information on performance against those standards. One performance standard which was not identified was customer satisfaction level.

**7.65** At this time, TNS is receiving adequate information to ensure CorporaTel is complying with its requirements according to the Agreement and to measure performance. TNS hired a consultant to review and report on the performance of CorporaTel in providing the services required. The review covered such areas as telephone response times, literature request fulfilment time, and overall service experience such as friendliness and knowledge of information requested. Without this review, the division would have had to rely on information provided by CorporaTel in order to monitor the Agreement. This study covered a period of 12 months beginning in May 1996 with nine months chosen for testing during that period. According to staff, the contract was extended with testing being done to the fall of 1997. Staff have yet to determine whether another review will be conducted.

**7.66** *Economy of the CorporaTel Agreement* - According to staff of TNS the cost per call is lower now than it was when Check Inns Limited was running the information and reservation system. This was one area that internal audit intended to include in a review of the Agreement in 1997-98, and should be included in order to conclude upon the economy and efficiency of the arrangement.

## CONCLUDING REMARKS

**7.67** Tourism is a significant contributor to the economy of the Province. Tourism Nova Scotia has demonstrated a commitment to supporting the development and growth of tourism in the Province. For the past few years Tourism Nova Scotia has worked with key stakeholders to develop strategic and operational plans to ensure success. The development of a Tourism Partnership Council, to be operational in 1998-99, will change the way tourism is managed in the Province, including stronger involvement of industry. With this change, there will be new challenges to address such as ensuring an appropriate accountability framework for the Council.

**7.68** One objective of this assignment was to provide information to the House of Assembly on the operations of Tourism Nova Scotia. Improvements in the flow of information are required and could be achieved by tabling an annual report for the Department of Economic Development and Tourism, including Tourism Nova Scotia, as required by legislation.

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*Exhibit 7.1*

**ANALYSIS OF EXPENDITURES  
MARCH 31, 1997**

**(Source: Department of Finance general ledger and staff of ED&T)**

Expenditure Classification	Net Expenditures Per General Ledger	Gross Expenditures	% of Total Gross Expenditures
Salaries and benefits	\$ 1,853,573	\$ 1,853,573	25.1
General operating supplies	1,795,703	2,260,143	30.5
Grants	1,445,023	1,445,023	19.5
Other	1,591,141	1,840,761	24.9
<b>Total</b>	<b>\$ 6,685,440</b>	<b>\$ 7,399,500</b>	<b>100.0</b>

Program Area	Gross Expenditures	% of Total Gross Expenditures
Check In Information/Reservation System	\$ 2,104,351	28.4
Visitor Information Centres (VIC)	897,832	12.1
Distribution Centre - Distributes tourism literature to VIC and as requested through Check Ins	673,583	9.1
Bluenose II- Grant and other expenses to operate the vessel	514,996	7.0
Other program areas (less than \$500,000)	3,208,738	43.4
<b>Total</b>	<b>\$ 7,399,500</b>	<b>100.0</b>

Functional Area	Gross Expenditures	% of Total Gross Expenditures
Tourism Development	\$ 1,308,790	17.7
Quality Services	434,669	5.9
Enquiry and Research	3,255,387	44.0
Field Services	1,392,815	18.8
Support Services	1,007,839	13.6
<b>Total</b>	<b>\$ 7,399,500</b>	<b>100.0</b>

*Exhibit 7.2*

**ANALYSIS OF JOB POSITIONS  
COMPARED TO THE DEPARTMENT  
NOVEMBER 1997  
(Source: Staff of ED&T)**

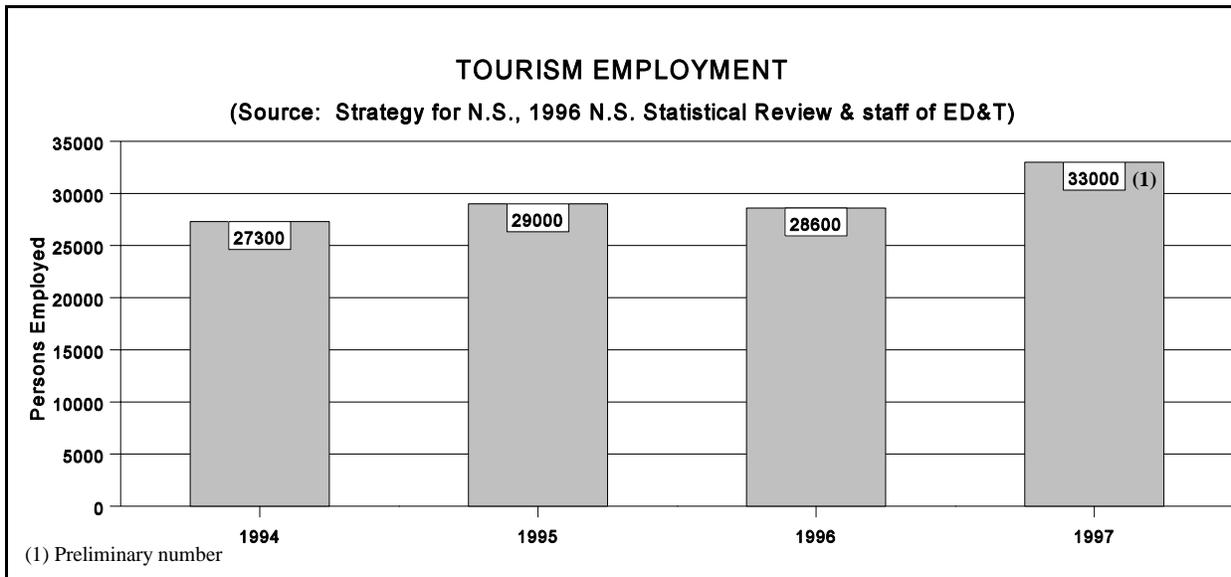
Position	Tourism Division	Resort Hotels	Total ED&T
Full Time Employees	32	18	234
Casual/Term Employees	21	5	55
Contract Employees	2	6	19
Seasonal Employees	132	400	532
<b>Total</b>	<b>187</b>	<b>429</b>	<b>840</b>

*Exhibit 7.3*

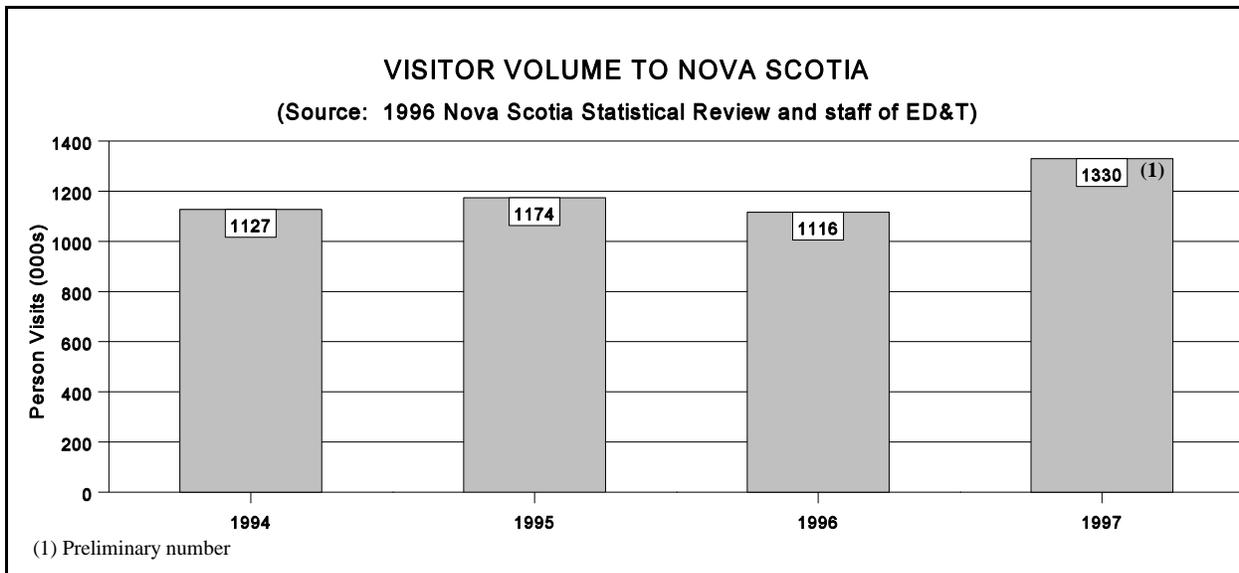
**GRANT PROGRAMS ADMINISTERED**

Functional Area	Grant Program	Program Purpose	1996-97 Expenditures
Tourism Development	Development Projects	To fund projects which help develop the market, contribute to the development of destinations and travel generators, and contribute to the enhancement of our scenic travelway system	\$ 383,596
	Regional Association Support	To support the Regional Tourist Associations so they can operate the local VICs. The funds are used for staffing the VICs, etc.	218,269
Support Services	Bluenose II	To operate the vessel.	406,482
Other			436,676
<b>Total</b>			<b>\$ 1,445,023</b>

*Exhibit 7.4*



*Exhibit 7.5*

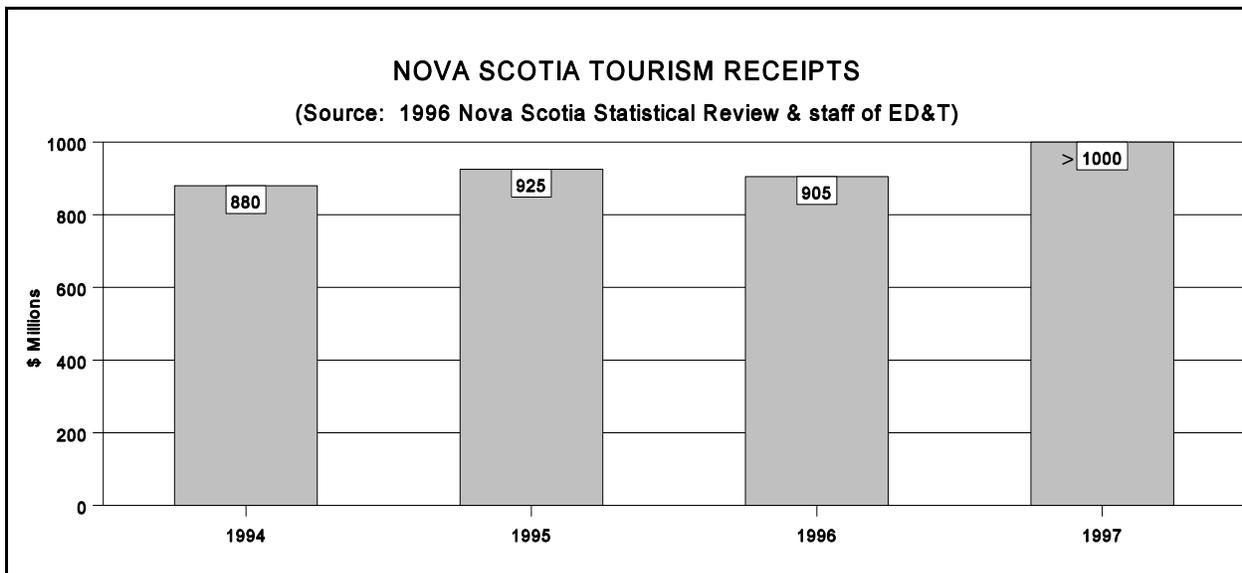


*Exhibit 7.6*

**VISITATION TO NOVA SCOTIA  
 BY REGION OF ORIGIN, 1996 TOURIST SEASON**  
 (Source: 1996 Nova Scotia Statistical Review)

Region	% of Total Visitations
Atlantic Canada	48%
Ontario	22
Other areas of the United States	12
New England, United States	8
Quebec	5
Western Canada	3
Overseas	2
	<u>100%</u>

*Exhibit 7.7*



*Exhibit 7.8*

**ANALYSIS OF TOURISM RECEIPTS  
1996 TOURIST SEASON  
(Source: 1996 Nova Scotia Statistical Review)**

<b>Business Sector</b>	<b>% of Tourism Receipts</b>
Transportation	20%
Restaurants	18
Shopping	17
Fixed-Roof Accommodations	15
Automobile and Fuel	14
Groceries and Liquor	6
Entertainment	5
Other	<u>5</u>
	<u>100%</u>

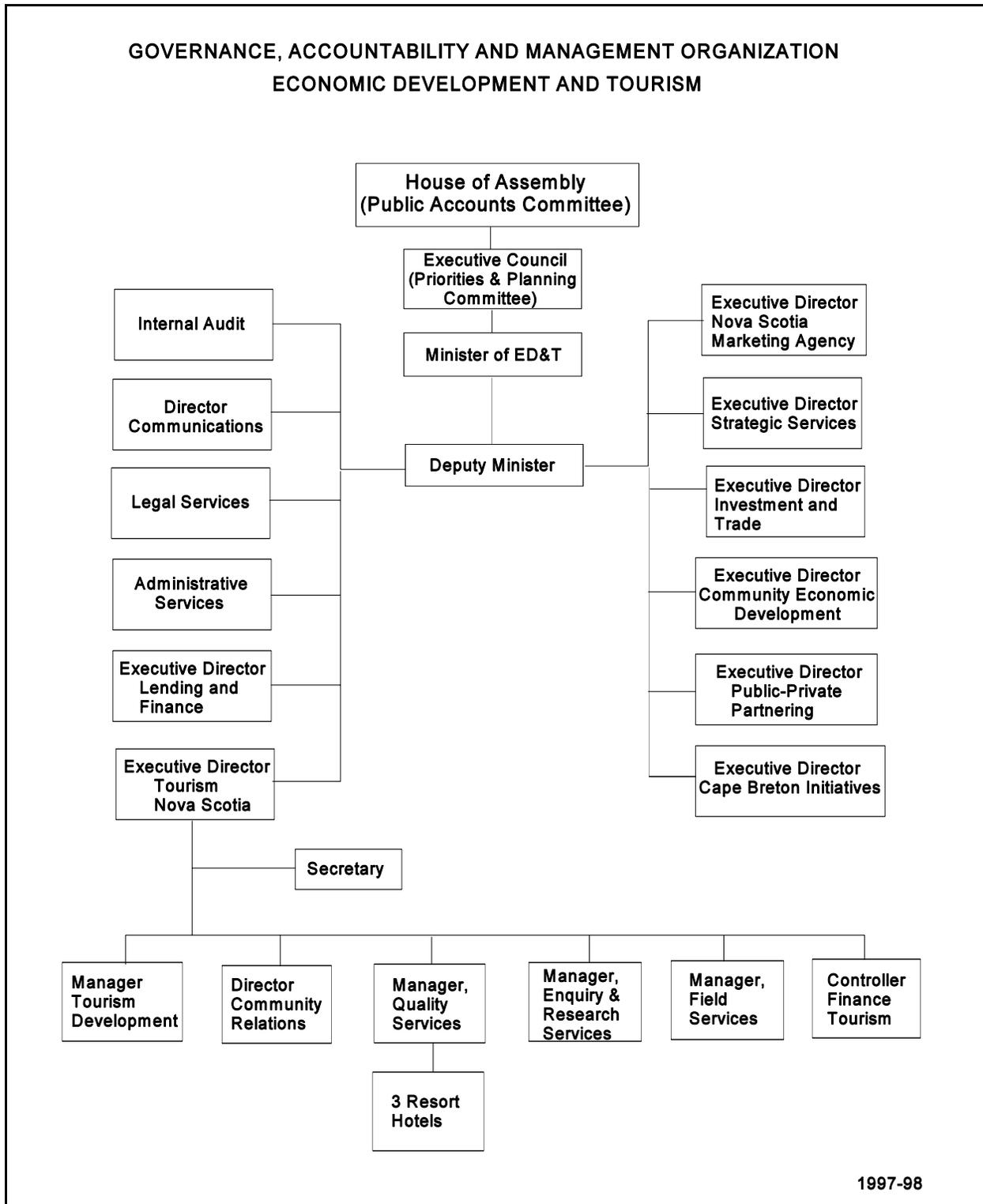
*Exhibit 7.9*

**FOLLOW-UP TO THE 1993 MANAGEMENT AUDIT RECOMMENDATIONS  
STATUS AS OF NOVEMBER 1997**

Recommendations	Department Comment
1. Divisions currently operating within Tourism and Culture consolidate their grant programs into a smaller number of well-defined and flexible programs.	Cultural Affairs Division grant program was transferred to Department of Education and Culture.
2. Explore the potential for amalgamation or consolidation of provincial and locally operated visitor information centres (VIC) and establishing a Visitor Information Centre Commission with costs and benefits clearly documented.	A draft contract has been forwarded to Tourism Cape Breton to manage Port Hastings VIC on behalf of the Province in 1998. Partnership with Halifax Regional Municipality for downtown Halifax VIC continues. Antigonish VIC turned over to Antigonish Eastern Shore Tourist Association, decreasing transitional funding provided.
3. Explore options to reduce the cost of literature distribution including privatization of literature fulfilment and cost recovery through charging private operators for distribution of their literature.	The Nova Scotia Marketing Agency and Tourism Nova Scotia are participating in a broader initiative involving other government departments at the urging of Transportation & Public Works.
4. While generally supporting the notion of privatizing Check Inns, the option of an Atlantic-wide system should be revisited.	Other provinces are not prepared to commit financially to an Atlantic-wide system, however privatization of Check Inns was completed.
5. Explore the possibility of privatizing or outsourcing property inspections.	Canada Select is currently inspecting member properties (300) for Tourism Nova Scotia with the exception of new and problem accounts. TNS is considering tendering for all fixed roof inspections for 1998.
6. Architectural design work should be left to the private sector.	The department architect retired in 1996. Since then there has been very little large scale construction that would require an architect. Any work to be done has been handled by Department of Transportation and Public Works. We have a good relationship with them and they have qualified staff.
7. Assistance provided to the private sector operators in the form of business plans and financial restructuring plans, which is currently provided free of charge, should be left to the private sector.	Assistance is no longer provided to the private sector for business plans.

<b>Recommendations</b>	<b>Department Comment</b>
<p>8. Management of the three provincial resorts be contracted out to the private sector using operating leases.</p>	<p>A request for proposal was issued, an operator selected against criteria and a contract negotiated. It was rejected by Executive Council.</p> <p>The direction of the three resorts is now under the Quality Services Section of Tourism Nova Scotia. There is a proposal being drafted to recommend the resorts be set up as crown corporations.</p>
<p>9. Should the Bluenose II continue to operate as a working vessel and if a new vessel is required, funding should be by the private sector.</p>	<p>The Bluenose II Preservation Trust is operator of the vessel under contract with ED&amp;T. Daily operations are funded by private donations and a grant from the Province. The refit was funded by private donations and through a cooperation agreement.</p> <p>It is more cost efficient to operate the Bluenose II in this manner. When the cost of operations was paid by the taxpayers of the Province, costs were in the range of \$1 million.</p>

*Exhibit 7.10*



*Exhibit 7.11*

**STAKEHOLDERS IN PROVINCIAL TOURISM  
WHO INTERACT WITH TOURISM NOVA SCOTIA**

Atlantic Canada Tourism Partnership

Canadian Tourism Commission

Federal government departments and agencies such as the Atlantic Canada Opportunities Agency

Regional Development Authorities

Regional Tourist Associations

Tourism Industry Association of Nova Scotia

Tourism operators such as hotels and resorts

Other divisions of ED&T, such as the Nova Scotia Marketing Agency, Community Economic Development, Investment and Trade, and Lending and Finance

Other Provincial departments such as Natural Resources and Transportation and Public Works

*Exhibit 7.12***MEMBERSHIP IN THE INFORMATION AND RESERVATION SYSTEM (1997)**  
(Source: Staff of ED&T)

TYPE OF MEMBER	NUMBER OF MEMBERS
Fixed roof accommodations in: - Nova Scotia - Prince Edward Island - New Brunswick - Newfoundland	638 60 54 <u>33</u> <u>785</u>
Campgrounds in: - Nova Scotia - New Brunswick - Newfoundland	69 1 <u>1</u> <u>71</u>
Car rental companies in: - Nova Scotia - New Brunswick	37 <u>4</u> <u>41</u>

*Exhibit 7.13***ANALYSIS OF EXPENSES AND REVENUES FOR  
THE CORPORATE AGREEMENT**  
(Source: Department of Finance general ledger and staff of ED&T)

	1994-95(11 months)	1995-96	1996-97
Expenses	\$2,061,969	\$2,193,010	\$2,104,351
Revenues	501,396	559,299	464,440
Net Expenses	\$1,560,573	\$1,633,711	\$1,639,911

*Exhibit 7.14*

**PROVINCE OF NOVA SCOTIA  
PROVINCIAL RESORT HOTELS  
STATEMENT OF USER FEES AND EXPENSE  
FOR THE YEAR ENDED MARCH 31, 1997**

	Pines Resort	Keltic Lodge	Liscombe Lodge	Totals	
				1997	1996
<b>User Fees</b>					
Rooms	\$1,292,226	\$1,385,965	\$ 583,888	\$3,262,079	\$3,257,820
Food	999,718	1,246,170	515,790	2,761,678	2,791,163
Beverage	202,977	212,158	65,635	480,770	470,599
Other	<u>445,547</u>	<u>272,038</u>	<u>134,237</u>	<u>851,822</u>	<u>587,045</u>
	<u>2,940,468</u>	<u>3,116,331</u>	<u>1,299,550</u>	<u>7,356,349</u>	<u>7,106,627</u>
<b>Expense</b>					
Salaries & Wages	1,315,317	1,453,697	658,863	3,427,877	3,282,236
Travel	18,860	14,216	3,051	36,127	23,990
Supplies & Services	1,321,556	1,288,238	542,327	3,152,121	2,926,418
Other	<u>66,903</u>	<u>364,643</u>	<u>132,046</u>	<u>563,592</u>	<u>524,296</u>
	<u>2,722,636</u>	<u>3,120,794</u>	<u>1,336,287</u>	<u>7,179,717</u>	<u>6,756,940</u>
<b>Operating Profit</b>	<u>\$ 217,832</u>	<u>\$ (4,463)</u>	<u>\$ (36,737)</u>	<u>\$ 176,632</u>	<u>\$ 349,687</u>

Note: This financial statement reflects user fees and current expenditures of the Provincial Resorts budgeted under the Department of Economic Development and Tourism. \$652,639 in furniture and equipment purchases, is included in current expenditures.

The following is not included in this statement: \$1,092,601 in capital expenditures for construction, renovation and upgrading of facilities under Public Works and Special Projects (details of these expenditures are included in Volume 1 of the Public Accounts of the Province of Nova Scotia); \$299,717 for golf course maintenance at the Pines Resort accounted for by the Department of Transportation and Public Works; \$206,693 in maintenance costs accounted for by the Department of Transportation and Public Works.

(Source: Reproduced from page 235 of Volume II of the March 31, 1997 *Public Accounts*)