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Tuesday 18 February 2003

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Mardi 18 février 2003

**Standing committee on
public accounts**

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Provincial Auditor:
Ministry of Tourism
and Recreation

**Comité permanent des
comptes publics**

Rapport annuel 2002,
Vérificateur provincial :
Ministère du Tourisme
et des Loisirs

Chair: John Gerretsen
Clerk: Anne Stokes

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ASSEMBLÉE LÉGISLATIVE DE L'ONTARIO

STANDING COMMITTEE ON PUBLIC ACCOUNTS

COMITÉ PERMANENT DES COMPTES PUBLICS

Tuesday 18 February 2003

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The committee met at 1009 in room 151, following a closed session.

2002 ANNUAL REPORT, PROVINCIAL AUDITOR MINISTRY OF TOURISM AND RECREATION

Consideration of section 3.10, tourism program.

The Chair (Mr John Gerretsen): Good morning, everyone. Welcome to the standing committee on public accounts hearings with respect to the 2002 annual report of the Provincial Auditor as it relates to the section dealing with 3.10, the tourism program of the Ministry of Tourism and Recreation.

We have Mr William Allen, the deputy minister, and various other ministry officials here. Would you please start your presentation, and try to limit it to no more than 20 minutes. There will then be a series of questions from the various caucus members.

Mr Richard Patten (Ottawa Centre): There may be.

The Chair: I'm sure there will be. Good morning.

Mr William Allen: Thank you, Mr Chair.

The Chair: Before continuing, I would just like to thank Mr Crozier, our Vice-Chair, for having sat in as Chair for the last number of hearings that we've held here. Thank you very much, and to the committee members for giving him excellent co-operation, so I understand.

Over to you, Mr Allen.

Mr Allen: Good morning. My name is Bill Allen. I'm the recently appointed deputy minister of the Ministry of Tourism and Recreation.

Before I begin my presentation, I would like to introduce some of my colleagues from the ministry: on my left, Jean Lam, my assistant deputy minister; on my right, Bill Kenny, president of the Ontario Tourism Marketing Partnership Corp; behind me, Michael Langford, director of my ministry's investment and development office; and Sheila Larmer, director of our tourism branch.

I'll touch on some of the key issues in the auditor's report and then turn it over to Jean Lam to get into more of the details.

First and foremost, I and my senior management team understand the important role the Provincial Auditor plays in ensuring taxpayer dollars are spent wisely and efficiently. I can assure you that both my minister and I

have taken the Provincial Auditor's recommendations very seriously. We've looked at his recommendations for both the ministry and our agency, the Ontario Tourism Marketing Partnership Corp, or OTMPC. Action has been taken or will be taken on all the recommendations.

In one of his recommendations, the Provincial Auditor suggests, and I'll paraphrase, that the ministry and the OTMPC should provide more accountability to the public and develop additional measures that are more directly influenced by ministry programs. In our initial response, we agreed that some performance measures were out of our sphere of influence and undertook to develop additional measures by the end of March of this year. Our performance measures for 2003-04 have already been approved, but we will be developing additional internal measures for the upcoming fiscal year. The OTMPC's performance for this fiscal year will be reported in the ministry's 2003-04 business plan, and they will develop new measures by the end of March of this year.

The Provincial Auditor also recommended that the OTMPC prepare annual reports for submission to the Legislature. Reports have been developed and are currently in production for 2000-01 and 2001-02. We're expecting to table those by the end of March.

The Provincial Auditor also suggests the ministry minimize the risk of overlap and duplication between the ministry's programs and those of other ministries and agencies. We responded by saying we would develop a tourism strategy that would provide a focus for coordinating government efforts. We will be implementing an interministerial ADMs committee to ensure the tourism strategy is not just for the Ministry of Tourism but encompasses all government activity. We also said we would develop an annual survey to collect information on the programs and services that are related to tourism but delivered by other ministries. At the time, we pointed out that there were 11 provincial ministries that had some bearing on tourism.

The minister has conducted consultations on the tourism strategy in several areas: Ottawa, Windsor, Toronto, Peterborough, Niagara Falls, North Bay and Thunder Bay. We've received input from the stakeholders who attended these meetings and expect to have a strategy by the end of the spring.

During the consultations, our minister indicated he would like to see the ministry provide more leadership to the government in coordinating tourism initiatives. On

January 31, our minister announced in Sault Ste Marie the investment of \$6.8 million and the launch of a new delivery model to enhance tourism in the north. The new model integrates northern tourism marketing with the OTMPC.

In November, the ministry also formed the tourism investment directors interministerial working group. This group will provide a forum for discussing common areas of interest in support of the tourism sector.

Another area the Provincial Auditor touched on was licensing and establishments that have not renewed their licences. First let me point out that this ministry does not license establishments such as bed and breakfasts or motels. We are, however, involved in the licensing of resource-based tourism operations. A resource-based tourism establishment licence certifies that the operator is a bona fide business using crown land and resources. Compliance with other minimum standards such as those relating to health and safety is dealt with by acts or regulations such as the Health Protection and Promotion Act, the building code or the Environmental Protection Act. The ministry will be undertaking a review of the licensing function before the end of the next fiscal year.

The Provincial Auditor also made suggestions regarding the hiring of consultants and making sure value for money is being achieved. The ministry is closely monitoring the process for acquiring consulting services, with the assistance of the ministry's audit committee as well as the OTMPC's board audit committee. Additionally, when we get the new directives from Management Board, we will ensure that ministry and agency staff engaged in all aspects of procurement are in fact trained to those new standards.

The OTMPC also put controls in place in September to improve procurement practices. As well, the board of directors has issued a freeze on the hiring of consultants.

A new organizational structure in the corporation is being implemented, with a position dedicated to managing contracts and human resources for the OTMPC. Any new proposals involving consultants will require chair and board review and approval.

Ministry training on risk management and contract management took place in November, and training for OTMPC staff on the same subjects is scheduled for February 26.

At this point, I'd like to turn it over to Jean Lam, who will give you an overview of some of the other recommendations from the Provincial Auditor.

Ms Jean Lam: Thank you very much. Good morning, everybody, and thank you very much for the opportunity. In the next few minutes, I will give you a report of where the Ministry of Tourism and Recreation is responding to the Provincial Auditor. But if I may, in the interests of time, I will just provide you with a very brief overview of the ministry and the OTMP.

The role of the Ministry of Tourism and Recreation is to assist in job creation and to strengthen Ontario's communities by supporting and developing tourism, sport and recreation and to work with our provincial agencies as

catalysts for job creation. Specifically on the tourism program, the ministry advances Ontario's competitive advantage in tourism by fostering the right business conditions and by focusing on tourism, economic growth and job creation in all regions of the province. We also have the responsibility of managing the day-to-day government-agency relationship for nine tourism agencies and attractions across the province, and those are listed on slide 21.

The agencies and attractions are listed here. The two attractions of the ministry are Huronia historical parks and Old Fort William. You'll see that the range of agencies covers everything from the convention centres in Toronto and Ottawa to a number of the parks commissions.

Specifically, page 22 describes the Ontario Tourism Marketing Partnership, which is a public-private partnership. It is the ministry's tourism marketing agency, and it was established in 1999. Its primary function is to grow the tourism sector by establishing and branding Ontario as the pre-eminent four-season vacation destination. It does much of its work in collaboration with tourism partners to develop and deliver marketing programs.

Page 23 just outlines a bit of what OTMP is all about. It represents a \$170-million investment by the government over the last six years, starting in 1998. The budget is in the neighbourhood of roughly \$34 million a year in terms of the government's investment, with an additional \$14 million following the tragic events of September 11, 2001. An estimated \$412 million in incremental visitor spending due to advertising has been calculated for the period between January 2000 and September 2002. Roughly \$12 is returned to the province for every dollar spent on advertising. That period was measured between January 2000 and September 2002.

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I would like to now quickly turn to page 27. As the deputy mentioned, the Provincial Auditor's objectives were to ensure compliance with legislation as well as with government and ministry policies and to manage resources with due regard for economy and efficiencies. In the Provincial Auditor's report, a number of observations and recommendations were made. What I would like to do is address recommendations and give you the up-to-date status report as to where we are in responding to those recommendations.

Slide 29 deals with the recommendation that the OTMPC should improve its documentation and analysis to support its marketing decisions. That's basically to document how the OTMP determines which markets it will target with its advertising and marketing programs.

In the OTMP's 2003-04 marketing strategy, they based much of their market analysis on using the instrument designed by the Canadian Tourism Commission, their marketing performance assessment model. They also used a number of other measures. They are also working with the board's marketing performance assessment committee to help further refine their assessment model.

The next recommendation dealt with the OTMP ensuring the efficient and effective delivery of advertising campaigns by arranging for an audit of the billing of their agency contracts, providing formal reconciliation of partner advertising dollars, as well as reviewing the performance of its advertising agencies.

The current status is that this past summer the OTMP went through a new RFP process, which is managed by the Management Board Secretariat's Advertising Review Board, and selected two new agencies through a formal, competitive process. They have met with the advertising and publications agencies for an informal review at the six-month mark of their contracts. There will be a formal assessment at the one-year mark in August 2003, using the standard performance criteria for agencies developed by the Advertising Review Board.

With regard to the reconciliation of partner advertising, the OTMP has changed its billing process and is now invoicing directly from its sales area. A tracking system has been instituted to follow up on any outstanding accounts.

With regard to the recommendation of ensuring that tourism publications are produced and distributed in a timely manner that meets the needs of the tourist, the OTMP has begun a very comprehensive review of its consumer publications. A preliminary report will be completed shortly. The implementation of the new strategy is expected to be completed in January 2004.

To deal with the comment with regard to the timely release of OTMP material, they have developed a new work-back schedule and will certainly do their very best to ensure timely publications.

With regard to French-language publications, the OTMP has recently distributed sales opportunities for the upcoming French publication to all of their partners.

The recommendation that is dealt with on page 37 deals with the financial assistance that's provided to festivals and events through the two grant programs that are operated by the OTMP to ensure that it achieves the various objectives.

I wanted to point out that the ministry also conducted and the minister released a study on funding for Ontario festivals and events in November of this past year. The study made a number of recommendations aimed at strengthening the festivals and events industry as well as ensuring the strategic use of provincial funding to the industry. The ministry is partnering with the major festivals and events organization to implement those recommendations in 2003-04. We expect that those discussions will be complete by the end of this summer. With regard to the role that the OTMP is playing, they are working with the ministry on a strategy to improve financial support for festival and events operators.

In response to the auditor's recommendation that a process needs to be implemented to achieve one of their grant programs, and that's to increase the ratio of off-shoulder and winter events, the OTMP has an agreement with the ministry's field staff to proactively identify shoulder- and winter-season events for support and has

indeed set aside funds for the shoulder and winter season to support more of these events.

One of the recommendations made by the Provincial Auditor was to have a system to verify sponsorship revenues as well as to develop a means of evaluating the post-project reports for the tourism event marketing program. The OTMP has improved their follow-up. More than 80% of the grant recipients have now submitted reports, and letters are being issued on a quarterly basis to those organizations that have not completed their reports. Under this program, future funding is not provided until the reports are received.

Slide 41 deals with the travel information centres. To help assess whether they are effectively meeting their objectives, the recommendation was that the ministry should develop procedures to periodically evaluate whether the centres continue to encourage visitors to stay longer, to return more often and to spend more money in Ontario. The current status is that the ministry is working with both public and private sector partners to create a welcoming environment at strategic border crossings.

There are some new ways of delivering travel services, which will include improvements to the actual exterior as well as the interior design of the travel information centres, as well as providing greater accessibility for information and services for the customer.

The travel information centres are also looking at developing a promotional piece to highlight the services provided by the information centres. They're working closely with regions and municipalities to provide a knowledge base of their local signature events and also to enhance the knowledge of our travel counsellors by conducting product tours so that they're fully aware of the attractions, routes and products on a local and regional level.

To deal with the issue of surveying visitors, the ministry is exploring a cost-effective method of surveying visitors to determine their customer satisfaction and how effective the marketing materials are and is working with industry in partnership to monitor visitations, such as what promoted the visit and the motivation for repeat visitation.

On the issue of the ministry's tourism agencies and attractions assets and the comment that they need to be adequately maintained for the benefit of future generations, I wanted to note that in this current fiscal year the ministry has allocated \$6 million to its agencies and attractions for capital to address health and safety needs as well as other repair and refurbishment. We note that capital planning is continually improving, and for this immediate cycle the asset information did include data on the depreciated value of assets based on the service life and estimated depreciation. The information was further refined and improved for the 2003-04 planning cycle, which included a five-year capital strategy.

The ministry is also undertaking a long-term capital planning strategy project to establish an integrated capital planning and prioritization process that will determine the ongoing capital needs of our agencies. I also wanted

to note that all of our agencies are going to be undergoing program evaluation over the next three years.

With regard to encouraging and promoting improvements in the standards of accommodation and facilities offered to travellers, the recommendation was that the ministry should review the accommodation rating systems in other provinces and those supported by other ministries as well as take a lead role in encouraging the development of province-wide rating systems in Ontario and should integrate any of those resulting rating systems into its information network.

Our response, which starts on page 49, is that we wanted to note that the tourism industry actually does use the Canada Select program as its rating system. The program is voluntary, and it's administered by an industry alliance which is made up of the major accommodation associations in the province.

The deputy mentioned the minister's recent consultations with stakeholders developing a tourism strategy. It certainly did confirm that the availability of quality standards is a priority. The industry expressed the need to have consistent province-wide quality standards measuring total quality: both the overall experience as well as the facilities and service. But the industry did stress that such standards should be developed by the industry with the government acting as a facilitator, and so that will be part of our review of the tourism strategy. As part of that, by fall 2003 the ministry will be looking at options with the industry as to a quality assurance program.

1030

Fifty-two deals with the recommendation of assessing the quality of service and consumer satisfaction with Ontario's tourism experiences. While the ministry collected customer comments through a variety of sources, whether it was through the travel information centres, correspondence, calls to the 1-800-Ontario number or direct calls into the ministry, the recommendation was that we needed to have a systematic process to track that. So we have developed a pilot program. A customer satisfaction tracking process has been initiated by the ministry to look at this in a consistent way across all parts of the ministry. We are going to start this up in March and run it for eight months, and then we'll be doing an analysis to determine whether the process is actually a good one and whether the tools meet our needs. Once this is in place, the information will be gathered on a quarterly basis and analyzed to produce regular reports for the ministry so we'll be able to assess trends—the volume of comments—and see whether there is some commonality in the comments. We are also going to take a look at the process with our legal services branch, with regard to the Freedom of Information and Protection of Privacy unit, to ensure that the process conforms to all legal and FIPPA requirements.

The next recommendation, on 55, deals with the issue of knowledge transfer from consultants to staff. The recommendation was that we needed to do that to avoid a continuous reliance on consultants and that we also needed to document in project business cases the signifi-

cant deliverables and options and ensure that all required approvals had been received. The recommendation went on to note that requests for proposals should be well researched and provide a clear description of the project requirements, and in the case of one particular contract, that financial and operational risks are adequately managed and shared with the vendor.

With regard to the OTMP—and this dealt in particular with the recommendation on the tourism consumer information system—three permanent positions have been assigned and the knowledge has indeed been transferred from the project consultants to the staff. A risk assessment has been conducted with the assistance of the ministry's internal audit branch, and OTMP is working on a number of strategies. Also, there are further staff positions that are going to be managing the tourism consumer information system. It is definitely up to the OTMP's board to bring both stability as well as expertise into the corporation in order to effectively manage the tourism consumer information system.

With regard to ensuring that tourism information is collected in an efficient and economical manner, the recommendation was that the ministry and OTMP look at procedures and guidelines for sharing the information from their databases. The ministry and OTMP have completed an analysis of the gaps and overlaps between the two databases. They are jointly developing a methodology to harmonize collection of data, and work is proceeding on this front.

That brings me to the end of my presentation, in terms of the current status of how the ministry is responding to the Provincial Auditor's report. My colleagues and I would be very happy to answer any questions you have.

The Vice-Chair (Mr Bruce Crozier): Thank you very much. We will begin a round of questioning in 20-minute segments with the government caucus.

Mr Wayne Wettlaufer (Kitchener Centre): Deputy Minister, you said something about the engagement of industry partners. I think this is really important, given the recommendation in the auditor's report that the industry be involved in setting quality assurance standards. In discussions I have had with much of the tourism industry over the course of the last number of months, there have been suggestions that perhaps there could be a partnership between government and certain private standards-gathering organizations that are out there now—the CAA and AAA. There have been suggestions that the quality assurance standards be constant from province to province. I wonder if you could get into a little more detail on engaging the private sector partners we've been discussing matters with.

Mr Allen: First of all, I certainly agree that we do need to be working with the stakeholders in the tourism industry. If we try to impose a standard system that they haven't bought into, it just won't work.

You mentioned using a third-party organization to develop and verify the standards. We've looked at that possibility. One of the concerns is the cost to the industry associated with that type of system. Certainly we are

holding discussions with the tourism industry to try to develop a consistent approach across the province to quality assurance and a system to rate how well establishments are doing against that standard.

Mr Wettlaufer: How would we go about setting constant standards when you look at the number of different accommodation areas out there: resorts, bed and breakfasts, hotels, motels? Has there been any suggestion from our private sector partners in that respect?

Mr Allen: Let me ask Jean to respond to that. I know that she and some of her staff have had discussions with the industry on that specific topic.

Ms Lam: You're quite right. The topic has been raised, I would say, at all the consultation sessions. One suggestion has been to use established rating systems, as you mentioned, whether it's Canada Select or CAA or international ones like Michelin or what have you. I would say, though, that there is not a consensus among the industry, for the very reason you mentioned, on which one should be the official rating system and whether it should be a mandatory or a voluntary system. The tourism operators have indicated in many cases—and the larger ones that are part of major chains usually have their own rating systems.

I think that the common message we've received throughout the consultation sessions is that the consumer does need to have a reliable way of determining, for their own decision-making purposes, and be able to compare that against a rating system, whether it's industry-led or voluntary or mandatory. So one of the things we propose to do as part of our tourism strategy is have some further discussions with the stakeholders to address the very points you've raised.

Mr Wettlaufer: Does anybody else have any questions?

Mr AL McDonald (Nipissing): I just want to shift gears a little bit and concentrate on northern Ontario, since that's where I come from. How can you ensure that northerners have a voice with your ministry in the marketing of northern Ontario?

Mr Allen: As I mentioned in my comments, the minister recently announced the dedication of over \$6 million to northern Ontario marketing. It is being administered out of the OTMPC. There will be at least three directors of the OTMPC board who will be appointed from northern Ontario. In addition, there are a number of committees of the OTMPC that provide advice to the board. They will also have members from northern Ontario to provide input not just on marketing in northern Ontario but on the whole OTMPC marketing program.

1040

Mr McDonald: I can tell you that I sat in one of the meetings with Minister Klees when he was in my riding of Nipissing. We really appreciate his visiting the north. I'd heard good things from all the stakeholders, that he took the time to come up and visit us.

Did you announce an expansion of an office in Sault Ste Marie? What was the rationale behind picking Sault Ste Marie to expand in northern Ontario?

Mr Allen: Yes, we did. The minister—
Interjection.

The Vice-Chair: Continue. We get these odd remarks occasionally. Sorry for the interruption.

Mr Allen: Yes, we did announce that the OTMPC would have representation in Sault Ste Marie. I'll ask Bill Kenny to elaborate on that office and how it will provide coverage for all the north out of that office.

Mr William Kenny: Thank you, Deputy. Just a couple of things. The office is expected to be open in Sault Ste Marie in April. Regarding the selection of Sault Ste Marie, there was a sense that Sault Ste Marie was equidistant in terms of travel in northern Ontario. There were people who were feeling that the office could be in other communities such as maybe North Bay, but the feeling was that Sault Ste Marie was considered a northern city.

That being said, our intention is really not to operate everything out of Sault Ste Marie. There will be staff in Sault Ste Marie. We hope to hire a director of marketing, two partnership and sales staff and a secretary. So it's a small staff. The partnership and sales staff will be charged with working with partners across northern Ontario, probably one with a northeastern responsibility and one with a northwestern responsibility.

Our strategy is to work with our partners in northern Ontario. We will not be creating advertising campaigns out of Toronto, that kind of thing. The strategies will be put together by the northern committee, which will have 12 to 17 members, and that committee will be bringing the strategy forward to the board for approval, and the funds will be fully dedicated to marketing northern Ontario.

As you know, some of the markets for northern Ontario have different emphasis than some for southern Ontario, so this is important, that we're able to reflect that in the approach.

Mr McDonald: As you know, northern Ontario makes up about 85% of the province of Ontario, and to pick one centre, such as the Soo, which is, like, a five-hour drive from North Bay, for example—and I don't know what the drive is to Thunder Bay from there, but it's probably pretty far—

Mr Tony Martin (Sault Ste Marie): Nine hours.

Mr McDonald: Nine hours.

You're dealing with a vast expanse in northern Ontario. I was just wondering about the strategy of picking one central office.

Mr Kenny: I wouldn't really characterize it as one central office; I would characterize that as, I guess, OTMP staff location. Money was also provided for the northern Ontario travel associations through this announcement, and they will become part of our partners to reach all of the tourism operators in northern Ontario. They have a very strong membership base. All of our plans will be worked through with those associations. So our approach is very much to reach out to all the operators in northern Ontario and make sure they can

have access to all the advertising programs and things we're going to be producing.

We also have the possibility of sales staff working out of their homes and still coordinating through the Soo location in terms of communication with OTMP. I guess we'll look at that as we evolve the service. I think our committee will be very strong in terms of advising us on how to best serve northern Ontario. So from the committee's view, we should be ensuring that we have a stronger presence in other communities. We can certainly look at that down the road. But Sault Ste Marie was, I guess, the beginning.

Mr Allen: I would also mention, as someone who worked in the north for a number of years, that you don't spend very much of your time in the office. I spent probably 90% of my time out on the road meeting with stakeholders. We would anticipate the same thing with staff who are in the Soo office, that that will be their base of operation, but most of their time will be spent outside the office.

Mr McDonald: As with any successful business, obviously you have to send sales personnel out to sell your product. Do you have a strategy? Obviously, it's great that we can do some marketing and some promotion through publications or advertising. Do we have a staff that's selling Ontario to the world? Is there a staff that goes out and sells Ontario?

Mr Kenny: I was explaining that there would be a director of marketing and there would be two partnership and sales positions. Those two people will be fully dedicated sales people to make sure that northern operators are aware of the opportunities in helping them to buy into OTMP programs.

Mr McDonald: Have you made a distinct difference or made a line in the sand where it comes to promoting southern Ontario versus northern Ontario with this announcement?

Mr Kenny: I wouldn't say there's a line in the sand. I think the approach that OTMP is trying to take is to sell experiences, so the consumer doesn't know there's a line between northern and southern Ontario. We try, through our research, to understand what consumers want to buy. What are they looking for? That is driving all of our marketing decisions. So we'll be looking in northern Ontario and working with the operators to identify those experiences that they think will drive business into northern Ontario.

We already have fairly strong programs in terms of fishing and snowmobiling. There are a number of campaigns that have been evolving in the north over time, and I think through our product committees with OTMP, not just our northern committee, we'll be looking at products for northern Ontario as well, what we can build.

One of the great examples of the products we created was Paddle Ontario, which brought together around 31 tourist outfitters in the canoeing/kayaking business. They pooled their money together and created this concept of

Paddle Ontario. Many of those operators are in northern Ontario.

We're looking for things that are across the province and people go to where that actual experience is, so we'll be trying to build those experiences with our new northern committee.

Mr Allen: I would just add that we will be tracking the dollars that are spent on northern Ontario initiatives so that at the end of the year we'll be able to account for the dollars that were spent on northern Ontario to comply with what was announced in the minister's announcement.

Mr Kenny: And I would just add that the expectation is that the Chair of that northern committee, similar to all of our committees, makes a report to the board on a quarterly basis in terms of their progress and activities for the previous quarter. We have a built-in system of reporting back between our committees and our board.

Mr McDonald: So this northern Ontario board—is there a board for Ontario itself?

Mr Kenny: Yes.

Mr McDonald: Does northern Ontario have representation on that board as well?

Mr Kenny: There will be three new members appointed to the provincial board.

Mr McDonald: How many members are on the board itself?

Mr Kenny: I think we have approximately 12 members on the board.

Mr Allen: There are 12, so the additional three to the current board. I guess the good thing about that approach is that they will be able to influence all of Ontario marketing, not just northern Ontario.

Mr McDonald: Yes. I was coming around to that point. How much money do we spend in promoting Ontario to the world? What's the budget?

Mr Allen: The OTMP budget is \$34 million—

Mr Kenny: Approximately \$34 million.

Mr Allen:—and you add the six, so it's about \$40 million now, total budget.

Mr McDonald: So northern Ontario is making up about 15% of the budget. Does northern Ontario have the ability to partner with the rest of the budget in promoting Ontario? If it does, how is northern Ontario benefiting from the greater number that you have for southern Ontario?

Mr Kenny: The programs are open across Ontario, so when we go out to sell our snowmobile book, people can purchase listings and advertising in the materials. We do have set fees that are established for each one of our programs, but northern Ontario can buy into all of the programs. For example, our angling guide is pretty much made up of northern angling operators that have bought into the program.

The programs are wide open, so it's not a question, I guess, of saying that when we do an advertising campaign there's so much dedicated to southern Ontario and so much dedicated to northern Ontario. I think there's a protection for northern Ontario in having the funds

separated out for some specific northern advertising, but our overall campaigns also drive travel into Ontario and into northern Ontario as well.

Mr McDonald: I think the key to success in northern Ontario is to promote four-seasons tourism, not just—you have come back to the snowmobiling a couple of times, and the fishing. There's a lot more to northern Ontario than snowmobiling and fishing. It's really important that we key on all the four seasons in northern Ontario to be successful, because you can't just have a boom and bust and expect stakeholders or tourist outfitters to survive.

Mr Allen: That's a very valid comment. As Jean mentioned, that's one of our strategies for all of Ontario, to promote it as a four-season destination. I think it's even more important in northern Ontario.

1050

Mr Wettlaufer: I'd like to follow up on this northern discussion. As you're aware, Deputy, we had a consultation tour last summer and fall through the north, and I was part of that tour. We heard from a number of stakeholders. In fact, I was very impressed with the attendance throughout the north.

We heard from a number of them where they wanted us to go in this new program. Since we've announced the program, I've heard from several that they were quite impressed—"several" meaning five or six or less. That may not necessarily mean that everybody is pleased. I was wondering if you've heard from other stakeholders what their reaction has been.

Mr Allen: I've heard from a few stakeholders. Actually, I haven't heard from as many as you have. I also will be spending time in the north over the next few months as the new deputy. In fact, the first stakeholder meeting I had was in Thunder Bay the week I started with the ministry. So I'm certainly interested in the reaction to what we're doing in the north and will be talking to a number of stakeholders for the next few months. Bill, I don't know whether you've heard from—

Mr Kenny: Overwhelmingly, from what I've heard, it's positive. I think the stakeholders felt it was important that they were brought back under the Ontario brand. There was a real concern that the north should not be seen to be separated out from the province's advertising. So I think from that perspective there are a lot of people who are very happy. They think that, as with most things, the proof will be in the pudding and it's up to us to do a good job of marketing Ontario's northern products into their markets.

In June we have partnership forums and we meet with members of industry. We usually go to about 20 communities across the province. We'll be using that opportunity in northern Ontario to get more input from the various stakeholders in the communities in northern Ontario as to our plan, and through our northern committee they'll be developing a strategy. So I hope that between the expertise of those northern leaders who are put on the committee and then the vetting through our

partnership forums in the communities, we'll put together a very solid plan.

Mr Wettlaufer: How much more time do we have, Chair?

The Vice-Chair: You have a minute.

Mr Wettlaufer: We'll pass.

The Vice-Chair: We'll move to the Liberal caucus.

Mr Ted McMeekin (Ancaster-Dundas-Flamborough-Aldershot): I just want to say at the outset that you obviously have your work cut out for you. The auditor identified a number of concerns and I guess just out of curiosity I'd like to get some feedback as to how many of the concerns the auditor identified you had been working on or to what extent this is a useful process generically in terms of hearing from the auditor and then setting some new directions around vision and interpretation.

Mr Allen: We always welcome the feedback from the Provincial Auditor. There were quite a number of recommendations that we either were working on or we knew we should be. So it confirmed some of the thoughts that we had. There were probably some areas where over the years we weren't as focused on some of the processes. So it helped us refocus. For example, in our management orientation program we have indicated we will be including consulting contracts and management of consulting contracts in the orientation program for all new managers. That's something we haven't done in the past, but one of the recommendations from the auditor indicated that we needed to provide better training and better knowledge on managing consulting contracts. So there's an example of how we will be improving our processes.

Mr McMeekin: OK, thanks. You mentioned focus. That seemed to be, again by way of overview, one of the concerns the auditor had articulated, I thought, rather well: the five different missions, six different structures, 11 different ministries involved. As one who has dabbled in social research, I know, and I suspect you know, that what gets measured gets done. If you can't measure something, how can you spot success? And if you can't spot success, how in heaven's name are you ever going to affirm it? I think the auditor really spoke quite eloquently to that.

I guess in the context of the 11 different ministries and the identified overlap and duplication, there are some hints here around an emerging strategy. Can you explain perhaps a little bit about what kind of templating you might do in terms of overall objectives and how you plan to implement those to ensure that there is the focus that you've admitted was perhaps somewhat lacking?

Mr Allen: First of all, I guess if you look at all the mission statements and the vision, the one underlying common thread is the economic benefit to Ontario that the tourism industry has provided, and I don't see that changing. We need to focus on encouraging a vibrant industry, one that contributes to the economic well-being of Ontario. So I don't see that changing.

I guess the other thing that didn't change, even though we moved from various ministries, was that we did have the same staff and we did have those staff working over

the past several years with the same stakeholder groups. So there are some consistencies there, even though the configuration of the ministry has changed.

In the next short while, as we've already mentioned, we will be developing a strong strategy on how we will work with the tourism industry over the next several years. I think that will help us with the refocusing that I spoke of earlier.

Mr McMeekin: So we seem to have this emerging consensus, looking at your business plan, of the economic spinoffs of stimulating employment as paramount. That leads me to, and perhaps answers, my next question: who's the customer in this whole thing? By the way, I want to take a minute just to acknowledge that, given the road we travelled, maybe the road less travelled is the road of consulting intentionally with stakeholders and trying to capture their involvement in sharing whatever focus is here. In that sense, I want to compliment some of the recent directions that have been taken to address that.

Notwithstanding that, I'm not as intimately involved, obviously, as you and your aides and some others are, Deputy, but I continue to hear from stakeholders this sense of the ministry, and particularly the marketing side of it, as being kind of a top-down agency, not really involving—perhaps as the northern initiative is attempting to do—some of the other associations, a sense of almost growing resentment from some of the other OTAPs. Have you had that kind of feedback? If you haven't, why not, because I'm getting it, and if you have, what are you doing about it?

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Mr Allen: I'll make a comment and then I'll ask Bill to comment, quickly on the OTAPs. Our relationship with stakeholders is critical; it's important. It was one of my top priorities when I came to the ministry. That being said, that's a huge challenge because, as you know, in the tourism industry we have large operators, large corporate owners, through to small independent operators. So reflecting the industry becomes a challenge and interacting with that industry is an ongoing challenge. I think we've done a good job, both through the ministry as well as through the OTMP.

I'd ask Bill to comment specifically on the initiatives in the north and perhaps comment on some of the feedback that you may be receiving.

Mr McMeekin: A sense of equity that some are feeling may not be there.

Mr Allen: We understand that.

Mr Kenny: I think the process that we've used in OTMP since almost the beginning in 1999, when we started—we're still quite a young organization—was to try to be inclusive. It is a very, very large industry out there, and the way we tried to involve the stakeholders was very much through the creation of the board, as well as a series of committees. We had product committees in the areas of city experiences, touring experiences and outdoor experiences, each one of these committees having about 10 to 12 members on it from the industry. They're all volunteers. They get paid their expenses;

there is no honorarium paid. We also had market committees in the area of Asia-Pacific, Europe, a domestic committee and a US committee. These committees were charged with sitting down and helping us to design the strategies and tactics that we do. So I would suggest that OTMP has been pretty aggressive in trying to get stakeholders involved in developing the strategies.

When the strategies are developed, we have every year come out with a marketing outlook document. The document—and here's an example—basically indicates, "Here are the strategies and tactics that we're planning for the coming year." We're trying to be a year ahead of the marketing cycle so that people can buy into our programs. Our success is really based on having stakeholders, industry operators, buy into our programs.

At the same time, our programs have to try to reach the consumer. The consumer is, in our mind, who we're trying to reach. Consequently, our programs are designed to try to do that. Not all are perfect. In many of the programs we'll run an advertising program one year and then change it based on the results we got and try to improve it the next year. I can give you some examples of where we have some programs that I think have done fairly well.

So in terms of the input side, I think we've received a lot of input, and when we do the consultations around the province annually to get reaction to our plan, we try to amend the plan to respond to the issues that are coming out.

In terms of resentment or of concerns out in the industry, when we go out with our programs we are looking for cash-in-kind contributions toward the program. It's difficult for some of the smaller operators to develop a large campaign, if you know what I mean. The way OTMP has responded to that is that basically we created a program called the industry proposals program, which doesn't sound very innovative, but the program is basically open-ended. There are two deadlines a year, and we send out our monthly communiqué indicating when the deadlines are for this program. We encourage tourism organizations, not just an individual one but groups of municipalities with their tourism organizations, to come together with a proposal to us. So, yes, the strategies are developed by committees up to the board, with the board making decisions and approving the overall strategies and budgets.

The buy-in to the programs is really ultimately the decision of every individual operator. An operator can decide they want to buy into one publication, a radio spot, whatever it might be. To some extent, they have to decide what they think will work for them, and we have to pitch them as to why we think it would work for this type of operator. But it's their decision whether or not to buy into our programs.

Some of the associations, for example, feel that the ministry should be providing operating funding to them. Some of the destination marketing organizations feel that we should be helping to purchase additional copies of the tourism material they are producing. We are trying to

say, basically, “Yes, we want to work with you, but we want to work with you on a broader scale to try to market Ontario.” Some DMOs—local, smaller tourism associations and organizations—are very strong at marketing their local customer base. We’re very much interested in the offshore and US markets, that kind of thing.

Mr McMeekin: In our business, we talk about supplemental questions. I have a supplemental here on this. If I understand you correctly, the idea of bundling groups is to perhaps compensate for the built-in difficulty that the small operator may have in terms of accessing the programs. Is that the theory?

Mr Kenny: The trend now is that instead of a municipality or hotel buying an ad in one of our publications, many of the areas are coming together, which we think is great, basically saying “City of Sudbury” and then having all the hotels and attractions. They have all pooled their money together in order to be able to afford to be in the advertising and in some of our programs. Not everything we do requires money. For example, tourism operators can have free listings on our Web site, and a lot of the decision-making in terms of travel, certainly in terms of pre-planning for travel, is done on the Web now. That’s why it is very critical that our Web site function properly and have all the product on it. So there’s a wide range of possibilities for different organizations to buy into, in terms of our programs.

Mr Allen: If I could just add that in a lot of cases it would be cost-prohibitive for small operators, as you would know, to market into the US or overseas, whereas if they partner with the OTMP, that gives them the leverage into some of the markets that they normally would not be able to access.

Mr McMeekin: As tourism critic for my party, I do whatever travelling I can to talk to stakeholders, but as you might imagine, in this highly technical age we get a lot of e-mails, most of which are unsolicited, offering advice. You probably get some of those from time to time too.

Mr Allen: We do.

Mr McMeekin: One I received the other day had an interesting comment, if I can just read it into the record and maybe ask you, Mr Kenny, to respond to it. By way of a brief preamble, you had mentioned your desire to consult with stakeholders and involve them in the forming of your programs. This stakeholder says, “Although OTMP did form an industry advisory committee to assist in defining industry needs, this committee met only once, and the process of developing RFPs went ‘underground’ out of the industry or OTMP board view. The system as it stands is ineffective, and in the view of several existing private sector and association solutions, may not be necessary.” Then he goes on to say, “At the least, a meeting of all tourism Web site operators should have been organized prior to the RFP competition to examine roles and responsibilities to see if the \$16 million”—recently announced—“needed to be spent by provincial taxpayers at all.” The gist is pretty clear. Can you comment on that?

Mr Kenny: As I mentioned before, the Web site is very critical to us. That is the way people are booking, and so investment in a Web site is very critical. I would like to describe for you, however, our Web site program, because I think that’s important. Some of the history on this, if you will, is that for a number of years, tourism had been promoted through a 1-800 line. There was a call centre and calls came in. Technology evolved to the point where we could have reservations on Web sites. I know there are organizations and private sector people out there—it’s a little bit like the rating system issue—who want to build a Web site and sell it to the government etc. When we looked at creating the new Web site, the board of directors basically was coming from a situation where we had privatized the entire service and it was operated by Bell. Frankly, there was a lot of consternation in the industry, because it was very much a pay-for-use service and it was a reservation service. There was a feeling that it was a bit of competition with some of the other organizations which were trying to create their own reservation system.

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The board decided to get out of the business of reservations and to create a new portal, which I guess is the best approach in terms of creating a Web site that is luring people to Ontario through the information. Then you very quickly try to go through the experiences, have it be exciting and then triage them off to the individual operator to close the sale. So instead of OTMP doing the sale through a vendor, we’re just funnelling the information and trying to get the customer off very quickly to the—

Mr McMeekin: With some link sites, I’m assuming.

Mr Kenny: Yes. They’re links.

So an RFP was done. We looked out into the private sector. We got a number of responses to the RFP. When we selected the vendor to undertake this, basically what we were buying was a call centre operation—and just to be clear, that’s a room with call centre operators who get paid an hourly rate to answer the phones—and we had had that ever since the beginning of 1-800 Ontario, in terms of responding. We also have fulfillment, which is when you call 1-800 Ontario and you want publications. We ship them anywhere in North America to tourists who want information on Ontario. That’s in the budget as well. The actual maintenance and hosting of the Web site is about \$1 million. That’s comparable to what we were doing with the Web site or what Bell was paying for their Web site, essentially, in the previous system. The actual building of this system did not cost \$16 million. The building of the system cost \$3.3 million, which, when we look at other sites of this complexity, is well within the normal expenditure to create something like this. The rest of the money is basically a three-year operating cost for manning the calls, distributing the literature and hosting the Web site.

Everything is integrated so that as consumers call in we can start understanding what their interests are through the Web site. We’re asking them for permission

to send them material on Ontario. If they have specific interests, whether it's golfing, skiing or whatever it might be, we'll be able to send specific messages out to them, as opposed to creating the large publications which are actually very expensive for us to continue producing. When so much information is available for travel on the Web and that seems to be the way some of the planning is done, that's the way we want to go.

I'll conclude by saying that there are some people who would like us to get back into the reservation business because it will generate revenue. However, at the moment, the board's position is to create the interest through the Web site and get the sale directly to the individual operators to close the sale.

The Vice-Chair: One more question.

Mr McMeekin: Just a quick supplementary, because in the next round we can catch some others. I wasn't reading the reservation concern into the comment; I was reading the frustration about a mechanism being put in place which then really wasn't used and a growing—because the memo highlights some similar kinds of concerns—almost a burgeoning sense that the stakeholder customers really weren't having adequate opportunity to feed into the decision-making in system development.

Mr Allen: We should just add that we have recently undertaken an assessment of the Web site. We are out soliciting feedback from the people who are using it as well as from the operators. Actually, compared to other Web sites of a similar nature, this Web site is faring quite well.

Mr Kenny: If your question relates more to the broader OTMP, what I would say is that the ministry is undertaking a program review. I believe the consultants in that program review will be looking at what kind of stakeholder feedback we get. We actually have a report on stakeholder feedback, which we can provide to you if you're interested.

Mr Wettlaufer: On a point of order, Mr Chair: I was wondering if you could direct Mr McMeekin to table the e-mail he received. I think that's something the ministry should be able to address with the individual who had a concern.

The Vice-Chair: I can't direct him to do anything, but I can certainly ask him to do that.

Mr McMeekin: I've been asked specifically not to do that. The person identifies some fear of retribution here. I know this government would never do that, but I want to respect that wish, Mr Chair. I don't mind sharing it, perhaps privately, without the name attached.

The Vice-Chair: If you could block out the name, that might be something they could use.

Mr Martin?

Mr Martin: You'll probably understand if I start off with some questions—I'm concerned about the northern Ontario tourism marketing board and its demise and what its new life is going to look like. I guess I want to follow up on some of the questions Mr McDonald raised earlier. The announcement that was made a few weeks ago—and I've spoken to a few people in the economic development

business in the north, and tourism in particular, and they indicate to me that in fact what happened there was that this wasn't an expansion. You had an office in Thunder Bay, the northern Ontario tourism marketing board, and in North Bay—or just in Thunder Bay?

Mr Kenny: I believe the NTMC had their main offices in Thunder Bay and had staff working out of, I believe, Sault Ste Marie and Timmins—perhaps North Bay; I'm not 100% sure on that.

Mr Martin: But what we've done now is consolidate that into an office in Sault Ste Marie. So it's not a new office; it's the moving of an office to Sault Ste Marie. Is that correct?

Mr Kenny: It would be a new office for OTMP. The prior organization was a not-for-profit corporation that was operating, I guess, with a different business model than we were operating with.

Mr Martin: But as far as the budget and the staffing and that, is it an increase, is it a decrease? What are we looking at here?

Mr Kenny: I believe the amount of money going into the new northern model is pretty much the same as what was going into the old NTMC organization, from a marketing perspective. From an overhead perspective, I think we're looking at the office overhead being lower. It was very much a point that was raised in consultations with the parliamentary assistants that they didn't want us to create a large bureaucracy for tourism marketing in northern Ontario. So I guess we're trying to walk that fine line of not wanting to create a large number of positions in northern Ontario, and obviously the OTMP who are located in northern Ontario will be working very closely with all the OTMP staff to put things together. So we think there are some efficiencies there.

Mr Martin: But what you're saying, though, is that on the operating side there will be a reduction in the amount of money being spent but the marketing piece will be basically the same, so we're not talking new money here or anything new.

Mr Kenny: Not huge increases over the previous money that was going to NTMC.

Mr Martin: The communication that went out would give you to believe, if you didn't look into it closely, that this was new money and a re-energizing of the marketing capacity of your organization, but in fact it's not.

Mr Kenny: I think the capacity is there, in terms of us working together, and that wasn't happening very well under the previous model.

Mr Martin: Just another question then: what happened in the interim period between the northern Ontario marketing association and the new connection with the board to, number one, both market the north in a very critical period of time, given some of the comments made by both the Provincial Auditor and others that in fact there was a decrease in domestic tourism, but also an indication that there was potential, given 9/11 and people's nervousness about flying off to exotic destinations and perhaps staying in North America. What happened in

that interim period, and what happened to the money that was dedicated for that period of time?

Mr Kenny: There was a wind-down of the NTMC, and as the NTMC was wound down the Ministry of Northern Development and Mines established a steering committee. The steering committee set up an office in North Bay, and the funding to maintain tourism marketing during that period was done through this interim office. The funds were coming from the northern heritage fund.

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Mr Martin: What kinds of things were done in that interim period? Do you have anything concrete you could specifically show me that was actually done to promote northern Ontario?

Mr Kenny: I don't have anything I can show you per se, because OTMP was not directly involved in the funding or the final decisions of the interim marketing that was going on. But I can tell you from sitting on the steering committee that funds were provided to the NOTAPs to continue their marketing activities, funding was provided to cities, an attraction booklet was produced and distributed. There was a Northern Allure brochure that I know they put together, which was a combination of all the different regional areas in northern Ontario coming together. I know that was marketed in the Toronto area to get people from the GTA to come north. So a number of initiatives were funded through the interim office through MNDM.

Mr Allen: I guess the other thing I would mention is that even though OTMP wasn't officially involved in the north, a number of its initiatives would have an impact on the north. You mentioned post-9/11. That wasn't just devoted to trying to bring people into southern Ontario; it was all of Ontario. So there were some benefits from OTMP programs prior to this most recent announcement.

Mr Martin: I guess I didn't see them. I certainly saw brochures in our newspapers in the north promoting southern Ontario. Maybe I should have spent more time in the south trying to figure out what you were doing in terms of promoting our part of the province down here, because we didn't see it—I didn't see it. I know there are a number of very important attractions in our area that are struggling to keep their heads above water. They have tremendous potential, but they're struggling to get there.

I brought up, on two different occasions, pamphlets that came out particularly promoting heritage sites, which included minimal reference to sites in the north and none at all for Sault Ste Marie. We have a number of really interesting heritage sites in Sault Ste Marie, not the least of which are the heritage bush plane museum and the Old Stone House, that were just not included. We were quite disappointed—I was quite disappointed, and so was my colleague from Nickel Belt, Shelley Martel—that our attractions weren't included more aggressively, which would fit in with the criticism that was made by the Provincial Auditor that in fact a lot of the publications were not comprehensive and a lot of them came out late. For example, we have our winter carnival, which was just

finished in the Soo. If that's not promoted well in advance, we're not going to get to take advantage of the attraction that could be to our area.

Mr Allen: If I could just comment on the inclusion of heritage sites, we'll follow up with the Ontario Heritage Foundation, which puts that publication together. They're an agency of the Ministry of Culture. We'll follow up with them to look at how they come up with their listings and how they decide what gets included and what doesn't.

Mr Martin: OK.

To go back to the northern Ontario marketing board, what happened there?

Mr Kenny: MNDM had a consultant review, and the consultants came in and assessed what was happening with that service. As a result of that review, the ministry decided to terminate the arrangement with the not-for-profit company.

Mr Martin: Can you share with us what in that review triggered the disbanding of an operation that was heralded, when it was first announced, as the saviour for everything touristy in northern Ontario, in such a short period of time?

Mr Kenny: It's difficult for me to speak for the Ministry of Northern Development and Mines.

Mr Allen: Perhaps we can get more details on that for you. But our understanding was that the operators in the north didn't feel that organization was delivering what they were hoping would be delivered. We don't have any details here today that would suggest what was found in that report.

Mr Martin: If that's the case—and I know you can't speak for MNDM—would you say, then, that they wasted \$5 million per year for the duration of that?

Mr Allen: The feeling was that the program they delivered could be more effective and, in particular, better tied in with the programs that the OTMP delivers. I think that was the problem that resulted: you had the organization operating in the north separate from the OTMP and you weren't getting the synergies that you should have from marketing northern Ontario as part of the whole province.

Mr Kenny: I can add one thing, just because I was hearing this from stakeholders. There were concerns about how representative that board was. There were concerns that there was no representation from the franco-phone organizations in northern Ontario. There was no representation from aboriginal tourism on that board as well. So I do know there were issues around whether that NTMC board was representative of the stakeholders in the north.

Mr Martin: Mr Chair, if you don't mind, I have a question connected to this to the Provincial Auditor.

The Chair: Sure. Go ahead.

Mr Martin: Given the obvious dissatisfaction of at least the government with that organization and the fact that it did spend, on average, about \$5 million a year for its life, and the fact that it was wound up in such a summary and quick fashion and then not replaced for

some time during a critical period in the tourism history of northern Ontario, is there something that can be done to find out what happened to that money, where it was spent, how it was spent, the effectiveness of that spending?

You've mentioned here in your report, where this ministry is concerned, a concern about how consultants were hired, what was done to make sure they were actually delivering and all those kinds of things. I'm sure this \$5 million was probably spent, in some part, hiring consultants and contracting with different folks to deliver product that obviously wasn't satisfactory to the government. Is there anything that you can do to help me get a handle on why this was such a colossal failure and where in fact this money went? In the interim, was the money that was dedicated to this organization taken back by the government, was it spent someplace else, was it turned over to the new corporation?—those kinds of questions.

Mr Erik Peters: There are two options before you. One is that as a result of the comments here, it does not necessarily limit the committee from hearing from this ministry. You could, for example, invite the Ministry of Northern Development and Mines to appear before the committee and provide an explanation, if you have agreement from the committee to do that. The other option is to charge my office with a special assignment to do an audit of that particular situation.

Mr Martin: How do we do that?

Mr Peters: That would be by way of a motion of the committee charging me, and that would require a majority vote of the committee to establish that particular motion.

Mr Martin: I would make such a motion.

I move that the Provincial Auditor be charged with doing an audit of the Northern Ontario Tourism Marketing Association—is it?

Interjection.

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Mr Peters: I'm sorry. I'm just advised that I may have misadvised you on this. It is a private sector organization, so my mandate would not extend to looking into a private sector organization. Our mandate is limited to ministry programs and the administration of those programs by ministries, crown corporations and agencies.

Mr Martin: OK. I would move, then, that we call the Ministry of Northern Development and Mines before this committee to answer questions with regard to the Northern Ontario Tourism Marketing Association.

The Chair: It's certainly appropriate to bring a motion forward at any time, and we can discuss it at this point in time, as long as you realize that this is taking away from your 20-minute cycle here.

Mr Martin: Yes, that's fine. I think it's important enough. This association was announced a few years ago with great fanfare. It was going to be the be-all and the end-all. Then, within a matter of a short period of time, it's done in: no accountability in terms of where the money went, what it was spent on. When you look at the report that the Provincial Auditor has done with regard to

the Ministry of Tourism and marketing and the lack of a framework or controls or accountability where contracts were let out and that kind of thing, it would be good that we who are charged with being responsible for the public life of this province and the spending of money find out what that particular ministry did with that money.

The Chair: So your motion is to request the Ministry of Natural—

Mr Martin: Northern Development and Mines.

The Chair: —Northern Development and Mines to appear before the committee.

Mr Martin: That's right.

The Chair: Is there any discussion on that?

Mr McDonald: It's unfortunate Mr Martin isn't informed or hasn't read his background information, but as you know, the committee picks four areas of the auditor's report where they want to call up the ministry staff and maybe question them on it. His party did pick four items, and here he is today trying to pick another one just because he wasn't prepared. I just want to go on record as saying I won't support this motion.

The Chair: Just for the record, I think each caucus picks three areas; that's how we get to the nine areas that we actually take a look at.

Mr Martin: Listen up, Mr McDonald, as he tells you what the process is.

The Chair: We certainly have the mandate to review it, but it's entirely up to each member as to how you vote on this, of course.

Mr Martin: If you're afraid to bring the ministry forward to answer these questions—

Mr McDonald: I'm not afraid of anything, Tony. Why don't you just—

Mr Martin: Then what's your problem, Mr McDonald?

The Chair: Let's have some order here. Is there any further discussion on Mr Martin's motion?

I'm going to call the question, then. All those in favour?

Mr McDonald: Could I get a recorded vote? Is it too late?

The Chair: No, it's not too late.

Ayes

Crozier, Martin, Patten.

Nays

Gill, Hastings, McDonald, Wettlaufer.

The Chair: That motion is defeated.

Mr Martin, you have about three minutes left in the opening remarks.

Mr Martin: OK. I think it's important to put on the record that we don't have agreement by the government side to bring the Ministry of Northern Development and Mines forward to answer questions with regard to the de-

mise of the Northern Ontario Tourism Marketing Association. That is really unfortunate, because we really do need to know where that money went, what they spent it on, what kinds of contracts were let out, what kind of accountability was there, where the money that was left over after the association was wound up went, and what continuity will be there in the new operation setting up shop and moving forward. I find it regrettable and unfortunate that we will not get a chance to do that.

I have some further questions, though, to the ministry in terms of investment in infrastructure in the north. The Provincial Auditor earlier, before 10, indicated, and I agree with him, that money spent through this ministry is in fact an investment in northern Ontario that generates revenue for people doing business up there, people working up there, and also for the government. I'm wondering what activity the ministry has entered into to ensure that there is in fact an infrastructure in place, particularly in northern Ontario, that will attract significant numbers of visitors to our area. I raise that because I have some concern.

In the North Bay area, Mount Antoine was allowed to go down. I'm not sure why the government, given that the Premier was from that particular community, didn't step in and, with your ministry, sit down and work with the people there to protect the economy of Mattawa and North Bay with that very important piece of infrastructure. Searchmont almost went down, but the community came forward and kept it going for two years until private sector interests could come forward and pick it up. It has had a fabulous year.

I know in Thunder Bay they've lost a number of facilities in the skiing industry in the last couple of years. They lost the big jump that used to be there.

What are you doing to grow and enhance those opportunities as opposed to just sitting back and watching them disappear?

Mr Allen: There are three points I'd make. First of all, as mentioned earlier, we do have a number of attractions as part of the ministry, and we're reviewing and developing a long-range plan on ensuring that those assets are maintained and improved. I mentioned I was in Thunder Bay earlier this month and visited Old Fort William, one of our agencies. They talked to me about plans they have to enhance that attraction as one that will draw more tourists to the northwest.

We do have the SCTP program under SuperBuild that has been available to the tourism industry, covering culture, sport and tourism.

I guess the third area where we've worked the past number of years is to look at attracting private sector investors to upgrade, to introduce new attractions to the province—and this includes northern Ontario—to inject new money to bring new attractions where they will become an overall magnet for that particular area of the province. So there are three areas that we're focusing on to look at the infrastructure within tourism.

Mr Martin: Do I still have some time?

The Chair: That's it, Mr Martin, for now.

Mr Martin: You're cutting me off.

The Chair: No, I'm not cutting you off at all, Mr Martin. You'll have plenty of opportunity, probably this afternoon.

The government side. Mr Gill.

Mr Raminder Gill (Bramalea-Gore-Malton-Springdale): Thank you for appearing before the committee. How is your ministry working with the festivals and events industry to develop this sector?

Mr Allen: As Jean mentioned earlier, we've completed a study with that sector. I think I'll call on Michael Langford to give us some details on the results of that study and also how we're working with the industry to develop some packages.

Mr Michael Langford: As the deputy was saying, we did conclude a study earlier this year and we are working in very close co-operation with Festivals and Events Ontario. We have five key areas that we're working on with the organization this year. These are five areas that they have agreed to work on with us.

First of all, we're developing a classification system that will define festival events as to whether they are community-based, regionally or provincially significant, nationally significant or internationally significant. The reason we were doing that is that it will help establish a system that will assist organizers and potential funders to focus and sometimes rationalize levels of support in terms of dollars, volunteer development, training and quality standards for the festivals, all of which are extremely important for the festivals' long-term health and viability.

It will also help, once we have a classification system, to better organize information with respect to the festivals—their size, their nature, their seasonality, where they occur—for organizations on Web sites both by Festivals and Events Ontario and by the ministry itself.

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Along with Festivals and Events Ontario, we are also looking at the testing and adoption of an economic impact analysis model that Festivals and Events can use to establish reliable information used in developing sponsorship proposals, which is pretty key for diversifying their fundraising base. We are testing such a model this summer in the Ottawa region. It will be done under the auspices of the Ottawa Tourism and Convention Authority.

The third action we're undertaking is training at the workshop at Festivals and Events Ontario's annual conference, which is occurring next week. The training will be focused on how Festivals and Events can better improve both recruiting and working with volunteers in supporting their festivals and events throughout Ontario.

We are also engaged in researching, again with Festivals and Events Ontario, quality standards on both volunteer recruitment and the operations on the ground for festivals.

Finally, we're looking at a more effective way to gather comprehensive information on the total of Ontario's festivals and events for inclusion in Ontario's

tourism consumer information system. Festivals and Events Ontario is gathering the information and we will be working with them to consolidate it on to a Web page.

Mr Gill: One of the wonderful festivals we have in the summer, I suppose, is Caribana. Does that come under this, or is that more of a city-wide activity? What is the impact of that economically? Do we have any handle on that?

Mr Allen: Our ministry is involved with Caribana, along with the city. I know that over the last few years Jean has been our point person on that file. Jean, if you could talk about some of the impact that event has.

Ms Lam: As you are aware through your own participation at Caribana, it's probably one of the largest festivals we have, and it draws visitors from the US in particular. From the most recent study that the organizers themselves had, and it's not completely up to date, I think the economic impact is certainly in the millions of dollars. The ministry, through OTMP, has in the past provided support to help stage the actual parade on an annual basis.

Mr Gill: I think we are certainly poised, in the multi-ethnic community we've grown into, especially around Toronto, to be able to exploit some of that goodness. I think we need to address that sort of festival even more. Perhaps we need to explore what else can be done.

As the committee might be aware, I brought forward a South Asian Heritage Month private member's bill, which means the month of May is now considered South Asian Heritage Month, and we are looking at different venues. So I think that's something we need to work together on to see how we can exploit it.

I know that in light of 9/11, a lot of Americans, even in light of the current situation, are now using Toronto as their travel hub. They are avoiding, for whatever reason, the American airlines per se. Is there something we can specifically do to have them stay over and enjoy some of the—rather than just making Toronto a transit point, perhaps having them explore the city or the surroundings or northern Ontario perhaps?

Mr Allen: I'll make a couple of comments and then perhaps call on Bill to talk about some of the OTMP initiatives.

You mentioned taking advantage of the diversity of the population in Toronto. Actually, at the last OTMP board meeting they raised that as a question, and they have suggested that we investigate how we provide that as a focus for attracting visitors into the metropolitan area. So it's a good suggestion and the board is talking about acting on that. In terms of trying to attract some of the American travellers who are moving through the city, I'd maybe ask Bill if there are some things we could do as an agency.

Mr Kenny: As the deputy was indicating, the board is very much looking at this research that has been done describing what the make-up of Toronto is going to be down the road and how the tourism industry needs to create products that those consumers will want to consume. So I think we're going to look, in terms of our

product development area, at trying to create things of interest to a wide mix of people.

We have been working with the city of Toronto and we've done partnership marketing arrangements with the city and with Tourism Toronto over the last couple of years. One of the programs that started out a couple of years ago was called Mix 'n' Match and now it has evolved into something called Together in Toronto. That's a program where basically the hoteliers in Toronto invest in this marketing program. I'm very pleased to say the program has grown dramatically each year, and we're hoping this year will top the year before. Last year, we sold 11,000 room-nights, which, if you look at the average cost of a room in a hotel in Toronto being about \$200, that's a pretty substantial direct impact from the advertising that went on.

But in order to create interest, you can market to say, "Come here," but you also have to have specific products created to get people excited. So we launched a thing called Nutcracker Neighbourhood this year. The idea of Nutcracker Neighbourhood was to work with the business improvement area down by the St Lawrence Market and to create something connected to the National Ballet. Our longer-term strategy in that project is to look at the city of Toronto—and I was talking with Duncan Ross, the director for the city, in terms of the tourism area. We'd like to take the Christmas celebrations that are celebrated by various groups in Toronto, whether it's Chinese new year or whatever, and kick off with Nutcracker Neighbourhood at the beginning of the season with the National Ballet, try to connect it to the Santa Claus parade and then take each of the Christmas or Christmas equivalents, if you will, things that we can celebrate in the city of Toronto, which I think will really attract a lot of excitement, and also it really does support the multicultural nature of the city. It's a real bonus for us that we have this. We're probably one of the few jurisdictions in the country that has this, and it really is a job we have to do to both promote it and get the tourism operators ready to serve those customers.

Mr Gill: What sort of a marketing program do we have for our so-called cultural or theatre district? For example, as you know and as we all know, we are literally second to none; there's London, England, there's New York, there's Toronto and of course there's Paris. Especially in light of the lower dollar, in light of the safety we have in Ontario and in light of the neighbouring states, where we can promote our arts and our theatre district, I'm not sure what the marketing strategy is there.

Mr Kenny: Theatre is very much a real driver for us. We saw the impact on our tourism economy when Livent ceased to produce some of those productions. So we've been partnering for the last couple of years with Mirvish Productions, and we do put commercials into the US to attract them to the city and to come and see the production. The Lion King is one we've done recently.

It's not just about the large productions, however. We've launched a program called Just the Ticket, which

has been highly successful, and that is with a number of the small summer theatres around the province, with packages with the bed and breakfasts and other activities around the communities. We've put that into Food and Drink magazine and a number of vehicles in the US, and we're getting a very good response on that front. We also have arrangements where we've done specific things with the Stratford Festival to try to promote that particular festival. So in terms of cultural tourism, theatre is a strong driver and we have a number of partnerships around that.

Mr Gill: Sometimes I wonder if our tour operators even know what exists around the world or in other places, because there are hardly any so-called all-inclusive packages sold in Ontario—hardly any—whereas in the summertime, if they were to exploit that somehow and we were to market it, I think that would go a long way.

In terms of promoting Ontario in the overseas market, how are we doing that?

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Mr Kenny: We mostly do that through working with tour operators. We've had major arrangements with companies such as Globespan, which sells travel into Ontario. We have representatives in Germany and the UK, for example. Those are people who are there trying to make the connections with all the tour operators. We provide them with product information and some information on new things that are going on in the province. They then take that information and get that to the tour operators. In some of the arrangements we have, it's put into the actual tour operator magazine, so it goes out in their language, whether it's German or Japanese, whatever it is. There's a comfort in purchasing through their tour operators in those overseas markets. We don't do a lot of television advertising, that kind of thing, in those overseas markets; it's very expensive. We find the best way is through building relationships with tour operators.

Mr Gill: I think one thing we could explore is working with our Canadian embassies. Maybe we're doing that; I don't know.

Mr Allen: I think there are a couple of areas that we could explore; one is working with the embassies. The other would be to work with the diverse communities here in Ontario to link back with the country they emigrated from. That's something that I think could work to our advantage.

Mr Gill: Yes. No further questions.

Mr McDonald: I want to go back to festivals, which you spoke of earlier. In my riding we have a heritage festival, Voyageur Days in Mattawa, the Maple Syrup Festival in Powassan, and le Carnaval, which is the French community winter carnival which just ended. How can these organizations partner with the Ministry of Tourism to promote these festivals in the north, and how might other organizations promote the four seasons so that we have something in the fall and something in the spring as well to be able to succeed in northern Ontario?

Mr Kenny: The program that we have is called the tourism event marketing program. That program provides funding of up to \$50,000 for Ontario-based events. The purpose of the funding is not to help the operating costs or the creation or the establishment of an event but the promotion of the event.

I think it's been a very positive program in that a lot of the event organizers are volunteers trying to put together a very large event in their community, so a lot of their focus is on getting the event going. This program is saying, "OK, now that you've got this track record of running this event, you need to promote it outside of the community and get people to come in, stay overnight, shop, buy." So it moves from being a very local community event to more of a tourism event that is creating overnight stays. That's the intention of the program.

How people can find out about it is they can go on our partner site; the OTMP has a partner site. The TEMP application is one of the areas with the highest hits on our partner site. Basically they can come in and get the application on the Web, they can complete the application and send it in to OTMP, and we respond to the applications as they come in. We fund anywhere from 100 to 120-odd festivals across the province each year. It's a fairly open-ended program in the sense that it's reacting to applications coming in to us. As we look at the applications, we assess the media buys that they propose and we'll purchase some. We hope they use their influence with their newspapers and people they know, where we might not have as close as a relationship, to get additional free advertising tossed in as part of the arrangement.

Mr McDonald: I know from experience, if I pick two that I'm familiar with—the heritage festival, which is in the city of North Bay on the August long weekend, and Voyageur Days, which is in Mattawa and is the weekend before—the Mattawa Voyageur Days festival has a budget of about \$300,000 and it received I think about \$14,000 or \$15,000 in funding to help promote it. When you look at the heritage festival, which has a budget of, say, \$1.3 million, it received \$17,000. A smaller event, the maple syrup festival in Powassan, approached the ministry and received \$2,000. I'm wondering: does northern Ontario get a fair shake compared to southern Ontario when it comes to being able to promote festivals? I've seen some of the amounts of money that are going into southern Ontario festivals, and they seem to be a lot bigger than in northern Ontario.

Mr Kenny: What I would say on that is that the way we assess applications as they come in is basically that we look at the media buys. It's not a question of how big the festival is, per se; it's what they're bringing to the table in terms of what they're going to actually purchase. We have large festivals that don't budget very much at all to advertise. We require their media plan and assess their media plan in terms of what impact we believe it will have. That is how the decision is made on \$17,000 or \$2,000. In terms of equity, I can tell you that in 2002-03, the breakdown was that in eastern Ontario we funded 20

festivals; in southwestern Ontario, 23; in central Ontario, 16; in the GTA, 21; and in northern Ontario, 12.

One of the points that was raised by the auditors, and that we are responding to, has been trying to push into the shoulder season. One of the challenges, when you look at the number of summer festivals in relation to the number of winter festivals, is that there are very few winter festivals, and some of them are fairly weak. So we are putting a real emphasis on trying to target festivals in the winter that we can boost, and we're working with our field services offices to do that. We're asking them to look in their regions and try to identify strong festivals that may not be aware of the program or haven't come into the program or are confused by the program, and try to work a little more proactively than we have in the past.

I think the point has been that while we think the investment is good for that particular festival in that area, I think the auditors are saying, "Let's look at the program overall and what impact it is having." So we'll be working with the investment and development office in terms of how we might want to change the program down the road so it's a little more strategic.

I also hope that if our presence in northern Ontario is greater in the next little while, they'll feel more comfortable partnering with OTMP and maybe the number of festivals that come forward will increase over time.

Mr Allen: I think this is also another area where we need to be working across ministries and working with MNDM with their northern heritage fund. They have funded some tourist initiatives, and we want to make sure that what we're doing is complementing what they're funding.

Mr McDonald: Am I done, Chair?

The Chair: It's 20 minutes, but if you have one final question, just go ahead.

Mr McDonald: Is there a way we can assist these festivals in their application process? When I dealt with one of them, they said they spent \$50,000 on advertising and maybe that's why they only got X dollars. But the media is very good in northern Ontario—in our area, anyway—and they were contributing something like another \$100,000 worth of advertising to promote the festival through all its networks in all of Ontario. I'm wondering if maybe the festivals didn't shortchange themselves and didn't include the—

Mr Kenny: That's a possibility. With 100-and-some applications that our staff reviews, it's possible. I think the partnership and sales staff we have working in northern Ontario may be able to help them work more closely. We can certainly try to work with our field services more effectively in terms of getting the word out on what is required.

Mr Allen: Bill mentioned the partnership we have with our field service and with MNDM's field service. That may be something we specifically want to explore with them.

The Chair: Thank you very much.

With that, we will recess until 1 o'clock this afternoon.

The committee recessed from 1200 to 1304.

The Vice-Chair: Recess is over. We now move to Mr McMeekin.

Mr McMeekin: Two quick questions: in some of the supporting material, there was reference to festivals. I think part of the preamble talked about the feds and how they were adhering to certain standards and how they had identified other markets: Mexico, Taiwan, Hong Kong, South Korea, Brazil. In the context of that discussion, there was some reference to federal festival funding. I noted with some interest that the federal festival funding for the province of Quebec was \$36,720,000, and for the province of Ontario, it was \$8,834,000, which is about one quarter of the funding for Quebec.

My question is, have you had discussions with the federal government about what Quebec is doing so much better than Ontario to lasso approximately four times the funding we're getting here? Are they doing something significantly different that we should be copying, talking about best practices, to lasso more of that federal money?

Mr Allen: I'll make a general comment, and then Michael will get into some of the specifics. To answer your question, yes, we have had discussions with the federal government about a wide range of topics on tourism and also with the Canadian Tourism Commission, the CTC. I'll turn it over to Michael to get into some of the details of the festival funding.

Mr Langford: The federal involvement in festival funding was one of the issues that we looked at under the festival study. When we saw the way it broke out statistically, not only in comparison to Quebec and Ontario but across the country, it did raise a number of concerns with us. Of course, our festival partners were also very concerned. We undertook on their behalf, and of course on Ontario's behalf, to speak to the regional director here in Ontario for Communication Canada, the people responsible for the majority of the festival funding, and asked them to attend a special workshop and meeting with all the members at present at the Festival Ontario annual meeting next Thursday here in Toronto. They are sending a team from Ottawa from Communication Canada to go over the process and the criteria and to talk to the festival event organizers here in Ontario about how they can take better advantage of the program. We did show them the results of our report, and I think it would be fair to say they were suitably impressed that they thought they had better make a special effort in Ontario for next year's round of applications.

Mr McMeekin: So there's nothing that Quebec is uniquely doing which garners them this additional funding? I'm giving you one you can hit out of the park. There are some friendly questions here.

Mr Langford: I can't say for sure, but as far as I understand, it's the same application form across the country for funding. Whether or not they're treating it differently in Quebec, from the festival and organization best practice, we wouldn't be able to say.

Mr Gill: Wait till 4 o'clock.

Mr McMeekin: We were just kidding about that, weren't we?

Finally, my last question for the day relates to heritage sites. There's reference in the auditor's report to—and presumably this is something we can all agree on: that heritage is important and if we're going to protect and invest in nothing else, it ought to be those precious heritage sites that have been designated because they're so meaningful to so many people. These 150 heritage buildings are described as irreplaceable and in need of some investment. Apparently, there's reference in the 2000-01 capital plan to the ministry to—quoting the ministry document: “Without multi-year capital investments for rehabilitation and improvements, many of these historic sites will have to be closed.”

I was struck—awestruck, as a matter of fact—with how little money is being invested in the maintenance of these heritage buildings. I'm wondering if you can comment on what plans you're developing and what allocation of resources you'll be petitioning for to maintain these precious buildings.

Mr Allen: As I mentioned this morning, the heritage sites come under the jurisdiction of the Ontario Heritage Foundation of the Ministry of Culture. I'm actually meeting with the executive director from the heritage foundation next week to talk about a couple of things. One is, how can we help in preserving some of the sites? Also, how can we take advantage of those sites from a tourism perspective? How can we package them in such a way that it benefits the heritage site but also can have a positive impact on tourism?

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Mr McMeekin: There was a reference in the auditor's report to the need for a condition assessment and an assessment of value, and that neither had been completed.

Mr Allen: I think you're referring to the facilities we have as part of our agencies and also our attractions. We are taking a long-term approach, where we're looking at what needs to happen to refurbish those sites and how we can achieve that over the next several years. So we're undertaking a study right now to look at the state of those facilities and what's needed to refurbish them.

Mr McMeekin: Short-term, day-to-day repairs are referenced as being desperately needed. I'm assuming those are going to be part of your oversight.

Mr Allen: We provided \$6 million this year to deal with some of the areas that require upgrading and regular maintenance, with a particular focus on health and safety issues.

Mr McMeekin: Wasn't the estimated minimum requirement \$30 million? You're allocating \$6 million.

Ms Lam: As the deputy said, in the current fiscal year we allocated \$6 million for agencies and attractions. I should point out that the ministry does not fund some of the other agencies' capital repair budgets, such as the Niagara Parks Commission. They're self-funded. So it was \$6 million, and we've made some submissions as part of our business planning process on which we've not yet received a decision for the coming year.

Mr McMeekin: OK, we'll monitor that. Thanks.

Mr Patten: Welcome back, folks. I have a couple of comments, and then I have a question. Mr Langford, it's in your area, if you could stay. I'm past president of the Canadian Tulip Festival in Ottawa, as you know—or you may not know. In its growth period it was the Festival of Spring, and it had to be remoulded and reshaped. It now has a budget of over \$5 million, with close to \$4 million in cash, and it's growing in its attractions. It's in the off-season, and I have sat in some of the tents in the beginning of May when it was 3 degrees. Of course, that hurts evening programming, which is the biggest source of revenue for the festival, and the last three years have been exceptionally cold. It has been hurt and damaged.

But just to follow up on a few other questions from the government side, it seems everybody has a festival or some event. We know they are a volunteer effort. They're non-profit, voluntary organizations. They get the support of the community, and they get five to one with media and one thing or another, and if they're well-managed, they really are one heck of a great investment. The tulip festival got 50,000 bucks for its program last year, and it's pleased with that.

But I was interested in Ms Lam's correlation that a dollar invested in advertising, presumably marketing somewhere too, returns \$12. I know that just in terms of the festival here, in a single year \$4 million goes to the feds and \$2 million goes to the municipality—this is all in taxes by virtue of its activities. So while the \$50,000 is well appreciated—really, it's tied aid—it pales in comparison to the event itself.

It's going through tough times. It just had to ask the municipality to back its borrowing to have some cash flow because of poor receipts at the gate for all its entertainment and that kind of thing, which it has little control over because that's the weather. But that's not my question.

Then we have—and I'm going to ask you if you would follow up on this, because I think it has serious implications for other festivals or other voluntary organizations. In terms of the definitions of sponsorship and in-kind finance, the Ministry of Finance is saying to the tulip festival, “You owe us the PST on the value of your in-kind contributions,” even though they're services; most of them are not in cash. So if somebody says, “I'll help you write your marketing plan,” or something of that nature, it's a service and it has to be accounted for, and we try to do that. I shouldn't say “we” because I'm not part of it; I'm just thinking historically. But I do know that they've been hit with that. If that were to go across the province, the government would have one hell of a storm, I would imagine: all the foundations and children's hospitals and organizations, and you're saying that for in-kind contributions you're going to ask for PST.

If they were to pay PST, they would be paying back \$160,000, which is five times plus the contribution they received from the provincial government, in spite of contributing \$2 million. There's something wrong with the picture.

I don't know whether you know anything about it at the moment or whether you might look into it. I say this truly because when I think of all the festivals or events that take place, which are good things, if that goes across the board we're going to have one hell of a mess. We're going to see a lot of festivals go down the tubes.

Mr Allen: I'm not aware of the issue you're raising, but we'll definitely follow up, no question about it.

Mr Patten: Thank you very much.

The Chair: Mr Crozier.

Mr Bruce Crozier (Essex): I want to go to page 279 of the auditor's report, under "Management of Consulting Services," and ask at the outset, how many full-time employees does your ministry have, roughly?

Mr Allen: Including our attractions, it's around 400.

Mr Crozier: Under "Management of Consulting Services," we see that there were more than 200 consulting contracts entered into. In the preamble, the auditor proposed that the ministry and the corporation engaged management consultants for a number of reasons, including lack of in-house expertise, the need for independent review and the need for resources over a short period of time. When we talk about these consulting services, I wonder if we really are having part-time employees engaged under the guise of consultants, because I see we spent some \$9 million on consultants last year. I'll have you respond to this after I just point out a couple more of the auditor's observations.

They selected a sample of contracts, and the comments on some of these were:

"In several instances, the contract terms and conditions had not been reviewed and approved by legal counsel to ensure the interests of the ministry and the corporation were appropriately protected."

"Several contracts were awarded directly to the vendor without competition even though the ceiling price exceeded the tendering limit of \$25,000." It went on to say, "Other contracts with a ceiling price of less than \$25,000 did not include, as required, anticipated expenses."

The auditor "observed situations where projects were split into separate contracts each valued at less than \$25,000, thus avoiding open competition requirements.

"In several instances, consulting services had commenced prior to the contract being signed or finalized, and in two instances, no contract was prepared at all. In another instance, a \$40,000 contract extension was signed even though the original contract had expired."

Even though you may justify the need for consultants—over 200 consultants—how could this possibly happen? How could your full-time employees not know that they should follow the Management Board guidelines in these instances?

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Mr Allen: As I was mentioning in my opening remarks, we haven't done as good a job as we should have in ensuring that, first of all, our managers knew what the directives and the parameters were in engaging consultants. We've since ensured that they know what the guidelines are and that they will be adhering to the

guidelines. I mentioned that in the ministry, we held a training session for the managers, specifically looking at using consulting contracts and going over the findings of the Provincial Auditor and pointing out where there were problems and where we needed to take some action to rectify. I also mentioned that the OTMP will be doing the same thing next week. They will be holding a session with their managers to review what guidelines should be followed.

The other thing I mentioned was that we have reduced the number of consultants we are currently engaging. The OTMP board has placed some restrictions on the agency. They must have prior approval before they engage consultants. From the ministry's perspective, we have looked particularly at those contracts where it may have started out as a short-term bridging contract but it has turned into a longer period than it should have.

I would say that we have taken the findings of the Provincial Auditor to heart, and I think we've addressed all the issues he has raised. As the final comment, we are developing a tracking system so that we can see what contracts are being let, why they are and the duration of them.

Mr Crozier: I noted your comments in the opening remarks, and again, now that you're going to educate—I can see new managers coming in on the process for engaging consultants. But I would suggest that the fact that several were split so that they were under the \$25,000 limit would indicate to me that they know full well how these things work and that there was an intent to go around them. It wouldn't be as though, "I don't know how to engage a consultant, and I don't know about the \$25,000 limit." It appears as though somebody knew full well what those limits and rules were and intentionally circumvented them, wouldn't you think?

Mr Allen: We've made it very clear in our discussion with managers that the splitting of contracts is not appropriate in trying to get around the rules. So we've made it very clear that that's not an appropriate approach in contracting consultants.

Mr Crozier: So had the auditor not pointed that out, would we expect that it would have gone on?

Mr Allen: If we were reviewing the approach to hiring consultants, we would have thought that an inappropriate approach.

Mr Crozier: OK, I think my point is made anyway.

The Chair: With that, the time is up, if we're doing 20-minute rounds.

Mr Crozier: Chair, are you sure you're keeping track of time? The former Chair—

The Chair: I'm keeping track. The former Chair told me when to cut it off. So there you go.

Mr Martin: Given that we didn't agree to call the Ministry of Northern Development and Mines forward, I'd like to kick off this round by asking the committee to share with us some of the goings-on with regard to the Northern Ontario Tourism Marketing Association. That association is referenced very clearly in the auditor's report. His comment is, "The ministry informed us that

the association is no longer in operation.” If we’re going to do our work properly and effectively, I think it would behoove us at the very least to draft a letter to that ministry, asking some very pointed questions. For example, in its term of operation, how did it handle its affairs? How did it go about letting out contracts etc? Exactly what happened in the transition from the Northern Ontario Tourism Marketing Association to the new corporation? What happened to the money? How was the money spent when they were in operation and what happened to the money that was left?

The Chair: Are you moving a motion at this point in time?

Mr Martin: Yes.

The Chair: What is the motion?

Mr Martin: The motion is that the committee would send a letter to the Ministry of Northern Development and Mines asking for a status report on the Northern Ontario Tourism Marketing Association, and then go into some detail in that as to how they spent their money. In light of the auditor’s critique of the Ministry of Tourism and the way it operated, how would it stand up? That’s the tone and flavour of the letter.

The Chair: A motion has been moved. Is there any discussion on that?

Mr Wettlaufer: Chair, given Mr Martin’s interest in this issue, I would say that he is quite free to write to the Ministry of Northern Development and Mines and ask for an answer in that regard. I don’t think it’s necessary that this committee go through the hoops that he wants to.

The Chair: Mr Patten?

Mr Patten: I hope I might transmit a bit more of a generous spirit. I think it’s in order. It happens quite frequently, Mr Wettlaufer, that we do follow up, and this is in line with the auditor’s report. There is obviously a vacuum of information and it would be perceived to be perfectly normal for this committee to send a letter asking for some clarification or detail on a particular situation.

If I can make a helpful suggestion, I would suggest that the member submit a draft letter for the consideration of the committee, to be sent on behalf of the committee. I think it’s stronger, frankly, if it comes from the committee, and I think it’s worthy of seeking that information.

Mr Martin: There are 11 ministries identified by the Provincial Auditor involved in the delivery of tourism services across the province and this is only one of them. We’re not going after all 11. But in this instance we had, obviously, some problem with a ministry’s delivery of a certain product, and all we have in reference to that here is, “The Ministry informed us that the association is no longer in operation.” I think it behooves us, and not just me—I would think everybody on the committee would want to know what happened to that association, why it is no longer in existence and what it did when it was in existence with the money that it had. What did it do that created such a problem that it was put out of existence,

and then what happened to the money that was left in that account? Where did it go?

The Chair: Any further discussion?

Mr Martin: I think we should all have an interest in that, not just me.

Mr McDonald: Chair, maybe just a point of order to ask for some direction: when all three caucuses chose the three different areas of the auditor’s report that we wanted to review, can the NDP at this point say, “Fine, we have more interest in this area than one of the other ones we picked, so we’ll drop one of those off and bring the one forward that Mr Martin wants to bring up”?

The Chair: There may be a connection there. Some people may agree that there is a connection there, others may not. But the fact that a caucus picks a particular area doesn’t give that caucus any greater right or interest in the discussion of that area than the others. Once the nine areas have been determined, it’s up to the committee as to how it wants to deal with those nine areas. What has been happening in the past is that we take one day for each area and the ministry officials come here to discuss it, but who picks that area is totally immaterial in the long run.

Mr Patten: If I might add just a bit of background on the committee. Choosing the areas doesn’t preclude the committee, as a result of hearings and what may unfold during committee, from then either returning and asking for additional time at a later date, asking for reports, choosing to send a letter—all of those. Or it may lead to other ministries, as in this case, that played a role but not the major role, let’s say, but some members or the committee may say, “We think there’s an area there we’d like to pursue.” That doesn’t preclude getting together to decide which three ministries, because those can always be added. In other words, when we come back to the House, we’ll be finished with this list and one of the first items of business will be, “Where do we want to go from here?” We have to write a report, but what about other hearings with other ministries? In other words, I’m trying to say that our committee has a fair amount of flexibility.

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Mr Martin: The Provincial Auditor made some very specific recommendations in this report as to the streamlining and the clarifying of roles and perhaps combining responsibilities. I think it behooves us to try to get a handle on just exactly why he would make that recommendation and perhaps to be able to make some recommendations ourselves, by way of this committee, as to how that might more effectively be done.

Perhaps the auditor could clarify for us here: did you look into those other delivery vehicles in those other ministries in order to make the recommendation that you did, and in your mind, would that then call for us as a committee to have to look at that as well to fully understand what you’re saying and to support your recommendation?

Mr Peters: Firstly, the reference to the marketing association is clearly part of this report. It’s not a separate report that we issued to the Ministry of Northern

Development and Mines. Our concern, and we mention it in this section on pages 263 to 265 onward—we are talking specifically about the coordination of tourism activities and we cite two ministries in terms of that coordination. The first one we're citing, as it happens, is the Ministry of Northern Development and Mines, and we are also citing the Ministry of Agriculture, Food and Rural Affairs. We are using that as an illustration of where in the taxpayer funding of the tourism industry there are risks of overlap or duplication. That's the basis on which we have brought these in, because our recommendation specifically relates to the fact that the ministry should—and we are considering this ministry as taking a lead role in this—minimize the risk of overlap and duplication between its programs and services of those of other ministries and agencies. That is the context in which we have brought this.

It does not mean that we were able to expand our audit scope to go into the individual ministries and assess how they were performing their activity in this tourism area. It was just that we brought out signs of where there may be the risk of overlap and duplication. That would be my comment on why we brought it in.

Mr McDonald: Maybe just for further clarification, when Mr Martin asked about this program, did the auditor say earlier that this was a not-for-profit organization and he really wouldn't be able to audit it?

Mr Peters: Yes, we did, because the association is a private sector association. What the question should be aimed at is really how the Ministry of Northern Development and Mines managed its relationship with that particular association and what actually happened when there were difficulties experienced in coordinating the activities. That would have been a ministry responsibility in that area. So if the questions that followed up from this dealt with the activities of the ministry, that is something we could look at and that is something the ministry can ask questions about, if the questions are directed at the association, firstly because it's no longer in operation and there may not be officials who could respond—that's probably one of the constraints—but on the other hand, the relationship between the ministry and that association is something that could be explored. We can't answer your questions on that.

Mr McDonald: One other point, Chair: is there a mechanism when we put these motions forward that they're in writing, or can we see them? Then we can at least consider what the motion is.

The Chair: A copy is being made of this particular motion and we can perhaps deal with it later on once we all get a copy of it, if that's all right for everybody?

Mr Martin: I liked the approach of the auditor to the kind of question we might want to put. I thought it was well worded and I'd be supportive of that approach to this ministry in terms of how they manage the relationship and what problems gave rise to their putting an end to that particular organization.

The Chair: Right now a copy is being made of your earlier motion. If you want to change the wording of that,

then I suggest it be done first and properly placed here, so that at least we all know what we're voting on. Maybe we can leave that in abeyance for a few moments, until we get that sorted out, and then we can deal with it at the appropriate time.

Mr Martin: Sure.

The Chair: Is that agreeable, Mr McDonald?

Mr McDonald: That was the point I was going to make. It's not really appropriate that the Provincial Auditor do the motion; it should be the member putting it forward. But I agree with you 100%, Chair.

The Chair: The members make the motions and the members vote on them; the auditor does not.

Mr Peters: I said I'm just an adviser.

The Chair: He's just an adviser.

Mr Martin: That was good advice.

The Chair: OK, Mr Martin, you still have the floor for another eight minutes.

Mr Martin: I've got a couple of other questions. It's following up on where I left off before lunch, which is in this area of investment in infrastructure. It's one thing to market going to northern Ontario but if there's nothing to go to, then what's the point? I mentioned Mount Antoine in Mattawa, near North Bay. I mentioned some of the facilities in Thunder Bay that are no longer in existence: the big ski jump that so often was used as an attraction that brought people to northwestern Ontario to watch and to participate.

In my own community we have three very important tourism engines. One is the Bush Plane Museum, which struggles from year to year with operating. It's a completely volunteer operation and has done tremendous work in fundraising, but it struggles with continuing to be able to operate, to pay for the lights and have some people there to welcome guests etc.

The tour train is another one. It brings in probably 100,000 people a year, and it's multi-seasonal, winter and summer. The two companies that have owned that line and enterprise have at various times indicated some difficulty financially in keeping that going. It would be a terrible loss to our area. That is something you see in almost every magazine or publication that goes out for Ontario: "Come and ride the Agawa Canyon tour train."

Also, we have a new owner of Searchmont. He's having a great year, by the way. The snow has been fabulous, and because there is no snow 10 miles south of us, into the States, we're getting all the Americans coming in. He's really doing well and so are all the hotels, restaurants and everything in town. But he needs help with infrastructure—water, sewer, electricity and a number of other things—as does the community of Searchmont if they're going to take advantage of that very wonderful enterprise that's there.

My question is, has any thought been given to your ministry becoming involved in some way, giving leadership, partnering, perhaps using some of the capital funds that have been put together by this government to assist those kinds of enterprises so that they not only exist but thrive and become the vehicles we know they

have the potential to be to attract tourism into northern Ontario?

Mr Allen: I'm going to make three or four comments. First of all, I mentioned this morning SuperBuild SCTP—sports, culture and tourism partnerships. We funded 99 projects in the north for about \$27 million, and that's been matched by the federal government. So there's a little more than \$50 million that's gone in in the last—what, Michael, year and a half?

Mr Langford: Committed over this last eight months.

Mr Allen: In addition, the Northern Ontario Heritage Fund has, over the last seven years, invested about \$113 million in tourism-related projects. Not all of them would be infrastructure; some of them are operating.

I guess the other thing that we're hoping through the revitalization of tourism promotion in the north through the OTMP is that if we can attract more people to the north, we would like to see the maintenance and the refurbishing of attractions facilitated by the profit coming from those facilities. So I think there is some work to be done through the OTMP to attract more people to the north, to come up with a good, comprehensive promotional package.

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The final comment I'd make is that you mentioned infrastructure, and this government has funded infrastructure in the north, whether you're talking about highways or water and sewage. So it all ties together. But the underlying objective from our perspective is to try to increase the number of visitors to the north so that it stimulates the economy and stimulates those particular attractions so that they can maintain the infrastructure and refurbish that infrastructure.

Mr Martin: I appreciate that. If you had a chance, perhaps you could share with me at some other time some of the projects that you have funded.

Mr Allen: We would do that.

Mr Martin: That would be really helpful. It's a bit confusing, because we know that you are putting money, for example, into the whole snowmobiling infrastructure in the north and trying to build up that piece, a very exciting possibility. But I think, and I have this conversation with the city all the time, it's one thing to look at the new stuff, it's another thing to make sure you don't lose what you already have. I mentioned a few examples of pieces that we've lost and pieces that could be lost if we don't pay attention, that will be really difficult either to replace with something else or to recapture if they in fact go down. One of the reasons that Sault Ste Marie as a community gathered around Searchmont for two years and kept it going was that we knew if we let it go, the loss in the marketing we've done and the deterioration in the actual equipment itself and everything would have been difficult to build up. So I'm interested in seeing and knowing more about what you're going to do to make sure we protect what we have as well as building on the new stuff that I know you're investing in and that continues to be very important for northern Ontario.

By the way, I do want to thank you for placing that office in the Soo. It's really important. We've lost about 6,000 of our citizens in the last seven years because the economy has shrunk up there, and this will be really helpful. I want to thank you for that.

Getting back to a comment the auditor made about your own infrastructure, he talked about how, and I think we've all recognized this, when you go to the States and you drop in to some of the parks and rest areas and everything, they are well kept, well maintained. They speak of a jurisdiction that's interested in having more people come. When you go into a lot of our facilities and attractions, they are not always as well kept or maintained or as attractive as they could be. He suggests in his report that more needs to be done there. Do you have plans there that perhaps we should know about?

When you drive, for example, from Sault Ste Marie to Thunder Bay—it's about the same distance as driving from here to the Soo—there are lots of rest stops etc that don't give you a good feeling when you walk in. We've often said that needs to be addressed if we're going to continue to attract tourists and give them a good experience when they come up.

Mr Allen: I can speak for the attractions that are part of our ministry. I mentioned this morning that we're taking an overview or a look at all our attractions, determining what needs to be spent not just to bring them up to their past conditions but to refurbish them so that they continue to be an attraction that will bring paying customers to them. We hope to develop a multi-year plan so that we can cover not just the maintenance but the revitalizing of those facilities.

Mr Martin: That's all I have. I'm going to write my letter now.

The Chair: OK, thank you. To the government caucus, Mr Wettlaufer.

Mr Wettlaufer: I must say that I was terribly disappointed that Mr Martin didn't thank me for the establishment of the office in Sault Ste Marie, because I was on the committee that made the recommendations. However—

Mr Martin: When you were up there, how come you didn't come over and have coffee with me? I would have thanked you personally right there and then.

Mr Wettlaufer: However, I will say it had nothing to do with you, Tony. I'm just kidding.

Interjection.

Mr Wettlaufer: That was not meant as a bad comment. It had nothing to do with him, that's all.

Anyway, Deputy, the travel information centres that we have at various border points throughout the province serve a very vital function. I can't even remember the number there are. I know there's one in—

Mr Allen: There are 18.

Mr Wettlaufer: In each one of them I believe there is a travel information counsellor. I wonder if you could give the committee a detailed account of what their role and their purpose is. I know, but I think maybe the committee would like to know.

Mr Allen: Sure. You're certainly right that these are an important component of our tourism attraction. Actually, one of the key roles they play is to try to extend the stay of visitors, particularly those who come from the States. We do have trained counsellors to help them in selecting where they would like to spend their time here in Ontario. Michael Langford is in charge of those centres, and I'd ask Michael to fill in some of the details of how they operate and what the key objectives of those sites are.

Mr Langford: I think your question was related to the role of the travel and information counsellor. I should perhaps, just by way of background, note that we have 43 counsellors permanently, and those could be either seasonal and/or full time. We also supplement the number of counsellors each year with about 102 students—102 coming this year. So at the peak of the summer season it's a fairly substantial force of people.

We view them as the hosts whom our visitors to the province will meet first; they often give the very first impression of the province. They are trained in a super-host program, and they have a variety of different duties. Their duties would include doing customized trip planning and itineraries. Their knowledge of local tourism attractions, events, attributes, assets and accommodations is fairly extensive. They have a very good background in regional and provincial assets. They are a good guide to, I think I said, trip itineraries but also trip planning in terms of sequencing.

They also provide a special link back from the operators within the areas that they serve out to the consumers in terms of what's happening in the most recent sense that the publications really can't keep up with in some instances. They're the human face of Ontario for many people, and I think their work has certainly in many ways contributed to, as the deputy was saying, giving ideas to tourists on where else they may go in terms of their plans, and in that regard we hope they extend the stay of the visitor and increase the number of times they may return.

It also gives us a chance, in a very human way, to speak with the guests of the province and find out what they're feeling and what they're thinking so we can take that into consideration and take that back to operators within those regions.

Mr Wettlaufer: Thank you, Michael. This ties in with what appears to be a worldwide marketing strategy vis-à-vis tourism, that every tourist, especially those who are 40 and up, now views tourism as an experience. This is what they are searching for, and this is how we keep them in a locality or in the province for more than one night. Of course, this is behind the strategy that we had.

Mr McMeekin asked earlier what kind of leadership was involved in tourism, and I would like to say that I thought there was quite considerable leadership shown by our government when the OTMP was established with a mandate to increase private tourism. It was directly through that that we had a benefit to the Hamilton area, next to his riding, of \$2.25 million in the cycling cham-

pionships. For that reason, we have also given the Hamilton area \$350,000 to bid on the 2010 Commonwealth Games.

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Given that people are overwhelmingly beginning to search for this experience in terms of their travel plans, in terms of their accommodation, in terms of where they want to go for their next vacation and the one after that, what else are we doing insofar as agencies and attractions are concerned to assist them to maintain or improve their infrastructure?

Mr Allen: If I'm to interpret your question, you're asking how we target a changing population and the changing needs of those populations.

Mr Wettlaufer: The agencies and attractions themselves have changing infrastructure needs, certainly in the next couple or three years. I believe we are looking down that road to assist them, to allow for them to plan for the changes the world populace is looking for.

Mr Allen: Actually, we just recently updated a database we have, a study done a number of years ago that looked at the type of visitors that would come to Ontario. We've just updated that, looking at what that same group would look like 25 years from now and speculating on what types of attractions, and then what changes those attractions should make in their infrastructure to accommodate a different clientele with different needs. We've just done that research, and so we have yet to look at what the implications are. In fact, at the last OTMP meeting, the board talked about, what does that mean for tourism in Ontario, and what should we be doing to prepare for that shift in the demographics?

Mr Wettlaufer: OK, thank you.

The Chair: Anyone else? Mr Hastings.

Mr John Hastings (Etobicoke North): I have a couple of questions regarding coordination with your ministry and Toronto Tourism. You talked about a Web site earlier that you were trying to put more events on, all the diverse community festivals and that sort of thing, and you're looking at off-shoulder tourism. Would those include the various balls that the different communities have?

The Chair: The what? The balls?

Mr Hastings: Yes, the fundraisers. If I were a tourist here, if I were a Brazilian, I wouldn't even know, because I'll lay you a dollar to a doughnut that the Web site you're working on isn't going to be connected into all the major hotels so that when they access information about what's going on here, if they're on a weekend arrangement and they happen to be Brazilian—I mention Brazilian because it's the largest ball in the world, larger than what they have in São Paulo.

Mr Allen: I'll make one comment and then I think I'll ask Bill to comment from the Web site perspective. As I mentioned this morning in reference to Mr Gill's question around the diversity of the population in Toronto, we haven't done as good a job of taking advantage of opportunities, and I think that's what you're driving at. There are events in those various communities that we

need to profile a little bit more. As I said, two things were discussed at the last OTMP meeting: what are the tourism interests of our more diverse population, and then what things happening in their communities might attract tourists from other locations or maybe keep tourists here a little bit longer, if there happens to be an event that might be of interest to them? Bill, maybe you could comment on how that might be linked into your information service.

Mr Kenny: Certainly in terms of the Web site, where we have provided funding to one of the festivals, the requirement in the agreement is that they are linked into our Web site. For sure we don't want to promote things that aren't up on our Web site. In addition to that, all events and festivals in the province are encouraged to put their information on our Web site, and it can be put on for free. So all of those types of activities can get basically free publicity by being on our Web site.

I agree with the deputy's comment that we haven't done as well as we could have in working in the various neighbourhoods and communities of Toronto, for example, to get some of the ethnic festivals and things like that that are going on. Certainly, based on the discussions with OTMP board, they are looking to us to start paying much more attention to that type of product to see what we can do around it. To some extent, we've been supporting a number of the festivals that have been seen as more traditional drivers of the tourism business in certain communities in the province. In light of the population demographic shifts, we're going to have some serious discussions with the board on how we should shift some of our priorities.

Mr Hastings: Will those conversations, then, include getting the hotels on-line? For most hotels it seems to be sort of a hit-and-miss proposition as to whether they are integrated with your Web site.

Mr Kenny: In my conversations with Duncan Ross, who is involved with the events group for the city, we are talking about how we can work more closely together to make sure not only that the events are provided support, but also that they're connected to the other activities going on in the city, including hotel packages. Very much what we like to do with the program is support the promotion of the event, but as part of the event, we encourage them to have packages so that somebody can phone one number and say, "I want to go to the festival and I want a two-night package to stay in a hotel and I want to go to a theatre production the next day," something like that. Our whole strategy is very much trying to package festivals around the other things that you can do in the community.

Mr Hastings: On the issue of conferences that people come here for—the Metro Toronto Convention Centre and other places—does the province get advance notification of every upcoming convention so that you can have a provincial presence in the program? Why I ask that question is that we recently had the International Association for Jazz Education here. If you go back and look at the program, there's no provincial presence in it.

There were only about 7,000 people here. It's the middle of the winter. It's your dead season, basically. How did we miss it?

Mr Kenny: Actually, we didn't miss it. We actually were there. We had members of our board there, and a separate launch of our jazz product for Toronto happened at that convention. So we were aware of it. At this point in time, we're not aware of every convention that's coming to the city. We do work with various convention centres across the province, and we have a meetings, conventions and incentive travel committee, which includes most of the major convention centres in the province. We're helping them try to promote all of their convention centres and to lure business into their convention centres. Last year, we supported the MPI, which is a major convention and which resulted in a significant convention coming to Toronto. I think IBM was the one that came—I'm sorry, it was Microsoft; I don't want to get that wrong. A major convention was lured into the city as a result of our efforts. So we do work with that sector, but I don't know of every convention coming into the convention centre in advance.

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Mr Hastings: Let me ask you this question: how many in your ministry have ever considered the Legislative Assembly buildings as a tourist site? The reason I ask that is if anybody comes over here, it doesn't matter what time of the year, and you just look and see the types of people who come through here in the spring, summer and fall, and you've got a large demographic in the Japanese community and in the German community and lots of other groups coming from diverse communities. I'm wondering whether you could talk to the people here to get a Web site right at the front here that would give people access to what is going on, not only in the city of Toronto but across the province. It needs a connection, obviously, and some space for the ministry to put it up; and maybe you could coordinate with the city of Toronto.

Mr Allen: That's a good suggestion.

Mr Hastings: There's a lot of tourism targeting you could be doing, and this place is only a minor reflection of those kinds of very opportunistic situations that we could take advantage of.

Mr Allen: It's an excellent suggestion.

Mr Hastings: The whole targeting—do you have on your staff a trends tourism analyst or whatever you'd call them?

Mr Allen: Yes, we have a research section that would look at trends in the demographics.

Mr Hastings: Because a couple of areas that we could be taking advantage of, in my estimation, are where we have—do we have an Ontario House in Tokyo? I believe we used to.

Mr Allen: We used to, but no, we don't any more.

Mr Patten: We used to have another one in London too.

Interjections.

Mr Hastings: The tourism people at the embassies—whatever you call them; cultural attachés—are supposed

to be promoting the provinces to some extent. I guess if we provide them with material or connection to the Web site—I don't know if you're talking about that—there are some great possibilities across this province to get people here. The whole area of eco-tourism is big with the Germans and the European Community, and it would be interesting to know whether we're really going after that market to get these people to come to Canada. I know they're going to British Columbia. Are they just flying right over northwestern Ontario and saying, "That's all the Canadian Shield," and they're going out to the Rockies?

Mr Allen: We do have some international representation. Bill, perhaps you could highlight how that works.

Mr Kenny: Yes, we have in-market representatives that try and develop business for us over there. We have people in England, Germany, Japan and the United States. We have a company in New York City and Chicago and those are contracts that we have. In fact, the board has just been reviewing the activities in these areas and has been looking at some options. I think we're going to go out for an RFP shortly to seek representation for the next cycle.

Mr Hastings: Does the ministry monitor American and European media as to how we're perceived abroad?

Mr Kenny: There are studies done by the Canadian Tourism Commission that look at how Canada and, in some other reports, how the different provinces are perceived by the international markets, absolutely.

Mr Hastings: Why I ask that question is if the CTC is doing that monitoring for us, the media tracking, somebody should get a hold of a few of CNN's programs lately and see how we're being perceived and how it's probably not helping us in terms of the contemporary public affairs issues that are going on. They're actually having a great deal of fun with us.

The Vice-Chair: We'll move on to the next caucus.

Mr John Gerretsen (Kingston and the Islands): Thank you very much, Chair. I was tourism critic for our caucus for about a year and a half and I thoroughly enjoyed it. It gave me an opportunity to see many parts of this province.

Mr Patten: It was painful.

Mr Gerretsen: It was not, no. We have something here in Ontario that we can sell, or should be selling, around the world. That drive Mr Martin referred to, between Sault Ste Marie and Thunder Bay, is as nice a drive as I've ever been on, and I haven't been all over the world but a good section of it. It's something that we should be promoting a lot more.

Let me also say that the vast majority if not all of the people I've met through the Ministry of Tourism and its various incarnations are topnotch people, but I don't think we're doing enough. I remember going to a conference one time and being told that, over the last 15 years, tourism worldwide had increased tenfold. It's a multi-billion-dollar business that is expanding all over the world as people get older. In the western world, we are better off so we have more opportunity to go all over

the place etc. Yet when we look at your statistics here in Ontario, over the last 10 years our numbers are dropping, and that's with a weak Canadian dollar and everything else. With all due respect, I don't think that, as a ministry or as a government or as a province, we're doing well enough.

I look at tourism from only one perspective. I know there's the cultural side, I know there's the heritage side—especially coming from a place like Kingston where we basically sell heritage. We want people to come to our downtown and look at the ambience. In survey after survey that we take, the ambience of the city is always the second-most important reason why people come there, Fort Henry being the first.

But I don't think we're doing enough promotion. So let me ask you some very specific questions. I'm starting on page 259. Why is it that the ministry, in your database and all of the publications you have, only has a tourist guide list that has 1,400 of 8,000 tourism facilities? That means you've got less than 15% of the total tourist facilities. I know there are little bed and breakfasts somewhere that may not be included and a whole bunch of other things, but I think that is disgraceful. Because I just look at myself as a tourist when I go somewhere, and what do I do? I either write away for brochures to the state or province I want to visit or I go to the CAA or I get it on the Internet. If I were to go on the Ministry of Tourism Internet in Ontario and I can only identify in one way or another 15% of the total that's out there, heck, I may be missing an awful lot. What are you doing specifically to increase that number from 1,400 to even 2,800 or 4,300 or more than half or what have you? What have you done about it? That's what I'd like to know.

Mr Kenny: I think what the auditor was referring to in the report was that the listings in one of our publications, which is our reference guide, ended up with 1,400 listings. The operators pay to be listed in that book. The package at that time, I believe, was \$150 a year to be in the reference guide and also to have an expanded listing on our Web site. So that's quite correct in that we did not have the kind of representation of the product in that publication that we would have liked to have seen.

Mr Gerretsen: Does everybody pay? For example, does a Fort Henry or a SkyDome pay to be in that book?

Mr Kenny: Everybody in that particular book. That was the arrangement at that time. I think I mentioned earlier that on our Web site everyone can be listed for free. There are huge trends that indicate that the Web site is where a lot of travel planning is done.

A couple of things, I guess. One would be that there are a number of publications and brochures that we do produce, either through partnerships or directly. For example, we have a partnership with Attractions Ontario where all the members of Attractions Ontario are putting advertising into their publication. We partner with them to get all of that. You may have seen it; it's an attractions guide with coupons in the back, that kind of thing. So we have partnerships with a number of organizations. I think what's happening with the reference guide, which was

basically a listing of hotels, is a lot of the operators were feeling they weren't getting much business off of that, frankly, and we were having trouble selling it.

What are we doing in terms of trying to get businesses on our Web site? I can tell you that we now have over 2,000 operators registered on the Web site. Our target is to have 3,000, at the very least, on the Web site by the end of March in terms of our free listing. I'm hopeful that partway into the summer, we should have—our target is to have everyone on, and our understanding of “every-one” is in the range of—

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Mr Gerretsen: How are you getting everyone on? What are you doing to actually get those people on?

Mr Kenny: Our sales people are phoning out and we're doing faxes out. In fact, today one of my staff is out with the travel information centre staff having discussions about how we can reach all of the smaller operators who send their brochures in to the 18 travel information centres, and advise them that there's a free listing for the offering and try and get them on. My hope is that the travel counsellors, who are in the business of making sure their information is up to date, will encourage the operators they know in their area to come and get listed. We have staff who will help people get on the site and get registered.

Mr Gerretsen: OK, next question: there are so many different ministries involved in different aspects of tourism. I was surprised to hear the Ministry of Agriculture spending \$1.1 million on tourism. I don't know why that's so. The auditor makes a statement that, “There was no process in place to collect information on the tourism-related activities undertaken by other ministries,” by you. Why aren't you doing that? It should be a simple thing. If it's only a tag-on for another ministry to be involved in their tourist activities, surely to goodness you, as the lead ministry in that regard, should know what other people out there are doing. Well, he makes the statement, “There was no process in place to collect information on the tourism-related activities undertaken by other ministries.” Why not?

Mr Allen: There will be. There are two things that we've instituted. We're setting up an ADMs committee that will pull these ministries together, not just to catalogue what they're doing but to talk about how they tie into our tourism strategy.

The other thing we're going to be doing this coming year is to do a survey of those ministries and determine how many dollars they're spending that impact on tourism. You mentioned agriculture and food. That was when they had the rural mandate and they did spend a significant number of dollars in developing tourism in rural Ontario.

Mr Gerretsen: Well, that's fine, but at least you, as the tourism ministry, should surely know what's going on there. It's not like you're doing it.

Mr Allen: Actually, in programs like that, we did know what was going on. We were able to direct a num-

ber of our stakeholders to that program and they were successful in getting funding.

Mr Gerretsen: Next question—I'm taking this right out of the auditor's report, page 259: “Ontario is one of only a few leading tourist destinations that does not have province-wide quality standards,” or an accommodation rating system. I don't know, but I think most travellers out there—and you can find it in all categories, from five-star to one-star—at least want to know that the places they're going into are clean and are relatively well maintained, so that they can feel comfortable in them. As a province that's as large as we are and has so much to offer, why don't we have that kind of quality system here in Ontario?

Mr Allen: As mentioned this morning, there is a rating system that is voluntary, and not everyone has bought into that.

Mr Gerretsen: What percentage would have bought into that? Ballpark.

Mr Allen: Three hundred operations are in, so it's a small percentage.

Mr Gerretsen: Out of how many?

Mr Allen: Potentially 8,000.

Mr Gerretsen: So we're talking about a minimal percentage.

Mr Allen: Yes.

Mr Gerretsen: Three hundred out of 8,000 isn't even worth talking about. You haven't even made a dent.

Mr Patten: It's 4%.

Mr Gerretsen: Thank you.

Mr Allen: The other thing we've undertaken is a pilot study looking at quality assurance, trying to convince the industry that parallel with developing a rating system, you do need a quality assurance program. If you don't have a minimum quality level, you're not going to be meeting the standards that are expected by the clientele.

Mr Gerretsen: How long has the ministry been going? According to you, everything is going to happen at some point in time in the future. Tourism has been around this province for, I bet you, 40 or 50 years as a ministry, maybe longer than that. Maybe both of you are new on the scene, so blame your predecessors, or maybe the political will wasn't there. I'll accept any kind of possibility. The point is that this states that we are one of the few leading tourist destinations that doesn't have any kind of quality assurance. Doesn't that bother you?

Mr Allen: We've tried to take the voluntary approach with the industry and I guess it's safe to say that they haven't completely bought into a comprehensive rating system.

Mr Gerretsen: OK, that's the answer. It's totally voluntary.

The last point on this particular page: “Both the ministry”—tourism—“and the corporation”—which is the marketing corporation—“maintain separate tourism information databases.” How can it possibly happen that there could be two complete systems, particularly with a corporation that was set up not all that long ago? Didn't anybody have the foresight to say, “We're setting up this

corporation, but we want to make sure that, whatever database they're using, the ministry can make use of that information as well," or that it's correlated to one of them? How could that happen?

Mr Allen: First of all, I would say we're well on our way to fixing that problem. That doesn't answer why it happened, but we are looking at an integrated system so that we only have one database that every part of the ministry can access.

Mr Gerretsen: Next point: I'm looking at page 260, where we're talking about the vision or mission statements. There are about five or six statements there, in a matter of 10 years. At one time, it's the social well-being of the residents of Ontario that's most important, then it's the economic advancement and development of tourism, then it's to achieve sustainable growth, then we're talking about how we want to create this must-see worldwide tourist destination. And from April 2002 we don't even have a vision. It says, "to be determined."

Is that one of the problems, that within the ministry itself—and perhaps as a result of political input, obviously, from time to time, from maybe different ministers or different governments—you're getting so many mixed messages that you don't know what you're doing and that's why you've got systems that don't match up to one another or you don't know how many facilities are out there etc? I'm just trying to get a handle on this. It seems to me you're all good people, you're wonderful people, but from reading this report, the ministry as a whole is not doing a darned good job, to say the least.

Mr Allen: Picking up on your comment that we have good people working for the ministry, I think that has been one of the consistent things over the years. Even though our mandate or our mission statement shifts, we still have good people on the ground working with the industry. There's no question that in any industry, when you're working with stakeholders, you could do more, but if you look at what our staff has accomplished over the last decade, we have worked very closely with the stakeholders, with the industry. I guess the bottom line, as I mentioned this morning, was to make sure that we have a tourism industry that is contributing to the economic well-being of the province.

Mr Gerretsen: That sounds wonderful, but I don't know what it does. I look at tourism as an economic development tool. Any dollar we can bring in from outside the country is a 100% gain to the province of Ontario, either to the private individual who runs the operation—and the taxes that evolve from that or in the tax dollars that the people are spending or what have you. For anybody who comes in from the outside, that is a big gain, a 100% gain to the provincial financial situation.

I get very disturbed when I read on page 268 that, "The federal process indicated that a number of countries had a high potential for good marketing results, including countries not being targeted by the corporation,"—meaning your marketing corporation; let's listen to these countries in which you have absolutely no strategy, according to the Provincial Auditor—"such as Mexico,

Taiwan, Hong Kong, South Korea, and Brazil." Talking about Brazilian balls, we're not even doing anything in Brazil to get the people here. South Korea, one of the richest countries in the world; Hong Kong, one of the richest countries in the world; Mexico—I'm sure there are some rich folks there who want to come here. Why aren't we doing anything even collectively with the feds, those horrible feds that the government members sometimes like to talk about, to try to get those people here? We benefit from that. It's jobs; it's products that can be produced as a result of that. Worldwide it's increasing tenfold over the last 15 years. Your own chart here shows that it's decreasing over the last 10 years. We are losing the share that we had even 10 years ago in this economic development tool. Why aren't we marketing in those other countries?

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Mr Allen: I'll ask Bill to comment on how the OTMP has selected the international markets that they want to focus on.

Mr Kenny: The approach we've been taking since the beginning of OTMP has basically been the staff looking at the research that we have and looking at the numbers and then from there taking that to our marketing committees to make some decisions as to where we should put the investment, and then putting together a marketing plan and it being approved by the board.

The auditor has indicated that we had not documented our selections in terms of our rankings in a more formal way and that there were models that were out there; the Canadian Tourism Commission had one that we should look at. So what we have done is looked at the model the CTC developed and we have done a formal assessment using their model and putting a few more variables into our model. There is a model developed in British Columbia that we're looking at as well. Frankly, there are some flaws with the model that the CTC has been using. At the end of the day, I think these models—sort of input-output models based on various information—are useful in terms of guiding a discussion. Beyond that, though, we listen to people who are in those markets trying to sell their products, their business, in those markets, and they'll tell us whether business is really going to be hard in the coming year or not. So there's a lot of leadership that we look to out of our marketing committees to decide on the priority.

I know that in the last few years we have made efforts into a number of the international markets, and we do it with the CTC. We very rarely go alone into those markets, without the CTC, because of the expense. Right now, certainly our assessment is that Mexico and some of those that the CTC is looking at, we consider to have some potential as well. At the moment, however, given the post-9/11 environment and the potential situation with Iraq, the board is suggesting that we will do some in-market work—for example, we've had some staff very recently go to Taiwan to start building some relationships at some of the meetings with the CTC out there—however, we're not ready to invest a large amount of

dollars in marketing that market at this time, because we do feel that the impact in terms of people travelling by air right now is very depressed in a lot of those international markets. So what we're trying to do right now is build up our relationships in some of those emerging markets, do some public relations work with them, and then, as the situation in the air hopefully comes back, we'll start moving into those markets more strongly with the CTC.

Mr Gerretsen: All I can say, sir, is there's a huge American market out there. Their dollar is worth an awful lot in this province right now, and we should be out there trying to get this economic development. We still kind of look at tourism as a cultural or a heritage thing. It is economic development, and unless the province takes a leading role in making sure the properties are up to scratch, with good licensing—not voluntary licensing but mandatory licensing, if you really want to present a product in the province of Ontario—in my opinion, we won't get anywhere.

My final comment deals with the consulting situation, where contracts are split into two \$25,000 contracts and that sort of thing so that it doesn't have to go to public tender. Let me just say this. When you said, "We'll make it clear to them that they shouldn't be doing this," I think you should be much stronger than that: "The next time you do it, you get disciplined or fired." There's absolutely no reason why, if there are rules out there that a contract over a certain amount has to be tendered, there should be any deviation from that, unless, I suppose, you can show extraordinary circumstances. For a manager or somebody in your department to then simply split the contract in two and let them run with it, I think, as a taxpayer—and I look at spending public money exactly the same way as if it were my own; I wouldn't accept it in my own family situation—we should not—

Mr Gill: That's PC.

Mr Gerretsen: No, that's not PC. That's just good accountability. If you would tell your ministers not to go around the province telling them how much they are for accountability but to just follow the act I introduced and get them to call it in the House and give it third reading so that this man can go after about 60% of the money we're spending here, we'd all be better off. But your minister shouldn't be saying one thing out there and doing the exact opposite here.

Anyway, good luck. I wish you well in the future. What you really need is probably about double the money to do an adequate job.

The Vice-Chair: Mr Patten, you indicated that you had—

Mr Patten: Yes, I had one final comment, and that was that you've been on the job for a relatively short period of time, and I'm sure you appreciate the challenges you have. But I want to echo some of the positive statements my colleague just made about truly seeing the potential of this ministry. I would think it could be a lot of fun, because you're in an animating role, really.

My question is—I guess there are two parts to it—given that you really do provide an economic develop-

ment thrust—it's not the only function of it; it's bringing people together. You bring a lot of people in the sports field together, and a lot of young people. I think there are many, many benefits. If I were a deputy, I'd want to take on this kind of a ministry because I think it could be a great challenge in many ways. But given the economic spinoff, it's somewhat worrisome that your budget has been cut about 37% since 2000, I guess. What's your budget loss overall?

Mr Allen: I'm afraid I can't tell you that.

Mr Patten: Anyway, if we're getting \$12 on every—and this is just the advertising dollars. We're not counting what we stimulate in other activity that, indirectly, isn't even accounted for but which we know is considerable. I know that festivals in Ottawa have spinoffs beyond what anyone can account for. They are wonderful things for communities. It's one of the things that distinguishes communities and gets people within communities participating, so it's fantastic. It seems to me you've probably already had your sort of prebudget poker opportunities. Every ministry gets a chance: "All right, what is it that you see as contributing to the vision of the finance minister?"

But I think you have an extremely strong case. I see, as our Chair pointed out a few times before, that it has continued to be reoriented and somehow divided, and yet there is a very logical reason as to why it should be pretty compact and have a clear sense of vision for the social, economic, educational, international relations components, whatever, and value to our province through this.

Mr Allen: I'm looking forward to taking on the new portfolio. It will be exciting. There are challenges; no question about it.

To Mr Gerretsen's earlier comment, I think the industry does need to think of itself as an industry and as an economic generator, as some of the other industries do, whether you're talking about forestry, mining or agriculture. So that will be one of the challenges.

Mr Martin: Before I move my motion here, I just wanted to—Mr Hastings and Mr Gerretsen spoke of the opportunity that's out there around the world. I've led trade missions into Ireland and from Ireland for about two years now, four different exchanges. The first year we went, we went to Dublin. There were 12 of us. We had some folks with us from Wawa who wanted to market ecotourism and some of the opportunities that were there and to meet with some folks. But the closest office of any sort where tourism promotion was concerned—and we were helped by the embassy and Mr Irwin, who was the ambassador to Ireland at the time—was London. So there was nothing. Ireland is an up-and-coming economy. It's actually one of the leading economies in Europe at the moment. A lot of people who before that could not travel because they just weren't making the kind of money which would allow them to do that are now travelling. They're going to Europe. A lot of them are going to Australia. Every other week in the big daily newspapers there are full-page ads from Australia and New Zealand trying to get people to come. There's

nothing from Canada. Mr Irwin was noting that as well, that there was no presence in Ireland from Canada and Ontario to draw people over here.

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We were trying to do it out of the Soo. We did make a number of contacts. We had 23 people come back last year in June; we took 84 over this past June. There's potential there, but unless we're in there tilling the soil, it isn't going to come our way. In northern Ontario in particular, we have some wonderful things to offer.

Anyway, I'd like to just move this motion: that the committee write to the Ministry—

Interjection.

The Chair: No, it's part of the hearings. Go ahead.

Mr Martin: That the committee write to the Ministry of Northern Development and Mines requesting a report on the now no-longer-in-operation Northern Ontario Tourism Marketing Association with details on its activities and how money was spent. The report should include: how the ministry managed the relationship with the association; why the association was terminated and what happened to any residual funds; given the concern raised by the auditor around the contracting out of services and activities within the tourism ministry, what was the practice within the association as it was monitored and funded by the Ministry of Northern Development and Mines; further elaboration on the failure of the association and what will be done in the new organization to not repeat the experience.

I'd like to move that.

The Chair: Is there any discussion? All in favour? Opposed?

Mr Martin: Could we have a recorded vote on that, or is it too late?

The Chair: It's my understanding that it's too late for that. If you want a recorded vote, it has to be done before.

All against? The motion is lost.

Interjection.

Mr Martin: There are ways.

The Chair: Does anybody else want to say anything about this issue?

With that, Deputy, we'd like to thank you very much for coming, you and your colleagues, and for sharing the information you've provided us with. We wish you well in the future in the ministry.

Mr Allen: Thank you very much.

The Chair: Let's hope lots of people come to Canada and Ontario.

COMMITTEE BUSINESS

The Chair: There is one other issue before we adjourn today. The auditor has requested that for the briefing on The Overseers: Public Accounts Committees and Public Spending, which was scheduled, according to the agenda that was sent out, for next Monday, he be allowed an opportunity to deal with that today. The reason for that is that he will not be here on Monday. Is there a problem with that?

Mr Martin: We have been subbing in critics in areas of relevance, and I don't pretend to be able to deal with that in the way that I was able to with the material today. So perhaps if you have something in writing that I could pass on to—

Mr Peters: There will be handouts.

Mr Patten: This is finance?

The Chair: No. The material was circulated, I believe, before the afternoon session. It's called The Overseers, and it's a document that's about eight pages in length. It's an article by David McGee, QC, Public Accounts Committees and Public Spending, and it comes from the Commonwealth Parliamentary Association.

Mr Patten: Was this one of your experiences, Mr Peters?

The Chair: Mr Martin, could Mr Peters just address for a moment what this is about?

Mr Peters: Yes, very quickly. Actually, in this very room a task force from the Commonwealth Parliamentary Association met to discuss the role of the public accounts committees and public spending and their relationship with auditors. I had the privilege of being one of the technical advisers, along with the Deputy Auditor General of Canada and a senior representative of the World Bank. As a result of the hearings of the task force, they presented a little book that looks like this, called The Overseers. They charged David McGee of New Zealand, a QC, with writing the book.

What I was going to go over was which of the 39 recommendations apply to Ontario—which ones we're doing already and which ones we should maybe consider doing—and those that are not applicable to us under the particular circumstance.

If I may add, just on a personal note, unfortunately my mother has taken quite ill, so I have to fly to see her and won't be able to be with you next week. Jim McCarter will do it. Jim has indicated that he's quite willing to take this on, but he hasn't been involved in this activity at all, and this is why the request has been made. That's the only reason.

Mr Martin: If there are notes that could be made available for Ms Martel, who is the regular participant on this committee, I'd appreciate getting them so I could share them with her. But that's fine.

Mr Wettlaufer: I'm not a permanent member of this committee either. I was just subbed in because of my role as parliamentary assistant to the Minister of Tourism. So I have every sympathy for Mr Martin and feel that a more orderly time to do it would be when everybody else who is a permanent member of the committee is here.

Mr Peters: That's fine.

The Chair: That's fine. But just so we have your thoughts on the record, since you're not going to be here on Monday, you basically favour this report, then, that has been presented by Mr McGee, is that correct?

Mr Peters: What I actually favour is that we consider as a committee some of the recommendations for potential action that we're not doing right now. We have sorted the recommendations out into three headings: one already

practised in Ontario, one to be considered for action in Ontario, and one not applicable to Ontario. So the focus of the presentation was really to take a look at some of the recommendations they are making to see whether we would like to consider those for action in Ontario.

The Chair: Those recommendations have gone to everybody, so if it's the wish of the committee, we'll deal with them on Monday, then.

Mr McDonald: I understand their concerns, but if Mr Peters isn't going to be here next week anyway, it might be useful for those of us who maybe want to stick around and listen to what he has to say.

The Chair: We either have a committee hearing or we don't.

Mr Martin: Another suggestion is that, when Mr Peters is back, this be rescheduled and put on the agenda

and people made aware ahead of time that it's coming so they can make arrangements to be here.

The Chair: Unless there's unanimous consent to deal with it now, I think we should leave it on the agenda on Monday. Mr McCarter can maybe give his comments at that point in time. It will be up to the committee at that time as to what they want to do with it. I think that's probably the best way to deal with it. Does everybody agree with that?

Mr Crozier: I'm just the most agreeable person in the world.

The Chair: With that, we stand adjourned until 9:30 on Thursday, with the open session starting at 10 o'clock. Thank you all for your great co-operation this afternoon.

The committee adjourned at 1438.

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