

Accountability Report

Tourism Nova Scotia

2015 - 2016

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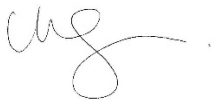
Accountability Statement

Tourism Nova Scotia's Accountability Report for the year ended March 31, 2016 is prepared pursuant to the Finance Act and government policies and guidelines. These authorities require the reporting of outcomes against Tourism Nova Scotia's Statement of Mandate for the fiscal year just ended. The reporting of Tourism Nova Scotia's outcomes necessarily includes estimates, judgements and opinions by Tourism Nova Scotia management.

We acknowledge that this Accountability Report is the responsibility of Tourism Nova Scotia management. The report is, to the extent possible, a complete and accurate representation of outcomes relative to the goals and priorities set out in Tourism Nova Scotia's 2015-2016 Statement of Mandate.



Ben Cowan-Dewar, Chair
Tourism Nova Scotia



Michele Saran, CEO
Tourism Nova Scotia

Message from the Chair

Fiscal 2015-2016 was a challenging and exciting time for Tourism Nova Scotia as the organization transitioned from a special operating agency of the Province to a private-sector led Crown Corporation. I would like to thank the Board of Directors and staff of Tourism Nova Scotia for their dedication and service throughout Tourism Nova Scotia's first year of operations. I specifically would like to thank Michele McKenzie and Martha Stevens for their interim leadership and stewardship during this critical time.

Tourism Nova Scotia's mandate, as outlined in the Tourism Nova Scotia Act, is to achieve growth and maximize the value of tourism to Nova Scotia's economy. One of the first deliverables of the Crown, identified in its mandate, was to develop a strategic plan which outlines how Tourism Nova Scotia will work with industry, government, communities and other partners to help Nova Scotia reach the Ivany Report goal of \$4 billion in annual tourism revenues by 2024.

The strategic plan focuses Tourism Nova Scotia's efforts in the following areas:

1. Attract first-time visitors
2. Invest in markets of highest return
3. Focus on world-class experiences
4. Build Nova Scotia's tourism confidence.

We've had to make tough choices to align the organization with this focus, but we're now positioned to compete for, and increase, first-time visitors from key markets, which means more customers for Nova Scotia businesses across the province.

In 2015-2016, Tourism Nova Scotia navigated significant change including the transfer of festival and events funding to Communities Culture and Heritage, the transfer of the divestiture process of provincially-owned resorts to Department of Business, and the elimination of core funding to tourism organizations. Although difficult, our industry is proof that change can be positive if we adapt to new ways of doing things.

Tourism Nova Scotia celebrated many significant accomplishments in 2015-2016, including awarding its marketing services partnership contract to DDB Canada and Trampoline, the launch of a new consumer marketing campaign, closer alignment with Destination Canada, entry into the China market and the launch of a new industry partnership approach built on the concept of private sector initiative and shared investment between Tourism Nova Scotia and stakeholders.

Visitation to Nova Scotia increased by six percent in 2015, and represented the largest year-over-year increase in non-resident overnight visitation in 15 years. I am confident the work Tourism Nova Scotia and its partners undertook last fiscal will translate to similar or even better results in 2016, and look forward to future contributions of Tourism Nova Scotia's recently appointed CEO, Michele Saran and the broader team.

I'm pleased to present this accountability report which demonstrates the impact of the hard work Tourism Nova Scotia and its partners have done, and continue to do, to grow Nova Scotia's economy and build a strong, sustainable tourism industry in the province.

Ben Cowan-Dewar

Message from the CEO

I am delighted to present Tourism Nova Scotia's 2015-16 Accountability Report which reflects the activities and accomplishments of the past year.

Having moved from Vancouver in May 2016 to take on the role of CEO of Tourism Nova Scotia, I am impressed by the amount of change and strategic work the team has done to establish itself as a new entity, while introducing changes necessary to lead the industry to more sustainable growth.

As past Executive Director of Business Events Canada, a division of Destination Canada, I understand what travellers love about Canada and I look forward to working with my team and our partners to strengthen Nova Scotia's profile as one of the top travel destinations in the country. Nova Scotia is a special place with natural destination appeal. Through our work with industry, government and community stakeholders, I am confident we can create and improve the conditions required to attract more first-time visitors to Nova Scotia.

While the Ivany Report goal of reaching \$4 billion in annual tourism revenues by 2024 is ambitious, I feel confident that through leadership, collaboration and partnership, Nova Scotia can absolutely experience unprecedented growth.

I commend the team at Tourism Nova Scotia for their hard work and commitment to growing Nova Scotia's tourism industry for the benefit of all Nova Scotians.

Michele Saran

Financial Results

	Budget 2015-16	Actuals 2015-16	Est - Actuals Variance
Revenue			
Provincial Operating Grant	22,330,000	21,672,239	(657,761)
Grants - other PNS departments	36,000	0	(36,000)
Tourism Fees and Charges	0	954,918	954,918 ¹
Tourism Recoveries	0	863,120	863,120 ¹
Total	<u>\$ 22,366,000</u>	<u>\$ 23,490,277</u>	<u>\$ 1,124,277</u>
Expenses			
Salaries & Wages	5,745,000	7,940,641	2,195,641 ²
Travel	337,000	193,718	(143,282)
Professional Services	3,256,000	3,521,213	265,213
Supplies and Services	7,885,000	8,762,434	877,434 ³
Other	820,000	740,693	(79,307)
Other Provincial Obligations	0	76,810	76,810
Grants and Contributions	4,323,000	3,963,900	(359,100)
Total	<u>\$ 22,366,000</u>	<u>\$ 25,199,409</u>	<u>\$ 2,833,409</u>
Surplus (Deficit) before Capital	<u>\$ -</u>	<u>\$ (1,709,132)</u>	<u>\$ (1,709,132)</u>
Provincial Capital Grant		482,400	482,400 ⁴
Surplus (Deficit) after Capital	<u>\$ -</u>	<u>\$ (1,226,732)</u>	<u>\$ (1,226,732)</u>

Notes:

¹ Fees and charges and recoveries that were originally collected by Department of Economic and Rural Development Tourism/Department of Business are now collected by Tourism Nova Scotia. Recoveries include a one-time recovery from the Province of Nova Scotia for public service award.

² Includes \$2 million one-time charge for retirement allowance and post-retirement health benefit as obligation was transferred to Tourism Nova Scotia from Province of Nova Scotia.

³ Additional marketing expenditures.

⁴ Tangible capital asset associated with transfer of land related to Yarmouth Visitor Information Centre.

2015-2016: A Year of Change

2015-2016 was a year of change for Tourism Nova Scotia. In April 2015, government created Tourism Nova Scotia as a private sector-led provincial Crown corporation with a mandate to drive tourism growth in Nova Scotia and foster a more globally competitive tourism industry. As part of its legislated mandate, Tourism Nova Scotia was directed to develop and implement a long-term strategy for tourism, and we are pleased to report that in 2015-2016, we did just that. Informed by the *Now or Never: An Urgent Call to Action* report, and other key documents and stakeholder input, Tourism Nova Scotia's senior management team embarked on a strategic planning process, and unveiled the tourism strategy in November 2015.

Tourism Nova Scotia's strategic plan was informed by, and represents an evolution of, 2013's *A Tourism Strategy for Nova Scotia*, which was developed under Nova Scotia Tourism Agency's mandate. The strategic plan identifies Tourism Nova Scotia's and key stakeholders' roles, and Tourism Nova Scotia's strategies to support the industry goal of reaching \$4 billion in tourism revenues by 2024. Tourism Nova Scotia's strategic plan aligns with key government priorities and the Government's Framework for Private Sector Growth.

At the same time, Tourism Nova Scotia initiated an organizational restructuring exercise to support its new mandate as a Crown corporation. Our human resources are now aligned with Tourism Nova Scotia's mandate, positioning us to lead the tourism industry in the pursuit of sustainable tourism growth in the coming years.

As well, to support our new mandate, Tourism Nova Scotia moved away from "core" funding, towards a more strategic approach of directly supporting initiatives that will drive tourism growth. In 2015-2016, three new programs were developed and launched; the *Inspiring Content*, *Search Engine Marketing*, and *World-Class Experience EXCELLerator* programs align with Tourism Nova Scotia's strategic roles to attract first-time visitors from markets of highest return, and to focus on world-class experiences.

Finally, Tourism Nova Scotia successfully completed a CEO search, with a seasoned and respected tourism professional, Michele Saran, joining us in May, 2016.

Tourism Nova Scotia's legislated mandate, coupled with the transition to a Crown corporation, necessitated a review of all performance measures identified in the 2015-2016 Statement of Mandate. At the end of 2015-2016, Tourism Nova Scotia, its organizational structure, and its strategic focus are fundamentally different compared with the beginning of the year. The outcomes and performance measures identified in Tourism Nova Scotia's 2016-2017 Business Plan are reflective of Tourism Nova Scotia's new mandate.

Measuring Our Performance

Tourism Nova Scotia's 2015-2016 Statement of Mandate identified a number of outcomes and associated measures, which will be discussed, below.

Tourism Nova Scotia's mandate and strategy changed in 2015-2016, and as a result, some of the outcomes and performance measures previously identified are no longer reflective of Tourism Nova Scotia's new mandate. Tourism Nova Scotia's measures must be aligned with its performance, not the overall tourism industry's performance.

Measures that are proxies for the performance of the entire tourism industry, such as room nights sold, accommodations revenues, and overall tourism revenues are not necessarily reflective of Tourism Nova Scotia's performance. As such, some of the measures identified below will be replaced with more relevant measures.

In 2015-2016, Tourism Nova Scotia undertook several initiatives to address the outcomes identified in the 2015-2016 Statement of Mandate:

- Delivered a consumer-focused marketing campaign. The 2015 campaign built on the 2014 "Take Yourself There" campaign, and was updated to further ground the campaign in Nova Scotia's rich ocean-based landscape and culture.
- Directed the consumer-focussed marketing campaign at key target geographic markets of Ontario (Toronto/Ottawa), Quebec (Montreal), and the northeastern U.S.
- Expanded our access to research to inform strategic decision making. Specific initiatives included adoption of a travel-values based consumer segmentation model, Explorer Quotient, the launch of the 2015 Visitor Exit Survey, and the development of our Online Tourism Advisory Panel.
- Administered the Competitive Edge program. Priority was given to projects targeting first-time, high-yield visitor segments by developing new product or enhancing the market-readiness, visitor experience or quality of existing product in iconic destinations.
- Administered the First Impressions program, a community-based program that focuses on helping communities connect visitors with their downtowns or main streets of communities.
- Conducted province-wide outreach through Innovations Days, one-day community engagement sessions held in five locations.
- Partnered with the Tourism Industry Association of Nova Scotia (TIANS) in presenting at the annual Tourism Summit conference.
- Conducted outreach and consultation with key stakeholders to inform development of the tourism strategy.

Outcome: Significant growth in tourism revenues by attracting more, higher value visitors.

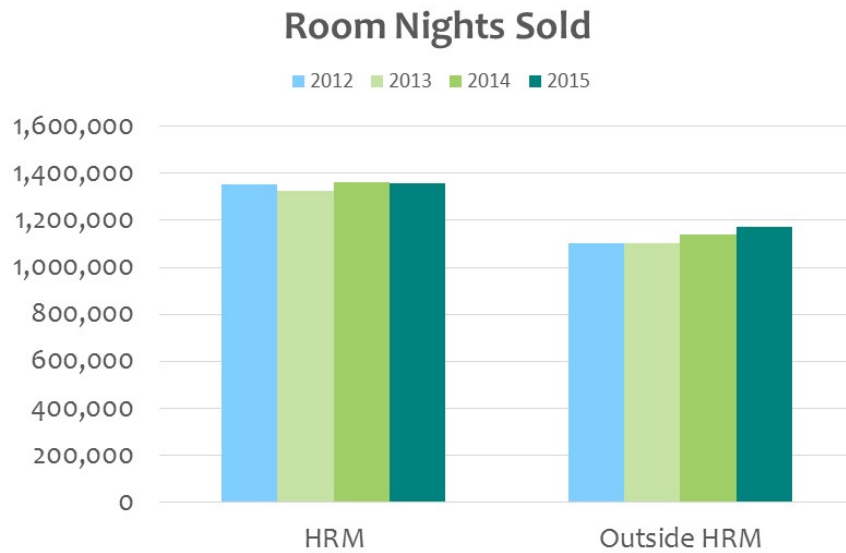
While tourism activity depends on a variety of external factors such as weather, economic conditions, and exchange rates that are outside the control of Tourism Nova Scotia and the tourism industry, Tourism Nova Scotia seeks to attract more high-value visitors to Nova Scotia through marketing initiatives in key markets.

The number of visitors and accommodations activity is typically linked. An increase in visitors is positive; however, visitors who spend more money are of even greater benefit to the tourism industry.

Measure: Accommodations: Room nights sold and accommodations revenue estimates are a proxy for tourism activity/revenue in the regions of the province.

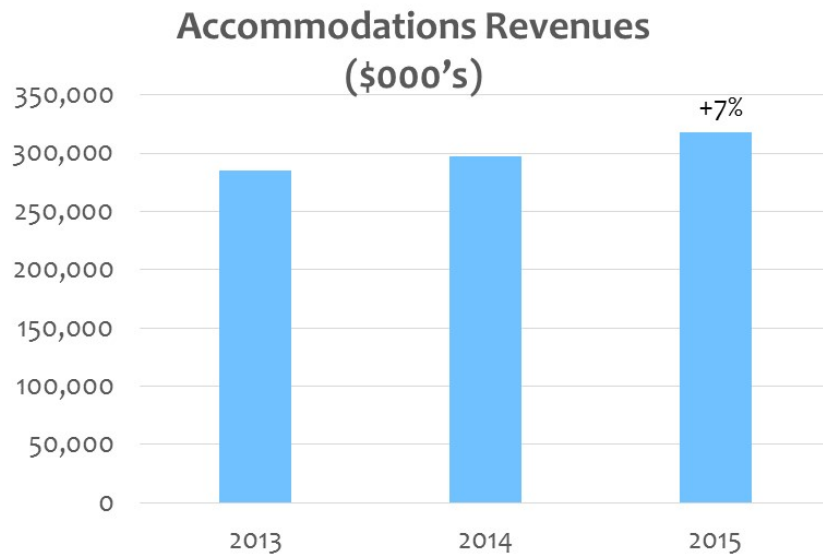
Target: At minimum, maintain room nights sold outside of Halifax to 2012 levels.

Result: In 2015, room nights sold in HRM were flat compared with 2014, while outside of HRM, room nights sold grew by 3%, and remain above 2012 levels. Future Tourism Nova Scotia Accountability Reports will not contain this measure.



Target: Increase accommodations revenue by 4% in each year of the strategy.

Result: In 2015, accommodations revenues increased by 7%, with moderate growth in room nights sold bolstered by increases in the average room rate for both HRM (+5%) and outside HRM (+6%). Average room rates increased at a pace greater than inflation, indicative of higher value visitors in 2015. In addition to being accountable for performance related to its legislated mandate, Tourism Nova Scotia is responsible for providing the tourism industry with performance indicators that reflect the performance of the industry towards the \$4 billion in tourism revenues goal. Future Tourism Nova Scotia Accountability Reports will not contain this type of measure. In January 2016, Tourism Nova Scotia introduced a new reporting measure, and replaced reporting of accommodations revenue estimates with a broader measure: overall tourism revenue estimates.



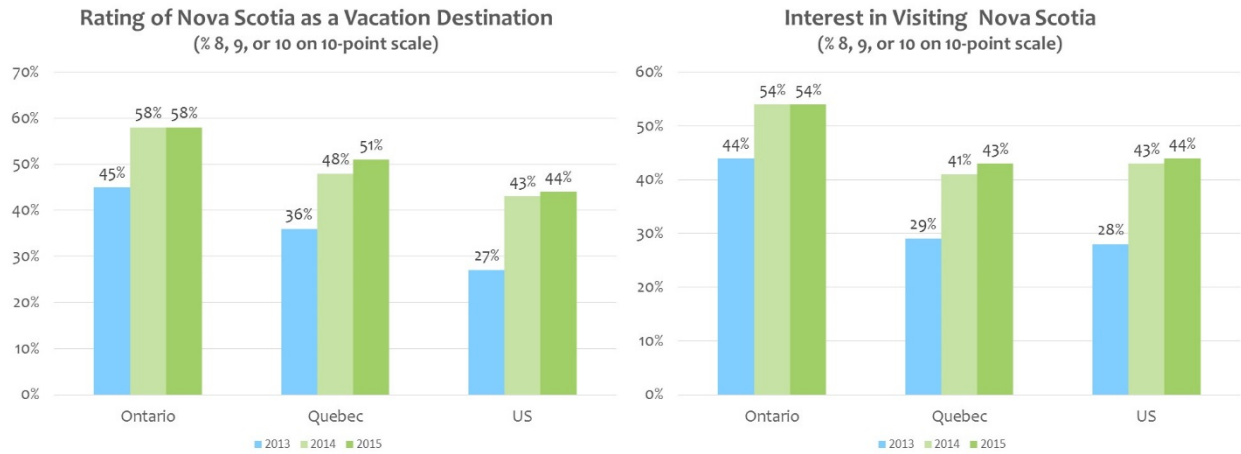
Outcome: Increased Nova Scotia brand recognition in our key markets.

Tourism Nova Scotia monitors Nova Scotia's tourism brand health in our key markets.

Measure: Tourism Nova Scotia's Brand Health Monitor measures awareness and appeal of Nova Scotia as a vacation destination, and key Nova Scotia tourism brand attributes, over time. Annual surveys in Tourism Nova Scotia's key markets in Ontario, Quebec, and the Northeastern United States are conducted to measure overall Nova Scotia tourism brand health.

Target: Over time, Tourism Nova Scotia seeks to improve perceptions of the province as a vacation destination, and increase interest in, and motivation to, travel to Nova Scotia.

Result: 2014 saw a marked increase in positive perceptions of Nova Scotia as a vacation destination in our key markets. In 2015, this strong performance was maintained.



Outcome: Influence pride in what Nova Scotia offers to visitors resulting in Nova Scotians adopting a more visitor-focused mindset.

Growth in Nova Scotia's tourism industry will benefit everyone, and having an engaged and supporting population will provide a positive environment for industry growth.

Measure: In 2014, we interviewed Nova Scotians about the importance of tourism to the province. These results were intended to be a benchmark for moving forward.

Result: In 2015, Tourism Nova Scotia was required to reset the benchmark data, due to a change in research methodology. These 2015 results are presented as a benchmark, and results will be updated annually.

The 2014 research asked Nova Scotians to estimate the value of revenues associated with the tourism industry. Results indicated it may be unrealistic to expect the average Nova Scotian to retain this level of detail regarding the provincial tourism industry. This measure will not be used on a go-forward basis.

Gauging stakeholder engagement with the tourism strategy, and confidence in Tourism Nova Scotia is as important as assessing tourism confidence among Nova Scotians in general. In 2016, Tourism Nova Scotia will initiate stakeholder research.

