

ANNUAL REPORT
2002-2003



Ontario Tourism Marketing
Partnership Corporation

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BOARD MEMBERS

Ontario Tourism Marketing Partnership Corporation's (OTMPC) Board of Directors provides industry leadership and policy and strategic direction to the operation of the partnership. The Board is responsible for the overall management of OTMPC and is ultimately accountable to the Minister of Tourism and Recreation.

Current Board Members, 2002–2003:

Mr. John Williams, Chair
(Appointed January 17, 2002)
President, Williams Hotels Ltd.
Belleville
March 30, 1999–March 29, 2003

Mr. Anthony Annunziata, Vice Chair
Executive Director of Marketing,
Casino Niagara
Niagara Falls
July 4, 2001–July 3, 2003

Ms. Laurie Adams-Robert
Owner, Harmony Acres/Bruce Peninsula Outfitters
Tobermory
March 30, 1999–March 29, 2003

Mr. Antoni Cimolino
Executive Director, Stratford Festival of Canada
Stratford
February 6, 2002–February 5, 2005

Mr. Ferg Devins
Vice President, Corporate Affairs,
Molson Breweries
Toronto
May 10, 2000–May 8, 2006

Mr. Paul Dinner
Senior Manager, Hospitality Markets–Ontario,
Royal Bank of Canada
Burlington
February 6, 2002–February 5, 2005

Mr. Nick Florian
Director, Jonview Canada Inc.
Toronto,
March 30, 1999–March 29, 2003

Mr. Michael Franceschini
Vice President & Managing Director
Toronto-Dominion Bank
Toronto
April 12, 2002–April 12, 2005

Mr. Ken Lambert
Vice President, Sales & Marketing
Delta Hotels
Toronto
April 12, 2002–April 11, 2005

Ms. Anne Marshall
Director, Sales & Marketing, Elmhirst's Resort
Keene
October 3, 2001–June 3, 2004

Mr. Michael Mulhall
President, Ottawa Riverboat Corporation and
President & CEO, e-kiosk Inc.
Ottawa
July 18, 2001–July 17, 2004

Mr. Joel Peters
Vice President, Marketing & Commercial Development
Royal Ontario Museum
Toronto
February 27, 2003–February 26, 2005

Mr. Allan Tremblay
President, CEO & Partner, Orion Sports Management Inc.
Brampton
November 1, 2000–June 1, 2003

Mr. Bruce Walker
Executive Vice President, Vincor International Inc.
Mississauga
March 30, 1999–March 29, 2005

CORPORATE CONTACTS

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Travel Information for Ontario:

1-800-668-2746 (English)
1-800-268-3736 (French)

Partner site: www.tourismpartners.com
Consumer site: www.ontariotravel.net



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OUR FOCUS IS ON ENSURING THAT ONTARIO REMAINS A PREMIER FOUR-SEASON DESTINATION FOR TRAVELLERS.

MESSAGE FROM THE CHAIR



(Top) Domestic lure brochure
(Centre) 2002 Fall Experience Guide
(Bottom) 2002 Spring Guide

Ontario Tourism Marketing Partnership Corporation (OTMPC) began 2002–2003 on an optimistic note. The organization and its industry partners felt things were beginning to turn around following the sharp decline in international travel resulting from the tragic events of September 11, 2001.

By summer 2002, the Ontario government’s investment of \$12.6 million post-9/11 was impacting travel positively. The new “Come on Over” television creative, developed as a result of the government’s investment in tourism, was used in partnership ads with the cities of Ottawa, Toronto and Niagara Falls and ran in the early summer of 2002. All partners were striving to return to pre-September 11 levels, and they reported increased visitation as a result of our partnerships. In autumn 2002, the corporation held 20 partnership forums in communities throughout Ontario. Staff presented the draft 2003–2004 marketing strategy to more than 800 industry stakeholders. The tourism industry was encouraged to participate and provide input ensuring the final plan would meet industry needs and expectations.

On October 18, 2002, the Honourable Frank Klees, then Minister of Tourism and Recreation, launched OTMPC’s new Tourism Consumer Information System (TCIS) in Ottawa. For the first time ever, Ontario had a fully integrated tourism consumer information portal to benefit consumers and tourism businesses in both French and English.

At the November Board meeting, we passed the Terms of Reference for a new Finance and Audit Committee to oversee and monitor

OTMPC’s financial reporting. It also monitors and reports to the Board on controllership and governance in OTMPC through risk management practices. The Finance and Audit Committee reports its actions and recommendations at each Board meeting.

In January 2003, the provincial government announced a new marketing model for Northern Ontario. OTMPC was asked to play a critical role in this new initiative by ensuring the successful integration of northern tourism marketing into OTMPC. We selected a director for northern marketing, developed plans for a northern office to open in 2003–2004 and started to initiate procedures for new northern board members and a Northern Marketing Committee.

As the year progressed, OTMPC staff and Board members were confronted with many new issues that challenged Ontario’s tourism sector. These included the Iraq War, a slowing U.S. economy, border security issues, the early stages of Severe Acute Respiratory Syndrome (SARS) and possible airline bankruptcies in both the domestic and international markets. We held a special Board meeting with senior staff on March 24 and 25 to develop contingency plans to deal with these challenges and to maintain our focus on ensuring that Ontario remains a premier four-season destination for travellers from all over the world.

John Williams, Chair

TOURISM IS CREDITED WITH DIRECTLY GENERATING WELL OVER \$7 BILLION TO THE PROVINCE'S GROSS DOMESTIC PRODUCT.



MARKETING ONTARIO



(Top) 2002 Fall Guide
(Centre) 2002 Summer Guide
(Bottom) 2002 French Guide

Ontario is home to the country's largest tourism industry, accounting for more than 40 per cent of Canada's tourism revenues. With more than 100 million people domestically and internationally visiting Ontario each year, it is no surprise that tourism is credited with directly generating well over \$7 billion to the province's Gross Domestic Product (GDP).

OTMPC was established in 1999 to support Ontario's tourism industry. It is a consumer-driven business partnership between the tourism industry and the Government of Ontario with the following objectives:

- Promote Ontario as a prime tourist destination in both domestic and international markets;
- Generate a vibrant and compelling image of Ontario as a premier four-season tourist destination; and
- Achieve its marketing goals through partnership with industry and government stakeholders.

By the end of 2002–2003, the impact of the slowdown in the U.S. economy, the Iraq War and a general fear of travel since the tragic events of September 11 caused visitor expenditures in Ontario to continue to decline from \$15.8 billion in 2001.

OTMPC's industry-led Board of Directors is supported by an Executive Committee that sets overall priorities and recommends objectives and strategies, a Nominations Committee responsible for succession planning and recruitment for industry-led market and product committees, and a Market Performance Assessment Committee (MPAC) that ensures appropriate measures are in place and regularly reported.

In November 2002, a Finance and Audit Committee was also established to oversee and monitor OTMPC's financial reporting systems. Market and product committees provide further guidance in the development and creation of marketing strategies for the partnership.

More than 100 industry volunteers serve on these committees for two-year terms. The committees operate on a consensus basis and provide input based on their product, area or regional expertise.

Market Committees Product Committees

- | | |
|----------------|-----------|
| • Americas | • City |
| • Asia Pacific | • Outdoor |
| • Domestic | • Touring |
| • Europe | |



ADVERTISING TRACKING RESEARCH PROVIDES OTMPC PARTNERS AND STAKEHOLDERS WITH A MEASURE OF ACCOUNTABILITY.

2002–2003

PERFORMANCE HIGHLIGHTS



(Top) 2003 Adventure Guide
(Centre) 2002 Summer Experience Guide
(Bottom) 2003 Winter Guide

Fiscal year 2002–2003 began on a high note as the tourism sector seemed poised to begin rebuilding consumer confidence and visitation following the tragic events of September 11. OTMPC continued to play a key role in combating the effects of this tragic event by building new partnerships using the advertising campaigns created in early 2002.

However, in addition to the impact of 9/11, it became evident as the year progressed that Ontario’s tourism sector was facing new challenges: a slowing U.S. economy; airline bankruptcies; the beginning of the Iraq War and the early stages of Severe Acute Respiratory Syndrome (SARS) in Toronto.

Research

OTMPC’s Travel Behaviour Study conducted in Ontario’s core tourism markets provides a thorough understanding of travel planning, bookings, trip and travel profiles by geographic market and by target segment.

The Travel Activities and Motivations Survey (TAMS) provides invaluable information on travel attitudes and preferred travel activities across North America, enabling OTMPC to identify travel interests, emerging new products and packaging opportunities.

OTMPC Travel Behaviour Study along with TAMS has led to increased consumer understanding and more focused targets for OTMPC’s marketing efforts. OTMPC continued to track consumer awareness as well as Ontario’s image as a tourism destination in our major markets.

The knowledge gained through advertising tracking research helps OTMPC develop new campaigns and also serves as a measure of accountability to our partners and stakeholders.

Each campaign was tracked in the past year. Focus groups were also conducted throughout the fiscal year to test new and different creative concepts.

OTMPC monitors border crossings into Ontario and hotel occupancy rates on a monthly basis.

Monthly Consumer Response Reports and *Consumer Responses* of campaigns track the use of our consumer and partner Web sites and the call centre. European air travel bookings are tracked quarterly.

PERFORMANCE HIGHLIGHTS

(Left) Domestic direct-mail postcard campaign;
(Right) Toronto “Union Station Domination” campaign



Key Markets

Domestic Market

The domestic market generates about 70 per cent of all trips to Ontario and more than 50 per cent of visitor expenditures. Based on the success of last year’s campaigns, OTMPC has continued to target affluent and family markets in 2002–2003, promoting Ontario as a year-round destination and reaching out to new audiences with niche and shoulder season product experiences.

Following September 11, 2001, expanded partnership activities were initiated that ran throughout the summer of 2002. For a detailed breakdown of the results of the year’s domestic campaigns, see the table “Return on Investment 2002–2003” on page 10.

Fiscal year 2002–2003 saw increased participation in OTMPC’s seasonal newspaper inserts, which reached a total distribution of 3.45 million households in the domestic market. Seasonal inserts were distributed in summer 2002, fall 2002 and winter 2002–2003. Likewise, the direct-mail postcard campaign was expanded to include spring, summer and fall seasons and generated a response rate of around 3 per cent to the call centre.

In May 2002, OTMPC developed a special promotion called “Union Station Domination” that literally took over the GO Transit concourse level of Union Station for the month. The corporation branded the location with posters, floor graphics, wall posters, banners and escalator wall panels, showcasing the “More to Discover” theme promoting Ontario’s summer vacation opportunities.

During a special two-day blitz of the station, OTMPC distributed 73,385 maps and brochures. This activity generated the greatest number of callers to 1-800-ONTARIO in one day (1,200) and the greatest number of user sessions recorded on OTMPC Web site (5,200) in a single day following the promotion.

OTMPC partnered with Attractions Ontario to enhance the 56-page full-colour “Attractions Ontario Passport” publication, broadening the content and increasing its distribution via inserts in 14 key Ontario markets. Approximately 1.5 million copies of the publication were distributed.

Partnership with Regroupement des organismes du patrimoine franco-ontarien (ROPFO) led to the development of new tour itineraries in the French-language summer experience guide, *Venez chez nous*.

This unique French-language publication was distributed in Ontario, Greater Montreal and selected areas of Quebec through 1-800-ONTARIO and at Travel Information Centres.

As a result of research following 9/11 and in response to industry requests to “pump up the volume” and focus on auto travel and price point, OTMPC launched a new television campaign in spring 2002. It consisted of two 30-second commercials presenting a kaleidoscope reminder of the province’s urban and outdoor vacation possibilities. In a second wave, four 15-second television spots revealed “unexpected” vacation experiences with the campaign slogan “Visit a place you’ve never seen.”

Media relations staff worked closely with several media contacts including members of the Travel Media Association of Canada (TMAC) and the Canadian Chapter of the Society of American Travel Writers and obtained coverage promoting Ontario on-line, through the print and broadcast outlets. OTMPC sponsored the summer meeting of TMAC with the Ontario Heritage Foundation and other industry partners in June 2002. The corporation also sponsored an evening of the TMAC annual general meeting in Niagara-on-the-Lake with Vintage Inns, several wineries and other businesses from the Niagara Region.

United States Market

Americans comprised a quarter (28.1 million) of total trips taken in Ontario, with the seven states closest to the Ontario border – Illinois, Michigan, Minnesota, New York, Ohio, Pennsylvania and Wisconsin – accounting for approximately 60 per cent of U.S. expenditures in Ontario.

For a detailed breakdown of the results of the year’s U.S. campaigns, see the table “Return on Investment 2002–2003” on page 10.

As the industry continued to recover from the events of September 11, the tourism sector faced new challenges in the U.S. market in 2002–2003. These included a slowing U.S. economy, airline bankruptcies and the early effects of the Iraq War in spring 2003.

In summer 2002, OTMPC responded with a number of inventive marketing initiatives,

PERFORMANCE HIGHLIGHTS



(Left) "Experience Ontario" promotion; (Right) "Come On Over" karaoke TV campaign

(United States Market continued)

utilizing the creative from the highly successful "Come On Over" karaoke television campaign launched in March 2002. The message was simple, playful and deeply felt – in troubled times, look to your friends and neighbours for support and comfort.

A new direct-response TV (DRTV) campaign was executed in the near-border states with tourism partners from Ottawa, Toronto and Niagara Falls. The new ads used the "Come On Over" creative with an attractive price-point and overnight accommodation packages. Partners reported increased visitation as a result of the campaigns.

From fall 2002 to spring 2003, OTMPC reconfigured its partnership campaign creating the new "Together in Toronto" campaign that generated almost 10,000 room nights. This included nearly 40 partners from Toronto. OTMPC also partnered with the Canadian Tourism Commission (CTC) in the mid-haul markets of Boston, Chicago and New York City, expanding the program to Philadelphia and Washington.

In 2002–2003 the campaign was also expanded to include tourism partners from the Niagara Region, Toronto and Ottawa. The American tour operator Collette Vacations provided the call-to-action to sell the overnight packages in the advertising campaign.

Other travel trade partnerships were developed with the CTC and tour operators including United Vacations, Globus Cosmos, Brennan and Elderhostel. These tour operators

help to sell tour packages to Ontario and promote the Ontario brand in the U.S. market. OTMPC is also actively involved promoting the province through the American Bus Association, the National Tour Association and the United States Tour Operators Association. OTMPC, in collaboration with the American Automobile Association (AAA), developed new packages showcasing the province as a destination for family getaways, outdoor adventures and cultural attractions.

The new AAA Travel Trade Marketing Program targeted more than 5 million AAA members living in the U.S. border states. As part of the marketing program, OTMPC coordinated marketplaces with its industry partners in Chicago, Detroit, Buffalo, Syracuse, Pittsburgh and Cleveland. A media component targeting travel writers was developed as part of the Chicago marketplace.

OTMPC staff coordinated the AAA Magazine Cooperative with American Publishers in the winter 2003 and spring 2003 insertion. A total of more than 50 Ontario tourism partners participated in the campaign that included *Michigan Living*, *Going Places* (distributed to AAA members in Buffalo, Rochester and Syracuse), *Home and Away Wisconsin* and *Home and Away Minneapolis* with a total circulation of 2.5 million.

OTMPC's media relations staff worked closely with the CTC and Air Canada in the U.S. market, promoting Ontario to the travel and lifestyle media at all Air Canada Press Luncheons, including Chicago, Boston, New York, Los Angeles

and San Francisco. OTMPC also promoted Ontario at the Dateline Canada Media Marketplace in Pasadena. Numerous positive media stories promoting Ontario as a premier vacation destination were generated in a range of print, broadcast and on-line outlets.

A total of 125,000 direct-mail postcards were sent to snowmobile owners in the U.S. near markets with the highest distribution in Minnesota, Wisconsin, New York, Pennsylvania and Ohio. Readers were encouraged to visit www.ontariotravel.net/winarev and request a copy of the *Snow Country Ontario 2002–2003* brochure and enter a contest to win a snowmobile or one of six Ontario winter getaways for two.

Second only to the OntarioTravel.net home page, the snowmobile micro-site was the most popular page on OntarioTravel.net in both November and December. The campaign drove one-third of all registrations to OntarioTravel.net between November 8, 2002, and March 5, 2003.

The 2002–2003 snowmobile campaign was in-market earlier than the previous year and was produced in partnership with the Ontario Federation of Snowmobile Clubs and the six Northern Ontario Travel Associations.

A total of 90,100 direct-mail brochures were sent to adventure enthusiasts in the U.S. near markets and 30,760 were distributed within Canada. Readers were encouraged to visit www.ontariotravel.net/adventure to request the new *Adventure Guide* and to enter a contest for a chance to win one of three adventure

PERFORMANCE HIGHLIGHTS



(Left German advertising campaign; (Right) U.K. Globespan insert for “Nature Lovers.”

getaways in Ontario. Readers could also call a 1-888 number to request a copy of the adventure brochure and enter the contest. A similar program was developed for angling enthusiasts.

This involved the distribution of 131,451 postcards in the U.S. near markets and 48,837 in the domestic market. Anglers were encouraged to visit www.ontariotravel.net/angling to request the *2003 Angling Guide* and to enter the angling contest.

Both the adventure and angling campaigns were developed in 2002–2003. However, due to the effects of the Iraq War and SARS, distribution of the direct-mail pieces had to be delayed until late spring 2003.

European Market

At 1 per cent of total visits to Ontario, Europe produces a significantly higher level of expenditures annually of about 8 per cent share of overall revenue. OTMPC’s marketing activity is focused on the United Kingdom, Germany and France, which account for about 65 per cent of all European visits and expenditures. Marketing efforts have focused on strengthening Ontario’s four-season brand in these markets and have targeted high-yield travellers.

OTMPC participated with other provinces and the Canadian Tourism Commission (CTC) in a fully integrated advertising program launched in the United Kingdom on December 26, 2002, with a wave of direct-response TV (DRTV). This partnership was also executed with tour

operators Globespan and Travelpack who promoted and helped sell the tour packages to Ontario. Five inserts were produced with Globespan and four were done with Travelpack.

The new campaign targeted three dominant segments in the U.K. market, “Nature Lovers,” “Culture Vultures” and “Adventurers.” Ontario had 5,683 qualified responses from the campaign by March 30, 2003.

The program was scheduled to wrap up at the end of June 2003. However, due to the Iraq War and SARS in Asia, many consumers were reluctant to fly, and many U.S. companies suspended business travel.

By early March, the load factor of many airlines had dropped by approximately 30 per cent on average. As a result, the decision was made to postpone the program in late March and re-introduce it in newspapers and on-line beginning in May.

OTMPC joined other provinces in CTC’s German advertising campaign, launched with DRTV in December 2002, followed by newspaper, magazine and on-line promotions. Like the U.K. program this campaign was scheduled to wrap up in early June. The DRTV consisted of a 40-second commercial that included a strong call to action with the tour operator Dertour.

From February 24 to March 30, 2003, Ontario also participated in four insertions in the travel sections of major national and regional newspapers, including *Berliner Morgenpost*, *Die Zeit*, *FAZ/FAS*, *Hamburger Abendblatt*, *Zeitungs-*

gruppe Koln, *Suddeutsche Zeitung*, and *Welt am Sonntag*. There were also two, full-colour magazine insertions in *GeoSaison*, *Geo Special*, *Promoline*, *Golf Magazin*, *Mens Health*, *Allegra*, *Wandern* and *Mare*.

As of March 30, Ontario had received 4,001 qualified consumer responses. However, Dertour noted significant decreases in travel from the German market to North America in early February due to the world political situation. A hiatus occurred as the program was postponed in late March until mid-May due initially to the war in Iraq and later to the impact of SARS on international air travel.

OTMPC was a key partner in a new “Villes Jeunes” City Breaks print advertising initiative of the CTC in France that promoted Toronto and Montreal as trendy, sophisticated destinations to a young, upscale market.

Media relations successes included Ontario features in *Highlife Magazine*, the in-flight magazine for British Airways, in *Conde Nast Traveller*, and exposure on the BBC holiday program, “You Call the Shots.”

OTMPC also obtained extensive coverage for Ontario tourism product. This included the cover story and seven-page editorial about Manitoulin Island in *LTU Magazin*, a two-page article promoting travel to Haliburton in *DB Mobil*, which has a circulation of 500,000, as well as editorial in the *Muncher Merkur & TZ*, *Trekkers World* and more than 45 other article throughout the German market.

PERFORMANCE HIGHLIGHTS



(Left) Toronto campaign ; (Right) Canada Colour campaign

Asia-Pacific Market

The Asia-Pacific market represents a small percentage of all trips to Ontario but contributes about 5 per cent of all visitor expenditures making it a lucrative target. Japan is the largest market in this region, accounting for about \$215 million in visitor expenditures in 2001. While the Iraq War and SARS compounded the slowdown in Asian tourism, OTMPC's strategy has been to remain active, maintaining relationships with key tour operators and travel media outlets.

Fiscal year 2002-2003 saw the addition of seven new Joint Marketing Agreements with industry partners including the Japanese Travel

Bureau (JTB), Hankyu Express International and Nippon Travel. OTMPC invested \$125,000 with \$415,000 more leveraged from the partners. The Ontario Garden and Arboreta Tour, launched at the Kanata trade show in October 2001, saw success as more spring-flower-touring product was included in the tour operator's brochures, promoting travel to Ontario. JTB partnered with OTMPC to promote Ontario's garden tours through distribution of 900,000 copies of the popular *NHK Shumi No Engei*. The magazine and the corresponding television program reached an audience of two million households.

As in all overseas markets, OTMPC works closely with the CTC in the Asia-Pacific region.

In 2002–2003, the “Canada Colour Campaign” was replaced with a newspaper advertising campaign. OTMPC partnered with the CTC on a number of direct-mail advertising initiatives, which included a call-to-action with a Japanese tour operator to close the sale. One initiative that ran from April to June 2002 with JTB World Western Japan resulted in an increase of 13 per cent over the previous year's campaign. Additionally, staff worked with editors to obtain additional media coverage where OTMPC or the CTC had purchased advertising. Highlights of the Japanese media program include editorial in *Crea*, *Bene Bene* and *Delicious* magazines, and in the daily newspaper *Sankei Shimbun*. Additional editorial in Hong Kong reached more than 4,000,000 consumers.

Product Development

OTMPC partnered with Tourism Toronto and suppliers across Ontario to host the annual Meeting Planners International Conference, in July 2002. It's the largest and most influential meeting of its kind for the Meetings Convention and Incentive Travel (MC&IT) market – an important growth travel segment with high leisure-travel conversion. As a direct outcome of these efforts, Tourism Toronto was able to book a citywide conference of 14,000 room nights for 2004. This OTMPC partnership was monitored by a special MC&IT Task Force established by the OTMPC Board. It will become a subcommittee of the Americas Committee in 2003–2004.

Other city product successes in 2002–2003 included the launch of Nutcracker Neighbour-

hood, a unique alliance of businesses, restaurants, shops and cultural attractions, including the National Ballet of Canada, in the St. Lawrence Market neighbourhood.

In February 2003, the City Product Committee also oversaw the launch of Toronto Jazz Live at the International Jazz Educators Conference in Toronto, which was attended by more than 7,000 participants. The new jazz alliance aims to position Toronto as Canada's premier jazz city.

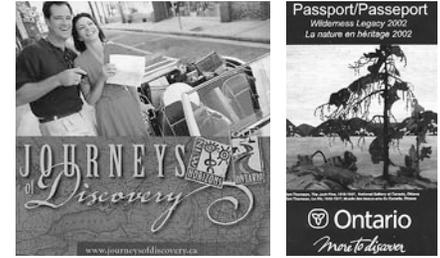
Spas Ontario, originally launched in June 2000 with 12 spa owners, continued to grow and expand in 2002–2003. The alliance now has 31 members and has established itself as the benchmark for spa facility development and operations. Spas Ontario builds on consumer

interest in health tourism, creating quality spa experiences throughout Ontario.

The Outdoor Product Committee oversaw the development and introduction of ATV Ontario with a pilot project in Elliott Lake. Based on this initial work, a best practices manual and protocol have been developed for other Ontario communities considering the multi-season benefits of ATV tourism. It is anticipated that at least three new communities will join the ATV Ontario Alliance and follow the Elliott Lake model. FedNor and the Northern Heritage Fund are also partners in ATV Ontario.

Paddling Ontario and Arts in the Wild, both launched in 2000–2001, continued to expand and garner impressive consumer and media

PERFORMANCE HIGHLIGHTS



(Left) Journeys of Discovery brochure; (Right) Wilderness Legacy product launch

(Product Development continued)

interest in 2002–2003. Media relations efforts resulted in more than \$2 million in media coverage this fiscal year.

Also growing from this initiative is the development of Wilderness Legacy, a new product that enables travellers to experience Canada’s best wildlife art on display across Ontario. Partners include the National Gallery of Canada, the McMichael Gallery, the Algonquin Gallery, the Canadian Canoe Museum and the Ken Thomson Collection at the Hudson’s Bay Company Gallery.

“Arts in the Wild, Paddling Ontario and Wilderness Legacy, provide us with opportunities to expose our rich cultural heritage and the company’s role in the development of Canada”

**George Heller, President & CEO
Hudson’s Bay Company Limited.**

Touring product successes in 2002–2003 include the continuing development of a Journeys of Discovery Alliance. It now

includes the Underground Railroad Alliance as part of the cultural and heritage learning experiences in the Journeys of Discovery product offering. The Theatre in Ontario Alliance continued to have great success with the “Just the Ticket” program launched in April 2002.

The new program combines community theatre with fine dining and unique accommodations to create memorable weekend getaway packages throughout Ontario.

This resulted in the sale of 1,800 packages with a direct value of \$307,000 in package sales.

Product Alliance Snapshot	
number of current alliances:	14
number of alliance partners:	333
total partner dollars levered:	\$1.309 million (54%)
total OTMPC dollars provided:	\$1.130 million (46%)
new alliances in development:	5
total reported sales:	\$6.7 million

Through the Tourism Event Marketing Partnership Program, OTMPC partners with local organizers to increase their marketing

power. Since the program was created in 1998, it has provided more than \$9.392 million in funding to assist the marketing of 393 festivals and other events throughout Ontario.

“In working with OTMPC through their event marketing program, we have had tremendous success with Sprokets and the Festival. We’ve been able to expand the Toronto International Film Festival’s brand recognition internationally through sponsorship of the press office”
Allison Bain, Associate Managing Director, Toronto International Film Festival

In 2002–2003, OTMPC worked with local partners to market 114 events province-wide. Events included the Toronto International Film Festival, the Molson Indy, the International Ploughing Match, the Niagara Winter Festival of Lights and the Canadian Tulip Festival in Ottawa.

Tourism Consumer Information System (TCIS)

OTMPC’s new Tourism Consumer Information System (TCIS), a fully integrated multi-channel system, was launched on October 18, 2002, in Ottawa.

The new system acts as an information portal for consumers and the tourism industry to promote Ontario’s brand worldwide. It combines and integrates the call centre for 1-800-ONTARIO, fulfillment centre, customer services

database, business-to-consumer and business-to-business (B2B) Web sites.

As a result, consumers can easily access travel information through the means that best suits their needs. Online, they have a multitude of travel tools at their disposal at www.ontario-travel.net. The Web site extended OTMPC’s marketing reach through permission-based initiatives and more targeted messaging.

This new marketing initiative put Ontario on the leading edge as more and more people are using the Internet to plan their travel. This system also provided more in-depth research and better communication channels for Ontario’s tourism industry.

Since the new system was launched in October 2002, the consumer site has averaged 117,000 user sessions per month.

PERFORMANCE HIGHLIGHTS



(Right) Detail from 2003 French Guide;
(Left) 2003 Direct-mail winter campaign

Partnership Support

In addition to public funding, investment by the tourism industry in OTMPC's programs and initiatives has been critical to the successful marketing of Ontario.

Partnership contributions via cash, in-kind services or leveraged dollars has steadily increased since OTMPC's inception, enabling the organization to evolve its leadership role in areas such as marketing expertise, creative execution and stakeholder facilitation. Through partnerships with destination marketing organizations (DMOs), CTC, overseas tour operators and more than 9,000 tourism suppliers across the province, OTMPC was able to maintain leverage and cash flows for the partnership in 2002–2003.

Partner Investment (in millions)

	2000-2001		2001-2002		2002-2003	
	Target	Actual	Target	Actual	Target	Actual
Cash	4.4	4.2	5.3	6.1	6.4	6.2
Leverage	5.0	6.9	7.0	8.2	8.5	8.3
In-kind	2.1	0.8	2.3	1.1	2.5	0.9
Operations	0.5	0.2	0.8	0.2	—*	—*
	12.0	12.1	15.4	15.6	17.4	15.4

Cash:

Dollar amount received by OTMPC directly or through an intermediary for participation in an OTMPC-led and -delivered program.

Leverage:

Dollar value of the advantage that OTMPC's investment in projects create.

In-kind:

Fair-market value of services provided by industry partners in the participation of OTMPC-led and -delivered programs.

Operations:

Revenue from operations earned by Travel Information Centres.

*

Responsibility for operations of Travel Information Centres was transferred from OTMPC to the Ministry of Tourism and Recreation effective April 1, 2001.

Return On Investment (ROI) 2002–2003

Campaign	Trips Generated (000s)	Revenues Generated (millions)	ROI	Cost/Person Trip
Domestic Spring	223	\$57.1	17.8	\$14
Domestic Summer	68	\$15.6	10.0	\$23
Domestic Winter	149	\$31.0	24.0	\$8.7
Total Domestic	440	\$103.7	17.1	\$13.8
U.S. Near Market Spring	128	\$34.4	7.5	\$36
U.S. Near Market Summer	72	\$19.3	8.3	\$32
U.S. Near Market Winter	168	\$45.4	27.9	\$9.7
Total U.S. Near Market	368	\$99.1	11.6	\$23.3
U.S. Mid Market Spring/Summer	11	\$6.7	3.7	\$165
2002 Spring, Summer and Winter Campaigns	819	\$209.5	12.7	\$20.1

CAMPAIGN DATES: Spring: March, April, May 2002 Summer: End of May, beginning of July 2002 Winter: January, beginning of February 2003

Note: Information regarding the performance of the international markets was not available from Statistics Canada at the time of printing.

Auditor's Report

To the Ontario Tourism Marketing Partnership Corporation and to the Minister of Tourism and Recreation

I have audited the balance sheet of the Ontario Tourism Marketing Partnership Corporation as at March 31, 2003, and the statements of operations and accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2003 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.



J.R. McCarter, CA
Assistant Provincial Auditor
Toronto, Ontario
June 13, 2003

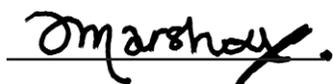
Balance Sheet As at March 31, 2003

	2003 (\$ 000)	2002 (\$ 000)
ASSETS		
Current Assets		
Cash	3,214	3,701
Accounts receivable	1,367	5,069
Funds held for the Ministry of Tourism and Recreation (Note 6)	412	236
Due from the Province	370	12,045
Prepaid expenses	245	46
	5,608	21,097
Capital Assets (Note 3)	2,982	1,482
	8,590	22,579
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	4,529	16,728
Due to Ministry of Tourism and Recreation (Note 6)	412	236
Lease obligations (Note 7)	190	174
	5,131	17,138
Non-current Liabilities		
Deferred revenue (Note 5)	325	220
Lease obligations (Note 7)	205	395
Deferred contributions related to capital assets (Note 4)	194	324
	724	939
Equity		
Accumulated surplus	2,735	4,502
	8,590	22,579

Commitment (Note 9)

See accompanying notes to financial statements.

Approved on behalf of the Board:



Chair



Director

Statement of Operations and Accumulated Surplus For the Year Ended March 31, 2003

	2003 (\$ 000)	2002 (\$ 000)
Revenues		
Province of Ontario	34,268	51,806
Advertising sales	5,879	5,822
Trade promotions	287	286
Amortization of deferred contributions (Note 4)	130	130
	40,564	58,044
Expenses		
Advertising and sales promotion	25,319	39,984
Tourism Consumer Information System	4,159	5,152
Administrative expenses (Note 8)	4,135	3,987
Trade development	2,976	2,760
Product development and research	2,710	3,219
Events marketing program	2,441	2,435
Amortization of capital assets	440	130
Board and Committee expenses (Note 10)	151	314
	42,331	57,981
Excess (deficiency) of revenues over expenses	(1,767)	63
Accumulated surplus, beginning of year	4,502	4,439
Accumulated surplus, end of year	2,735	4,502

See accompanying notes to financial statements.

Statement of Cash Flows For the Year Ended March 31, 2003

	2003 (\$ 000)	2002 (\$ 000)
Cash provided by (used in) operating activities		
Excess (deficiency) of revenues over expenses	(1,767)	63
Add (deduct) non-cash items:		
Amortization of capital assets	440	130
Amortization of deferred contributions related to capital assets	(130)	(130)
	(1,457)	63
Change in non-cash operating working capital	3,084	1,875
	1,627	1,938
Cash (used in) provided by investing and financing activities		
Capital asset additions	(1,940)	(1,158)
Lease obligations	(174)	569
	(2,114)	(589)
Increase (Decrease) in cash during the year	(487)	1,349
Cash, beginning of year	3,701	2,352
Cash, end of year	3,214	3,701

See accompanying notes to financial statements.

Notes to Financial Statements March 31, 2003

1. NATURE OF CORPORATION

The Ontario Tourism Marketing Partnership Corporation was established as a corporation without share capital on November 30, 1998 pursuant to Ontario Regulation 618/98 made under the *Development Corporations Act*. The Corporation commenced active operations on April 1, 1999. The objects of the Ontario Tourism Marketing Partnership Corporation are,

- (a) to market Ontario as a travel destination;
- (b) to undertake joint marketing initiatives with the tourism industry;
- (c) to support and assist the marketing efforts of the tourism industry; and
- (d) in co-operation with the tourism industry, the Government of Ontario, other governments and other agencies of governments, to promote Ontario as a travel destination.

In accordance with the Regulation, the Corporation is to be dissolved on March 31, 2004.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

The financial statements are the representations of management and are prepared in accordance with Canadian generally accepted accounting principles.

(b) Revenue Recognition

Revenue for designated activities, received prior to the year in which the activities are to be carried out, are recorded in

the balance sheet as deferred revenue, and recognized as revenue in the year when the related expenses are incurred.

(c) Donated Services

The Corporation benefits from services provided by the tourism industry, such as transportation costs (airline and bus tickets), and accommodation and meal costs (discounted or free hotel rooms and restaurant charges). Because of the difficulty of determining their fair value, donated services are not recognized in the financial statements.

(d) Capital Assets

All capital assets are recorded at cost except for contributed capital assets which are recorded at fair value at the date of contribution. Amortization is provided on a straight-line basis over the estimated useful life of the asset, with half a year amortization taken in the year of acquisition and disposition. All capital assets are amortized over five years.

(e) Use of Estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period. Actual results could differ from those estimates as additional information becomes available in the future.

3. CAPITAL ASSETS

	March 31, 2003			2002
	Cost (\$ 000)	Accumulated Amortization (\$ 000)	Net Book Value (\$ 000)	Net Book Value (\$ 000)
Furniture	253	177	76	126
Leasehold Improvements	404	277	127	198
Tourism Consumer Information System	2,520	253	2,267	589
Assets under Capital Lease	569	57	512	569
	<u>3,746</u>	<u>764</u>	<u>2,982</u>	<u>1,482</u>

Amortization of the Tourism Consumer Information System commenced in fiscal 2003 when the system became operational.

4. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

Deferred contributions related to capital assets represent the amount of capital assets contributed by the former Ministry of Economic Development, Trade and Tourism that have not yet been amortized. The contributions are amortized and recognized as revenue over the same period as the underlying contributed capital assets that are being amortized. The changes in the deferred contributions balance for the year are as follows:

	(\$ 000)
Balance, beginning of year	324
Less amounts amortized to revenue	130
Balance, end of year	<u>194</u>

Notes to Financial Statements March 31, 2003

5. DEFERRED REVENUE

Deferred revenue includes \$200,000 (2002 — \$200,000) representing funding from the Government of Canada towards the National Tourism Association Convention to be held in 2004.

6. DUE TO MINISTRY OF TOURISM AND RECREATION

Effective April 1, 2001, responsibility for the operations of the Travel Information Centres at leased facilities was transferred from the Corporation to the Ministry of Tourism and Recreation. Pursuant to a memorandum of understanding, the Corporation holds, on behalf of the Ministry, certain revenue received from the Centres and pays certain expenses incurred. Revenues and expenses related to the Centres are not reflected in the statement of operations and accumulated surplus.

7. LEASE OBLIGATIONS

Lease obligations represent the balance of commitments for equipment and software licences used in the Tourism Consumer Information System made under the nature of capital leases. The changes in the lease obligations balance are as follows:

	2003 (\$ 000)	2002 (\$ 000)
Lease obligations, beginning of year	569	—
Add: new capital leases	—	569
Less: payments made on capital leases	174	—
Lease obligations, end of year	<u>395</u>	<u>569</u>
Current lease obligations	190	174
Non-current lease obligations	205	395

8. ADMINISTRATIVE EXPENSES

Certain costs of administration such as financial, legal and human resources support services, were provided by the Ministry of Tourism and Recreation without charge. All other administrative expenses are borne by the Corporation and are as follows:

	2003 (\$ 000)	2002 (\$ 000)
Salaries and benefits	2,993	2,831
Services	915	926
Transportation and communications	178	183
Supplies and equipment	49	47
	<u>4,135</u>	<u>3,987</u>

The Corporation provides pension benefits for all its full-time employees through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) which are both multi-employer defined benefit pension plans established by the Province. These plans are accounted for as defined contribution plans, as the Corporation has insufficient information to apply defined benefit plan accounting to these pension plans. The Corporation's contributions related to the PSPF and OPSEU Pension Fund for the year were \$99,563 (2002 — \$84,141) and are included in salaries and benefits.

Costs of post-retirement non-pension employee benefits are paid by the Management Board Secretariat and are not included in administrative expenses.

9. COMMITMENT

The Corporation signed an agreement in August, 2001, for a supplier to develop and operate a Tourism Consumer Information System (TCIS). The agreement includes paying the supplier for equipment and software licences acquired in the nature of capital leases. Future payments under the agreement are as follows:

	(\$ 000)
2003/04	4,054
2004/05	3,759
2005/06	282
	<u>8,095</u>

10. BOARD AND COMMITTEE EXPENSES

Board and committee members are reimbursed for travel expenses incurred to attend board of directors and related committee meetings.

11. COMPARATIVE FIGURES

Certain of the comparative figures have been reclassified to conform with the current year's presentation.

12. SUBSEQUENT EVENT

On April 29, 2003, the Premier announced a \$128 million tourism recovery plan. On May 20, 2003, the Ministry and the Corporation received approval to spend \$19.4 million and \$64.4 million respectively on a tourism recovery program during the 2003/04 fiscal year. The remaining funds are to be spent in subsequent fiscal years.