

**HANSARD**

**NOVA SCOTIA HOUSE OF ASSEMBLY**

**COMMITTEE**

**ON**

**PUBLIC ACCOUNTS**

**Wednesday, March 2, 2016**

**LEGISLATIVE CHAMBER**

**Department of Business and Tourism Nova Scotia  
Advertising Agency Procurement Process**

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## **Public Accounts Committee**

Mr. Allan MacMaster, Chairman  
Mr. Iain Rankin, Vice-Chairman  
Ms. Margaret Miller  
Ms. Suzanne Lohnes-Croft  
Mr. Brendan Maguire  
Mr. Joachim Stroink  
Mr. Tim Houston  
Hon. Maureen MacDonald  
Hon. David Wilson

[Mr. Terry Farrell replaced Ms. Margaret Miller]

In Attendance:

Ms. Kim Langille  
Legislative Committee Clerk

Mr. Gordon Hebb  
Chief Legislative Counsel

Ms. Nicole Arsenault  
Assistant Clerk, Office of the Speaker

Mr. Michael Pickup  
Auditor General

Ms. Evangeline Colman-Sadd  
Assistant Auditor General

### **WITNESSES**

#### **Department of Business**

Mr. Murray Coolican, Deputy Minister

#### **Tourism Nova Scotia**

Ms. Martha Stevens, Acting CEO



House of Assembly  
*Nova Scotia*

**HALIFAX, WEDNESDAY, MARCH 2, 2016**

**STANDING COMMITTEE ON PUBLIC ACCOUNTS**

9:00 A.M.

CHAIRMAN  
Mr. Allan MacMaster

VICE-CHAIRMAN  
Mr. Iain Rankin

MR. CHAIRMAN: Good morning everyone, I call this meeting to order. Today we have with us the Department of Business and also Tourism Nova Scotia to discuss the advertising agency procurement process.

I'd like to remind everyone to put their phones on silent. We'll begin with introductions, starting with Mr. Maguire.

[The committee members and witnesses introduced themselves.]

MR. CHAIRMAN: Mr. Coolican, if you'd like to open with some remarks.

MR. MURRAY COOLICAN: I'd like to open with a few opening remarks, not a lot. Mr. Chairman and committee members, good morning and thank you for inviting us to join you today. As I mentioned, I'm the Deputy Minister of Business and with me is Martha Stevens who is the Director of Marketing and currently Acting CEO for Tourism Nova Scotia.

We're here today on the topic of the advertising agency procurement process for tourism, something that is fully within the purview of Tourism Nova Scotia. I will just say a few words and then turn it over to Ms. Stevens.

As many of you know, I've been with the Department of Business for about a month now - since January 28<sup>th</sup> - and have been getting up to speed on the mandate and work of the relatively new Department of Business and the Crown corporations and agencies that report to the Minister of Business. These include Tourism Nova Scotia, Nova Scotia Business Inc., Innovacorp, Waterfront Development Corporation, Trade Centre Limited, and Invest Nova Scotia, which is not a Crown corporation but an arm's-length board responsible for a fund.

Government is taking a new approach to economic development. It is clear that only the private sector can drive economic growth and create jobs, and government's role is to create a supportive environment. We've been putting more decision-making power into the hands of private sector-led boards with the right expertise. This governance approach allows the Crowns to operate autonomously and make decisions within their respective legislation or framework while ensuring they are instruments of public policy clearly aligned with government's priorities.

The mandate of the Department of Business is to help create a better environment for private sector growth, in part by aligning key Crown Corporations and departments with a common agenda for economic growth. Tourism Nova Scotia is responsible for developing strategy and plans to double tourism revenues and for the day-to-day operations and decisions within their authority. We work closely with them to align their plans with government priorities, and we have confidence in the board and staff of Tourism Nova Scotia and we have confidence in the board and staff to reach the goal of doubling tourism revenues.

The selection of the advertising agency is one such decision by Tourism Nova Scotia and I'll now turn it over to Martha to talk about that subject.

MS. MARTHA STEVENS: First of all thank you for inviting us here today. I look forward to the opportunity to share a little bit about the tourism industry and then specifically any questions, and provide a bit of context to the awarding of the contract for the marketing services partnership.

Before we get started I'd like to just give you a bit of an update of some of the work we've been working on at Tourism Nova Scotia over the last 12 months. As many of you know, in 2014 with the Ivany report, tourism was identified as a key area to help drive economic growth; in fact, the game-changing challenge to double tourism revenues from a \$2 billion economy to a \$4 billion economy was unleashed. We otherwise know that as Goal 14.

In order to help facilitate this mandate, the government did create Tourism Nova Scotia. In April 2015, as a new Crown corporation, Tourism Nova Scotia was created at arm's length from government and governed by a private sector board of directors, many of whom own their own businesses in the tourism industry.

We absolutely believe we can meet this goal but it's not something we can do on our own and it's important to remember that this challenge was issued to the entire industry and not just to Tourism Nova Scotia. Since its creation Tourism Nova Scotia has done exactly that by looking at the role that it can do to best help and create the greatest impact in terms of attaining that goal.

The work that we've done is to really try to fine-tune our role, and what we've come up with is that we need to put greater emphasis on attracting more of the right kinds of visitors to Nova Scotia. So Tourism Nova Scotia, like many of our industry operators, have limited financial resources to achieve the mandate set out for us, so it's our responsibility to make these strategic choices and prioritize our efforts so that we can have the most impact.

Something that you'll hear probably a little bit today is that we've fine-tuned our strategy and we've developed four key pillars that we will continue to evaluate our decision making upon. The first pillar is attracting more first-time visitors to Nova Scotia, investing in markets of highest return, focusing on more class experiences, and building the confidence in Nova Scotia's tourism industry.

In the same way that tourism operators are in the best position to offer unforgettable world-class experiences and communities are best suited to create attractive welcoming destinations, we believe Tourism Nova Scotia can have the greatest impact by attracting more first-time visitors. So this is where we'll focus the majority of our attention - and of course bringing more visitors to Nova Scotia requires us to bring in expertise, and that's what brings us to the topic that we're here to talk about today.

As a bit of context, in the summer of 2015, Tourism Nova Scotia issued a request for proposals for a new marketing services partner. This was a competitive and thorough process that involved Tourism Nova Scotia, industry representatives and procurement experts. Throughout this rigorous process, the consortium of DDB and Trampoline was identified as having the best plan to help Nova Scotia meet the goal of doubling tourism revenues.

DDB is part of a worldwide network of agency partners and brings significant international and travel marketing expertise to the table - expertise that is crucial as we work to sell Nova Scotia to visitors that may have never heard of us before, let alone been here. This expertise, coupled with Trampoline's local experience and insight, we feel is a winning combination.

When the contract was awarded last October, we were clear that the selection of DDB and Trampoline did not reflect a lack of faith in Nova Scotia companies that also submitted bids. The reality is that in a competitive procurement process, DDB and Trampoline came up on top. Simply put, they were identified as the firm with the best plan to connect with new travellers from our key markets and attract them to Nova Scotia.

In closing, I want to reiterate that Tourism Nova Scotia has its eyes firmly fixed on the goal of doubling tourism revenues. We're confident we found the right mix of partners, and we look forward to diving in and being able to get on with the goal of attracting more visitors to Nova Scotia. With that, I will invite questions.

MR. CHAIRMAN: We'll start with Mr. Houston.

MR. TIM HOUSTON: Thank you for the introductory comments. What's the budget for Tourism Nova Scotia?

MS. STEVENS: The marketing budget for Tourism Nova Scotia is \$6 million annually. That is subject on an annual basis to overall departmental and government funding, but for 2016-17 it's \$6 million.

MR. HOUSTON: That's the marketing budget. Are there other elements to the Tourism Nova Scotia budget?

MS. STEVENS: Absolutely. That is the marketing component. There would be other areas of the budget, including the visitor servicing, the sector development, the operational side, including the Contact Centre.

MR. HOUSTON: How much would you say the other bits total?

MS. STEVENS: For 2016-17, the final budgets haven't been identified, but for this current fiscal it's around \$19 million for the total operating budget for Tourism Nova Scotia.

MR. HOUSTON: So for the year that's ending in a few days?

MS. STEVENS: Yes, this current fiscal.

MR. HOUSTON: It was \$19 million.

MS. STEVENS: Overall for Tourism Nova Scotia, the total operating budget.

MR. HOUSTON: And for the coming year it's \$6-plus million.

MS. STEVENS: The \$6 million is for the marketing component of the budget and the \$19 million was for the overall operating budget. Our 2016-17 final budgets haven't been finalized as of yet.

MR. HOUSTON: Of the \$19 million that's for the year that's about to end, how much of that was for marketing?

MS. STEVENS: The \$6 million.

MR. HOUSTON: So the \$6 million has been pretty steady for a couple of years and it will continue to be steady for at least two years, which is a signed contract, right?

MS. STEVENS: That's the intent for sure. In terms of previous years, there has been some fluctuation in one-time incremental funding to the marketing budgets.

MR. HOUSTON: An increase in funding, okay. So it would be safe to assume that you'd be looking for funding somewhere in the range of \$19 million in total again this year.

MS. STEVENS: The operating budget for Tourism Nova Scotia, yes.

MR. HOUSTON: Okay. So the entirety of the marketing budget, the \$6 million, goes to the contract that was awarded to DDB. Am I safe to say that or are there other marketing monies that would go elsewhere?

MS. STEVENS: There are other program elements outside of the contract component, such as salaries and other individual programs to support.

MR. HOUSTON: So salaries, like for your own in-house marketing people?

MS. STEVENS: That's right.

MR. HOUSTON: And other programs, special initiatives, I guess?

MS. STEVENS: The significant majority of the marketing budget is assigned in that \$6 million.

MR. HOUSTON: The significant majority being like 80 per cent of it?

MS. STEVENS: Absolutely.

MR. HOUSTON: In terms of the DDB contract, can you tell me, was Trampoline identified as a local partner as part of DDB's initial response?

MS. STEVENS: Yes.

MR. HOUSTON: So right from the beginning Trampoline was part of that process, okay. Do you have some sense as to - I think in some of the press releases it said that all of the creative work would happen in Toronto, is that kind of your understanding that all the creative work will happen in Toronto and some other work will happen at Trampoline?

MS. STEVENS: If I can just step back before I answer that question specifically, the RFP was built for three lines of business. The first component of the RFP was for the overall marketing branding creative-service development; the second component of the

RFP was for media buying and planning, and the third piece was for the digital development and experience on novascotia.com - our key property.

DDB and Trampoline submitted a consortium bid across all three lines of business and the role of each of their partners underneath the consortium was fully identified in the submission.

To answer your question specifically in terms of the creative development, it will primarily be done with DDB but I can say that as we work through various components of our project there is quite a bit of interaction between the two companies on the creative side - not just on the creative side, but across the entire three lines of business.

MR. HOUSTON: Okay, I appreciate that. There is a lot of talk in the industry that Trampoline was added to the DDB submission later on in the process, that they weren't there from the beginning, but you'd say that's just not true, would you?

MS. STEVENS: It's absolutely false. In fact, on the public record we had 20 overall submissions, 18 moved forward that met the criteria and at the deadline of the submission, full documentation was provided which outlined all of the partners and the subsequent role. The full RFP was submitted at the deadline which outlined skills, expertise, lines of business, partners.

MR. HOUSTON: So between the time that generally people would put their submission in close to the deadline but maybe not right on the deadline, were there any situations in this process where somebody submitted a bid and then there was a bit of back and forth before their final one came in? Was there any mechanism to give - guidance might not be the right word - but some feedback on submissions, saying, we looked at your submission and have you thought about this? Did any of that happen before the final date?

MS. STEVENS: Just to help everybody understand the time frame, the tender went out on the public record on July 31<sup>st</sup> and it closed September 1, 2015. At that time, in a procurement process, if a vendor has any questions that they might have, there's a formal process that's identified in the tender of how to ask those questions. As a respondent - so myself in my procurement prime - I would respond to that question. Any of those questions would then be put on the public site for all bidders to view, so it was a completely transparent feedback process.

To be very specific, if a vendor asked a question, the answer would be delivered on the public tender, and every other bidder would have access to that answer.

MR. HOUSTON: Did any bidders ask questions about how important it was to have a local partner?

MS. STEVENS: The answer is no to that question. However, what's important to know is that when the tender was delivered over the public record there was a clear



description of what we were looking for and the mandate of Tourism Nova Scotia, and the industry that we're operating in and the environment that we're operating in. So we gave a very clear description of what we were looking for. That was given at the outset of the tender.

MR. HOUSTON: So the new contract with DDB, is it effective now? When did they start?

MS. STEVENS: Yes. The contract was awarded at the end of October and it went into effect November 1, 2015.

MR. HOUSTON: So there have been payments made to them?

MS. STEVENS: Absolutely.

MR. HOUSTON: So the \$6 million actually straddles different fiscal years.

MS. STEVENS: Absolutely.

MR. HOUSTON: Have there been any deliverables that they've been required to meet between then and now?

MS. STEVENS: Yes, that's a great question. If I can just give a bit of context to the tourism planning season, it will help everyone understand where our key deliverables come into play.

With Tourism Nova Scotia, we're primarily a summer destination, so our key marketing activity actually starts later this month, in the month of March, and then we're full on into the market with a very extensive integrated marketing program through to the Fall time frame.

So if we're in market from March to the Fall, then the planning happens in the October-November-December time frame. So part of the deliverables that DDB and Trampoline have been responsible for to date have been the overall strategy and planning, and now the production and execution for our 2016 marketing program, which will be formally launched later this month.

MR. HOUSTON: Maybe I'll go to the deputy and ask, in your month on the job were you involved in any discussions about the future of visitor information centres?

MR. COOLICAN: Yes, I was.

MR. HOUSTON: What was happening during that time? Was there a review of what should take place with the visitor information centres?

MR. COOLICAN: During that time the government received information from Tourism Nova Scotia. That was information required for a Cabinet submission to go to Cabinet to make a decision about the centres.

MR. HOUSTON: So there were some proposals put forward about the future of the VICs to Cabinet. How many proposals were put forward?

MR. COOLICAN: This was advice to Cabinet so I'd have to consider whether that's information that can be made public.

MR. HOUSTON: Maybe we can get that, Mr. Chairman, under confidentiality. I'd be happy to sign and maintain the confidentiality on that, but maybe we can get what the range of different - what the future held for VICs that was recommended to the Cabinet. Maybe that's something we can request.

MR. CHAIRMAN: Thank you, Mr. Houston, for the request. We will review that with our legal counsel in terms of what can be made available. If that is available, we will get that information for you.

MR. HOUSTON: In terms of Tourism Nova Scotia, is it fair to say Tourism Nova Scotia did most of the evaluations over what role the VICs should play in marketing the province - you did that heavy lifting?

MS. STEVENS: Yes. The reason I went into the background detail in terms of our mandate and the whole focus on doubling tourism revenues - as part of being moved into a Crown corporation we've undertaken a strategic review of all of our programs, including visitor servicing, marketing partnerships and to ensure that we're best aligned to meet our goal. So it is fair to say that we've evaluated the visitor servicing model as well.

MR. HOUSTON: Was it your opinion that there was an important role for visitor information centres in the future of tourism in the province?

MS. STEVENS: Absolutely. In fact, if you do any bit of industry scanning or look at any similar jurisdictions, visitor servicing is changing. We all know with the smartphone and more digital planning, and if we look at our own travel planning experiences, more and more of this is being done online. So as we look to how we deliver the best experience for our visitors, looking at that face-to-face model in the communities continues to be a very important aspect but it's not the primary aspect that our visitors are looking for. At the end of the day we will continue to evaluate the broad spectrum of how we ensure that our customers are getting what they need to know about Nova Scotia.

MR. HOUSTON: Are you surprised that the visitor information centres are staying open?

MS. STEVENS: We're pleased to have a decision and to be able to get ready for our 2016 operating season. It has been a very challenging time for our employees and with the decision now behind us, we are very much looking forward to just getting back to business and getting on with our exciting season ahead of us.

MR. HOUSTON: Here we are in March now and this was just an announcement that came down last week so a lot of people in the industry were nervous about what was going to happen. It sounds like maybe you were, too, because I asked you if you were surprised you are staying open and you say you are pleased to have a decision behind you. Those are kind of two separate things. Are you surprised they are staying open?

MS. STEVENS: What's most important is that we had the opportunity to sit down with our employees last week after the decision was made and as we look ahead to getting ready for our season - we are in the early part of March but in many of our communities the seasonal centres do not open until the May time frame. So from that perspective, we're right on track to be able to be back in and be there for our visitors.

MR. HOUSTON: Maybe this is kind of the beginning of your time, but the *Doers & Dreamers* is out. Are the VICs listed in the *Doers & Dreamers Travel Guide*?

MS. STEVENS: The *Doers & Dreamers* for 2016 is a brand new format. The . . .

MR. HOUSTON: Are the VICs in it?

MS. STEVENS: If you look under the regional sections, the VICs are in under the regional sections and I understand there have been some questions as to why. On the intro, for anybody who is not familiar with the *Doers & Dreamers Travel Guide*, there's a large map of the province. Because of the format change with the 2016 *Doers & Dreamers*, a lot of that information actually has been taken - a lot of information, period - has been taken out of the book. It's a brand new format, it's a smaller format.

MR. HOUSTON: Can you give me an example of something that has been taken out of the book?

MS. STEVENS: I actually have a copy of it if anybody would like it for reference. A significant amount of the listing information for accommodations is now moved to novascotia.com. Again, the key reason for the format change and again if you look at other jurisdictions, it's to be more responsive to what our visitors are looking for.

We did quite a bit of research this time last year to help influence how that travel guide is being used - what's important to our visitors and our operators. The 2016 format is a reflection of that work that we did. Much more of that information is being pushed online because that's where our visitors and our operators are needing it.

MR. HOUSTON: You mentioned meeting with the staff last week, so the staff received notices that they are rehired at a VIC - that's the procedure, correct?

MS. STEVENS: Yes.

MR. HOUSTON: When do those rehire notices traditionally go out?

MS. STEVENS: At approximately this time of the year, getting ready for a May opening - so the end of March, April.

MR. HOUSTON: So you would say it wasn't late this year?

MS. STEVENS: It's in and around the same time frame. At the end of the day we will work back a critical path from the day that the centres need to be open and there's quite a bit of opportunity - what needs to happen in order to get our centres open is really a refreshing of training and the plans are in place to make sure that happens for the May time frame, so we've got . . .

MR. HOUSTON: Are you happy with the number of VICs in the province? Now we have some that are run by municipalities, some that are run by the province. Is that fair, and are you happy with the number that you have?

MS. STEVENS: Throughout all our analyses as we've gone and sort of done a re-vector on our strategy, visitor servicing remains a critically important aspect in order for us to achieve doubling tourism revenues. We'll continue to very much support a visitor servicing model across the province.

As you indicate, we already have different models in place. We have over 50 municipally-run visitor information centres and we continue to have the flagship provincial models as well. As we move forward, we'll continue to make changes but those changes would be in context of what our visitors are looking for.

MR. HOUSTON: Do you have an analysis of the economic impact that the visitor information centres add? Has any type of analysis been done of the benefits of those centres?

MS. STEVENS: Not specifically by Tourism Nova Scotia. I've also read information from various community organizations that have begun to make some of those business case assumptions, but it's not something that Tourism Nova Scotia has undertaken.

MR. HOUSTON: We'll probably come back to that in a little bit, but I think I have a couple of minutes left on this round and I do want to ask, are you concerned that we don't have a ferry yet for the Yarmouth route?

MS. STEVENS: That's a great question. As I alluded to, Tourism Nova Scotia is getting ready for launching its 2016 marketing campaign. There are about two or three very distinct cycles in our campaign. The first part that we launch in the March-April time frame is creating awareness, so it's the awareness stage, and it's all about trying to seed information about Nova Scotia as a destination. At that phase, we talk in high-level terms about what is unique about Nova Scotia, how you can get here. So we talk about ferry, we talk about direct air access, and we talk about road travel.

So at this point in time in the awareness phase of our campaign, having the details of a ferry - for instance, the fare or the schedule, is not part of our marketing mix. As we get closer to the consumer making those specific decisions about which destination they're going to choose and how they're going to get there, that information becomes critically important, but that is in what we call the conversion phase, which is more in the May to June time frame.

MR. HOUSTON: May to June - that's when people would decide if they're going to book an airfare or a ferry?

MS. STEVENS: Yes. They're getting that much closer to making their trip planning and those sort of logistic types of details become very important.

MR. HOUSTON: So you're not concerned.

MS. STEVENS: At this point in time, what we're promoting is all about Nova Scotia - what's unique about Nova Scotia, and in terms of how you can get here is in broad terms so we're not . . .

MR. HOUSTON: Okay, you're not concerned, but is it your understanding that actual tourism operators are concerned or do you sympathize with that concern?

MS. STEVENS: At the end of the day, the government has been very clear that there will be a ferry service.

MR. HOUSTON: They had 40 million reasons to prove in the last year that they're clear about that, I guess.

MS. STEVENS: So at this point in time, we have two key stakeholders in the tourism industry: the consumer, and then we have the trade operators. Trade operators work on a much longer lead time and so that has been a challenge with some of our . . .

MR. HOUSTON: They've cancelled some trips, is that true?

MS. STEVENS: Absolutely, yes.

MR. HOUSTON: How many tours would you say have been cancelled so far to your knowledge?

MS. STEVENS: Specifically those would be trade relationships between the ferry operator and the trade itself, so it's not with tourism . . .

MR. HOUSTON: But they're hurting and you accept they're hurting.

MS. STEVENS: We've absolutely heard that - for instance, Bay Ferries will be the operator and they're working with those trade operators directly, but also we hear about the ones that have been cancelled. We also know that Bay Ferries has been actively engaged with the trade channel on securing new opportunities as well.

MR. HOUSTON: Sure. But there is a long lead time so looking for new opportunities in March is not good, right?

MR. CHAIRMAN: Order, time has expired. We'll move to Ms. MacDonald of the NDP caucus.

HON. MAUREEN MACDONALD: Thank you for being here today. I don't need to tell you this is a very important topic for the province, tourism. I think one thing we would all agree on here on all sides of the House is what a beautiful province we have and what a vast array of incredible experiences we can offer visitors to our province. I think we all love to see people come from other parts of the world and experience our lovely province.

We often perhaps don't think about the economic benefit of having people here; \$2 billion in and of itself is not too shabby, I would say. But the Ivany commission has set a goal over 10 years to grow that sector to \$4 billion, and that's not a new goal. That was a goal that the industry had back in 2004-05 when the MacDonald Government was in power.

I note a press release that went out from Premier MacDonald's office in December 2004 that said the industry's vision is to double tourism revenue by 2012. At that time the government of the day was announcing a \$15 million investment in the sector over, I think, a three-year period. This is an ongoing sector of interest and concern.

What I would like to focus on first is the whole issue around the outsourcing of the contract that ended up creating a bit of controversy - I think we would all agree on that - when it went to a company from outside the province.

I'm going to start by having you take me through, first of all, what facilitated the need for a request for proposal process? Had the previous contract expired? We've had marketing contracts and firms delivering these services to the province for quite some time so what facilitated the need for the request for proposals and was there a previous contract in place? Had it expired? What was the status of that contract?

MS. STEVENS: First of all I'll address the why and then I'll get into the contract, the previous and then the go-forward. Quite simply put, the doubling of tourism revenues and the endorsement of Tourism Nova Scotia of the doubling tourism role facilitated the need for our change. In fact, the marketing services partnership is just one aspect of that change. What I alluded to in the opening remarks is that some of the work Tourism Nova Scotia has been undertaking over the last several months is relooking at our strategy, looking at the parts of our business that were best suited to help with that goal, and then look at other parts of our business that perhaps we can rely on our industry and private sector and community partners to do.

The piece that we feel very passionate about that we can influence with our marketing is bringing in more visitors, specifically the right type of visitor to Nova Scotia. So investing in markets of highest return to attract those first-time visitors is the work of Tourism Nova Scotia and that is a primary mandate. The "why" is, we need to do things differently. Looking at how we set ourselves up for success brought us to a review of our marketing partnerships.

Now I'll speak specifically about our existing contracts. In 2015 we had two marketing partnership contracts with two different firms: one with Extreme Group, one with ISL. ISL handled the digital experience and novascotia.com, and Extreme handled the media buying and the brand management and creative services. Both those contracts came to completion on October 31, 2015.

We would have worked with both partners in advance of going to tender, to let them know what our desire was and how our mandate has changed. They were advised well in advance that we would be going to tender and certainly encouraged to submit a bid. In fact both those companies did submit bids to the process.

MS. MACDONALD: I have to say I am a bit confused by the response. As I said, the idea of doubling the tourism revenue for the province in a 10-year period is not new. This was the objective of the industry in 2004 and there was investment made toward moving in that direction at that time. Then there was in place work under previous - so, in fact, those contracts had not expired when the new RFP was put forward. Is that correct?

MS. STEVENS: The RFP went live July 31<sup>st</sup> and those contracts expired October 31<sup>st</sup>, so you're correct. As I alluded to, both partners were advised in advance that we would be going to RFP - so that's to answer your question number two.

Question number one is, I believe in and around that this is not a new goal. Yes, you're right, this is not a new goal. I joined Tourism Nova Scotia in the Fall of 2014, so quite frankly, I'm not completely up to speed with the mandate of 10 years ago. But I can be very direct in terms of this mandate that we have endorsed in terms of doubling to a \$4 billion economy by 2024.

As part of the work to be able to substantiate whether we can do this, we've done a very thorough - what I would call - bottom-up build of our revenue to date, the trends and where we need to be. Quite frankly, although we've had a very strong 2015 year, if we continue on the current trajectory after our performance in 2015, we'll be well short of our 2024, \$4 billion goal. So the requirement to do things differently and to do things smarter is very much weighing heavily on Tourism Nova Scotia.

So being smarter, being laser-focused with where our focus can be versus our industry partners, versus private sector is part of that strategy work that we've been undergoing over the last several months.

MS. MACDONALD: Can you tell me who developed the request for proposals? Was it the Department of Business, Tourism Nova Scotia? Was there industry involvement?

MS. STEVENS: A couple of different questions there, let me tackle the first one. Tourism Nova Scotia designed the RFP so we worked hand in hand with our colleagues in Internal Services in the Procurement division, but we were 100 per cent accountable for designing the mandate of what we wanted to achieve by going to tender, and with the guidance and expertise of our colleagues in Procurement, they helped to design the technical components of the RFP to meet our business requirements.

MS. MACDONALD: Was there any industry involvement?

MS. STEVENS: Sorry, the second part of your question - yes, there was industry involvement along the way and, in fact, the evaluation committee was comprised of five individuals of which industry was included in the evaluation committee.

MS. MACDONALD: Was the CEO, Michele McKenzie, involved in the development of the RFP?

MS. STEVENS: Just so we're clear, Michele McKenzie was the interim CEO during the time of the procurement process. She was with Tourism Nova Scotia from the first part of July through to the first part of January of this past year so she was not part of the evaluation. Of course, as the interim CEO at the time, she was involved in the overall work that was being done, but she was not a day-to-day member of the evaluating committee.

MS. MACDONALD: So not a member of the evaluating committee, but that wasn't my question. My question was, was she involved in creating the RFP?

MS. STEVENS: In fact, if you think about her tenure in joining Tourism Nova Scotia, the work to design the RFP the first part of July was well underway and then it went public at the end of July, so there was some overlap.



MS. MACDONALD: So it was well underway, but that also doesn't answer my question. My question was whether or not she was involved in creating the RFP or in any aspect of developing that RFP.

MS. STEVENS: Let me be clear, in my role as director of marketing I was 100 per cent accountable for the development of the RFP. I reported to Michele McKenzie as the interim CEO, so in my day-to-day interaction with my CEO I would have kept her abreast of all of my work, including the development of the RFP.

MS. MACDONALD: Can you explain to me how it's decided what weight is given to which components of the RFP?

MS. STEVENS: At a high level, as I alluded to before, there are three components to our RFP: one was the marketing service brand and creative development, the second piece was media buying and planning, and the third piece was digital development and digital experience on novascotia.com. Each of them were stand-alone RFPs and they were evaluated on their own. So we evaluated based on a formalized criterion, what we'll call RFP A, B and C.

MS. MACDONALD: As I indicated at the outset, there was controversy and I think probably there continues to be some concern about the fact that this RFP was eventually awarded to an out-of-province company. I'm trying to understand what exactly it is about our procurement process that does not allow us to provide any opportunity - not opportunity - to ensure that the jobs that are related to work like this don't remain in the province. That ultimately is our concern.

The deputy at the outset talked about how the private sector - the philosophy of this government is that only the private sector can create jobs. While I don't entirely share that perspective, I certainly have a keen interest in the creation of jobs but my interest is in the creation of jobs in the Province of Nova Scotia, not in downtown Toronto.

I'm concerned about the procurement guidelines if, in fact, they do not allow us to provide benefits for job creation in this province when we have very capable people here. Can you tell me exactly what the procurement law says that would prohibit any priority to be placed on the outcome of a contract resulting in jobs in Nova Scotia versus seeing those jobs go someplace else?

MR. COOLICAN: Maybe I can try to handle that part of the question. I'm not an expert on procurement and our department doesn't handle the procurement process.

I think I would answer it this way: the province is involved in a number of interprovincial trade agreements. Those agreements are - to be open to business in other provinces, we have to be open to business from other provinces. I think if the private sector is to grow and given the amount of trade that is required for a province like Nova Scotia to prosper, we have to be competitive and able to compete with other jurisdictions.

I think being open to competition from other parts, to other parts of Canada, is an important part of that competitive process. I'll leave it there, thank you.

MS. MACDONALD: Well I guess I don't disagree with this on some level but I have great difficulty with the idea that we cannot develop procurement processes where we ensure that a Nova Scotian company is the one that would market Nova Scotia, rather than having a company in Ontario market Nova Scotia. So I'm wondering if you could tell me whether or not there could have been any stipulation in the RFP that the creative work would be done in Nova Scotia and I'm also wondering, what is to prohibit requirements in RFPs that, in fact, the jobs associated with a piece of work be located here? Because having been in government, I know that's done frequently.

MS. STEVENS: I can certainly take the first aspect in terms of the creative work and how one might expect a Nova Scotia versus an Ontario-based firm. If you think about our mandate to double tourism revenues and you think about the strategy work that we've done as a result to ensure that we're optimized for success, our focus is on attracting first-time visitors to Nova Scotia in markets of highest return. In effect, what that really means is that we're talking to many types of visitors in our key markets. Our key markets - just so we're all on the same page - are Ontario, Quebec, northern New England, and the U.K. and Germany, but we work in the U.K. and Germany in partnership with Atlantic Canada.

So specifically in Ontario and Quebec and northern New England, we have to compete every single minute for that consumer's attention when they're thinking about taking a trip. So our understanding and our knowledge of what those consumers are looking for and the work ultimately - the creative work that would fall out of that - is a very competitive exercise. That is not to say that a Nova Scotia or an Ontario firm is better suited.

We've got what we feel is a very integrated best-in-class model where we have a global export such as DDB, with ties into many parts of the markets that we are attracting visitors, and then we've got the local expertise of Trampoline on our business, plus we have the local expertise that resides within the marketing and overall group at Tourism Nova Scotia. So we feel that we've got a very strong winning combination to make sure that we're resonating with those consumers who are thinking about taking their next trip - whether it be in Australia or Nova Scotia.

MS. MACDONALD: I recognize how competitive the environment is, but that doesn't take away the concern that we came up short in terms of seeing maybe the best or the greatest benefit possible with creative work being done here in Nova Scotia.

MR. CHAIRMAN: Order, the time has expired. We'll move to the Liberal caucus and Mr. Rankin.

MR. IAIN RANKIN: I will just preface my question with comments around that same discussion. It is my view that when you have a protectionist type of policy that puts

a priority on Nova Scotia companies, it seems to me that you wouldn't really be able to have it both ways. So I would say that there would be an overall pernicious effect on businesses here trying to do business in external markets, so I guess my question would be - if we favoured Nova Scotia companies in our procurement, would we expect to have less access to the procurement of provinces outside of Nova Scotia?

MR. COOLICAN: I think we do participate in trade agreements in other provinces and I apologize for going to my experience in the energy field because I'm a little more familiar with that at the moment, but taking the example of our offshore supply industry, over the last number of years working with the Nova Scotia offshore industry, our companies were in a process where they had to compete for business with the oil and gas companies on a competitive basis with companies from around the world.

In the early days there was a fair amount of discussion about whether that was the right approach or not. As the Nova Scotia offshore level of activity started to decline, the companies that continued to exist and continued to thrive were the companies that had learned to be competitive in the international industry and they were able to get work to replace the work that was no longer available in Nova Scotia. They were able to get work around the world with the oil and gas companies.

There are a number of the companies that would argue that a number of the employees they have working within their companies and some of the companies in the supply chain, that Nova Scotia companies and individuals have developed a very positive reputation on their ability to compete. In that area, that is an example of where a competitive policy in the national and international stage helped Nova Scotia companies to survive through the down cycle in the offshore industry here, which I hope is coming to an end.

I think as a question of business, if you want to survive in an economy where the opportunities in Nova Scotia are somewhat limited without export, without going to other parts of the world, to be competitive is the best place to be.

MR. RANKIN: I guess that's the distinction of what the Opposition thinks should happen in government. If companies in Nova Scotia were limited to access within our own province, they'd have a much bigger problem than companies would have in Ontario or Quebec or B.C. - they wouldn't be in the position that small companies in Nova Scotia would be. I think it is that the smaller the market, the absolutely more critical part is to reach that critical mass of markets in Toronto, in Montreal and outside Nova Scotia. That goes to the effectiveness of the procurement.

Now I just wanted to shift to another theme, that is Maritime co-operation as it relates to procurement for today's discussion. You did allude to a contract with the U.K. and Germany when you market that collective region. I'm just wondering if there's an opportunity to do that in the other markets of Ontario and the New England States that you mentioned are target markets. For example, instead of spending \$40,000 on a market in the

New England States, is there an opportunity to exploit the economy of scale that we have in the region and collectively have like a \$0.25 million project that really markets what the Maritimes have to offer, or Atlantic Canada, whatever we can get agreement with. I think that as time goes forward we're going to need to continue to use the scale that's around us because our scale is so limited within our province, and I think that relates to every department. In terms of tourism, is that being considered?

MS. STEVENS: Yes, it's a great question. Let me be clear, we actually are part of a three-year agreement with Atlantic Canada Tourism Partnership and that involves all four Atlantic Canadian Provinces. The mandate of that contract is to market together, in common geographical markets.

I alluded to the U.K. and Germany, which are absolutely two key markets. We also market together in New England. In addition, Tourism Nova Scotia has a stand-alone effort in New England because of the proximity and with our ferry access and so on. In fact, Atlantic Canada Tourism Partnership is marketing together in the U.S., the U.K. and Germany. That contract is a three-year contract but it has actually been in effect upwards of just under 20 years.

We completely value the amplification of partnerships. As you alluded to, as a smaller jurisdiction competing on a world-class stage, we absolutely need to leverage partnerships. Atlantic Canadian Tourism Partnership is one such partnership that we benefit from. Increasingly we're doing more and more work with Destination Canada, which is the marketing organization responsible for attracting visitors to Canada and working in collaboration with Destination Canada in similar markets as well.

MR. RANKIN: Okay, thank you.

MR. CHAIRMAN: Mr. Farrell.

MR. TERRY FARRELL: Ms. Stevens, my understanding is that over the last 15 years our tourism numbers have declined fairly dramatically in Nova Scotia. Can you confirm that?

MS. STEVENS: Well, the way that I would like to start answering that question is, we've just come off of 2015 and, in fact, overall visitation to Nova Scotia increased by 6 per cent. That 6 per cent increase is the largest increase in the last 15 years so we have started to reverse the trend. But to your point, the overall trend in the previous years has been static or on the decline. There are a number of factors - not just happening in Nova Scotia, but on the national scale as well - that have impacted outbound travel.

MR. FARRELL: My understanding is that from about 2000 to 2013, the numbers had gone down by maybe 13 per cent?

MS. STEVENS: Yes, they have gone down and, in fact, if you look at our 2015 performance and just bringing in over 2 million visitors brings us back to levels experienced in the early 2000s - so yes.

MR. FARRELL: But with respect to the marketing contract and some of the other things that are going on in the agency, can you describe how those amount to doing things differently to try to maybe correct some of the factors that occurred over that period and how these are looking-forward measures?

MS. STEVENS: Yes, for sure. As we look ahead to 2016 and working with our new marketing partners and with a revised and a laser focus with our strategy, we have a couple of key areas to look forward to. For instance, in 2016, Tourism Nova Scotia will enter the China market. We're a little bit late to that market. Destination Canada has been marketing in China and experiencing some significant year-over-year growth to the tune of 20 per cent, for instance, starting in 2010. Nova Scotia has been absent from that growth, and with some of the work that we're doing in partnership with Destination Canada, we'll be launching a China strategy and be very laser focused in bringing some of these Asian visitors east.

The western parts of Canada are enjoying tremendous growth from that outbound China market and we look forward to getting our piece and getting Atlantic Canada, and Nova Scotia in particular, on the consideration set.

What we have to offer here in Nova Scotia with the wide-open spaces, being underpinned by the sea coast, the access to local, fresh produce and the seafood, absolutely resonates with that Chinese traveller. Although we hear a lot in the market about the downturn in the Chinese economy, there is still a very affluent, independent traveller that is vacationing at least once a year to far-away destinations, and our western counterparts in Canada are enjoying those visitors and we look forward to being able to get our piece of the pie. So that would be one example of some of the exciting work that we have coming at us in 2016.

MR. FARRELL: If you need some help with seafood testimonials, I'm your guy for that. Thank you very much for that. I do want to switch a little bit to the topic of the VICs. I know it's not strictly on the agenda today, but it has been raised.

The current situation moving forward with the visitor information centres - the decision that was announced recently - could you explain that for us a little more fully, please? Is it a temporary stay of execution for the visitor centres or do they remain an integral part of the plan for the agency going forward?

MS. STEVENS: With the decision as of last week, we are very much committed to being in the visitor-servicing business and as I alluded to, we absolutely see the critical importance of that face-to-face interaction at the community level. In fact, it's all part of our bottom-up build in order to get to our \$4 billion target.

Some of the work that we'll continue to embark on is looking at the best-in-class experience that we can deliver to our visitors at the community level, so I think we need to be continuously open to looking at different models and different ways of delivering that experience. There is some really great work being done in other jurisdictions that we can benefit from.

Our primary mandate at this point in time is to be up and operating for our 2016 season and then as part of our continuous improvement in looking at various models and opportunities and working with our communities because they know their area the best, and collaborating in a more meaningful way with our community and municipalities will definitely be part of our mandate.

MR. FARRELL: I guess in my area - I live in Amherst and I have forever - the visitor information centre is a cultural icon, really, and it's alternatively referred to as just "the border" - people say, I work at the border. It's certainly something that we know the value of the collective knowledge of the staff that are there. I'm hoping that certainly they would be included in plans going forward and that their knowledge and expertise would be part of the planning process and the re-evaluation of what's going on. Can you comment on that?

MS. STEVENS: I think you raise a very important point - if you look at our Amherst location, but we also have Port Hastings, we also have Peggy's Cove, the airport location, the waterfront location, many of our centres are part of main attraction areas for Nova Scotia. Again, as we allude to continuing to surprise and delight our visitors, working with the communities, they know their area, they know their model best. That's a really strong positioning, a strong place to build on.

If you look at Amherst in particular, it is on an extremely attractive piece of real estate and will continue to be a very important model. I'm sure many private sector individuals from the Amherst area would agree with that.

In the spirit of extending stays and spending more while they're here, the communities and Amherst in particular, but all of our community visitor information centre areas have a dramatic role to play, an important role.

MR. FARRELL: Okay, thank you very much.

MR. CHAIRMAN: Ms. Lohnes-Croft.

MS. SUZANNE LOHNES-CROFT: It's wonderful to have you here. My constituency relies a great deal on tourism. I must say many operators last year were saying they were up by 40 per cent, so that's good news for Lunenburg and I'm pleased to have you here today.

You gave the four pillars of tourism and I got your first one about bringing the first-time visitors to Nova Scotia but as I was trying to write things down, you quickly went through the other three. Could you just quickly give them to me?

MS. STEVENS: Yes, and just as a bit of context, again when we were moved into a Crown corporation just about a year ago it provided us a very good opportunity to have a re-look at our strategy and reconfirm our mandate in and around achieving that \$4 billion goal. So the four pillars that support our strategy are - number one is attracting more first-time visitors.

If I can just elaborate for a minute on why we qualify it to say first-time visitors, all visitors are critically important to Nova Scotia and all visitors, whether it's a repeat visitation or that first time, are all part of our bottom-up build to get us to the \$4 billion.

The reason why we specifically talk about first-time visitors with Tourism Nova Scotia is because we feel that through our marketing efforts we'll have the most impact in being able to attract that visitor to consider Nova Scotia. However, the repeat visitation is likely going to happen if that visitor has an amazing experience while they're here in Nova Scotia. So it's their experience while they're here that will actually impact whether they become a return visitor. That's our pillar number one.

The second pillar is focusing on markets of highest return. What we really mean by that is ensuring that we have a very strong laser-focused segmentation strategy, because at the end of the day we have to use our dollars very wisely and we want to understand what type of consumer is most apt to resonate with what Nova Scotia has to offer. So it's really about being very laser-focused with attracting the right consumer so when they come to Nova Scotia, what we have to offer, with our experiences and our culinary aspect and our seacoast nature is what exactly they're looking for.

The third pillar of our strategy is in and around focusing on world-class experiences. What we mean by that is focusing on experiences that in and of itself are travel motivators to Nova Scotia. An example might be, for instance, in 2015 we launched a new world-class experience, which was Dining on the Ocean Floor. How amazing is that to be able to market that you can have a culinary experience on the ocean floor and then just four to six hours later that experience is completely submerged in 50-foot tides. It's that kind of experience that is unique to Nova Scotia and that we want to use in our marketing efforts to promote how unique and what kind of experiences Nova Scotia is about.

The fourth pillar is instilling confidence in Nova Scotia about the tourism industry. It's a critically important industry and it can be an economic driver, and we need to talk more about some of the work that we're doing so all Nova Scotians understand the importance of the nature of it.

MS. LOHNES-CROFT: When did your contract begin with your marketing firm - what was the date?

MS. STEVENS: Our contract went into effect November 1, 2015.

MS. LOHNES-CROFT: The Nova Scotia firm that you work with is Trampoline?

MS. STEVENS: Yes.

MS. LOHNES-CROFT: Do you have regular meetings with Trampoline?

MS. STEVENS: Absolutely. In fact, I believe somewhere in the audience we may have Mark Gascoigne who is the founder of Trampoline so he is here today as well. We have a lot of work to do in getting ready for our marketing campaign in 2016 so we're in regular contact. We have formal interactions so we would have agency status meetings every week for instance, but there are multiple contacts that happen throughout the day and the week. Some of those are face to face, some of those are conference calls, and some of those are electronic.

MS. LOHNES-CROFT: So where are they in their contracting package - the package they're going to deliver?

MS. STEVENS: We are in the throes - we are about three weeks away from launching our market-facing campaign so we'll be entering the market about the third week of March. We are just days away from the market-facing - so what consumers will be seeing - but since day one, November 1<sup>st</sup>, we've been actively working on the planning and the development of getting our market-facing campaign ready.

MS. LOHNES-CROFT: Have there been any hurdles?

MS. STEVENS: As with any new relationship, there is a getting-to-know period so what the first several weeks of our relationship entailed is a transfer of knowledge. So for Tourism Nova Scotia to be able to share our insight and our research and our experiences, and then as the new agency partners have begun to absorb this information, then it turns around and becomes much more about adding their marketing insight to what we have to offer.

Where we are right now in that phase of development is really pumping through quite a few materials that our consumers will be looking at in the advertising in the next three weeks.

MR. CHAIRMAN: Order, please, the time has expired. We'll move back to Mr. Houston.

MR. HOUSTON: I think what I'm trying to get my head around - we have all this controversy around this. We're trying to grow tourism, and we have the advertising contract controversy we can try to explain that or not explain that, but it exists. We had controversy around the VICs. We have no ferry and tours are getting cancelled. It just



seems like there are a lot of things that aren't starting off on the right foot. That's certainly my concern and I do want to touch on those three areas again in my final few minutes here.

In terms of the contract, does the Nova Scotia Tourism Association have a conflict of interest policy?

MS. STEVENS: Tourism Nova Scotia?

MR. HOUSTON: Yes, Tourism Nova Scotia.

MS. STEVENS: Absolutely. We are governed by the Government of Nova Scotia conflict of interest policy.

MR. HOUSTON: How many people would have been on the selection process?

MS. STEVENS: Five.

MR. HOUSTON: So would there have been steps taken? DDB is part of a publicly traded company - it's an international organization. Would there have been steps taken to see if any of those five people were shareholders in that company? What would have been the process that was taken internally?

MS. STEVENS: The evaluation was with the selection committee members so there was a thorough review of the appointments of the selection committee members.

MR. HOUSTON: The thing I wanted to ask about that, I guess, was in terms of the conflict of interest policy and that selection process. Is there any kind of documentation that you can provide to the committee about what steps were taken to vet the selection members and what the policy is and how they marry up?

MS. STEVENS: I can absolutely share with you the evaluation process. What we were looking for in terms of the selection committee is a broad combination of skill sets. We were looking for not only industry expertise, we were also looking for marketing acumen, we were looking for tourism experience and we were looking for Nova Scotia-based experience. The selection of the committee was based on a broad set of criteria that were established, and the members were evaluated on those criteria.

MR. HOUSTON: So the five members came from a pool of 10 members? How did it work? Was there anyone that somebody said this would be a good member and somebody looked at the process and said no, they don't qualify because - or was it five names put forward and that was the committee?

MS. STEVENS: It was definitely an iterative process to determine if we had the right selection of members to meet that broad base of criteria.

MR. HOUSTON: Of the VICs that are staying open, what would be kind of the average annual budget for each of those?

MS. STEVENS: I have the overall budget, I don't have the individual operating budgets.

MR. HOUSTON: What's the overall budget - \$1.8 million - in the range of? Do you have any sense of what is the smallest one of those and the smallest budget?

MS. STEVENS: Just to answer the question, it's about \$1.7 million in operating budget. You know what? I'm not clear on the size of each one of the individual budgets, but suffice it to say the operating budget is comprised of two key components: one is operating cost . . .

MR. HOUSTON: But each one would have a stand-alone budget, would they not?

MS. STEVENS: Absolutely, I just don't have it.

MR. HOUSTON: The decision that was ultimately made to keep them open, was that a package deal? Were they assessed one by one? How did that happen?

MS. STEVENS: The role that Tourism Nova Scotia undertook was back to our overall strategy and looking at what we needed to do to best set ourselves up for reaching our \$4 billion target, so as it relates specifically to visitor servicing, we were looking at the overall role that the face-to-face community-based facilities would have as part of that role. It was not looking at individual components, it was looking at the overall visitor servicing model.

MR. HOUSTON: Was there any discussion of bringing the ones that were cancelled last year back into the fold then - like the Pictou one?

MS. STEVENS: Pictou and Digby were transferred into community-based organizations in 2015 and by all signs that was a very successful season for those two areas. As we continue to look at models going forward we can continue to keep options open. Digby and Pictou had a very strong season in 2015.

MR. HOUSTON: So maybe their own success has become their own downfall, I guess. I'm just wondering, if you reach a conclusion that visitor information centres are valuable, what I'm trying to determine is, was that conclusion based on the understanding that some are more valuable than others? That's why I'm asking, did you look at them individually or not because it sounds like you didn't. That was yesterday and good luck for them, we wish them well, but for these ones over here, we're going to do something different - is that fair?

MS. STEVENS: At the end of the day, getting back to our mandate, which is to grow tourism revenues, visitor servicing is a critically important aspect of growing that revenue. When we look at the analysis and what's being done in other jurisdictions, there are different models out there and we'll continue to evaluate those. Individual centres were not targeted or pinpointed, it was about the overall model and how to deliver on that experience.

MR. HOUSTON: In the analysis that was prepared for the minister this time there was no consideration of the other ones that were closed last year?

MS. STEVENS: No.

MR. HOUSTON: Now, is it fair to say that the ones that stayed open this time are because you value the kind of grassroots interaction with tourists? Would that be a big benefit of these visitor information centres?

MS. STEVENS: Tourism Nova Scotia has been unwavering . . .

MR. CHAIRMAN: Mr. Coolican.

MR. COOLICAN: If I could just correct - the centres in Pictou and Digby continue to service the market so you're not comparing a centre that's open and a centre that's closed. You're comparing two different models of centres that continue to operate.

MR. HOUSTON: Well I would disagree in the sense that I'm trying to compare the value of those centres to the government. So in one set the government provides very little funding, if any, and one set they fully fund. So to me that's an indication that they value them differently. My questions were just - did anyone actually do that analysis to reach that conclusion or did they just accept that that's the reality? The answer was - and I'd be happy to have it corrected - that analysis wasn't done to look at those. That's the point I was trying to make.

My question about the grassroots benefits of the visitor information centres is, it's my understanding that tourism operators - so B & B operators and such, right on the ground with the people experiencing Nova Scotia - this year did not receive copies of the *Doers & Dreamers* guide. Is that true? In prior years there would have been some sent to some of these operators or they would have had some mechanism to get them, but this year they didn't.

MS. STEVENS: In 2015 we made some changes to the distribution and the volume of material that was distributed to the individual centres. So there were changes made in 2015 that reduced the frequency of how many times each of the centres would have received allotments because our research and the feedback is that we were sending too many of those booklets. So in 2016 there will continue to be distribution to all VICs, including the regional ones, but the volume has been reduced to reflect the actual usage.

MR. HOUSTON: Is the *Doers & Dreamers* guide just irrelevant now? You mentioned you've revamped it and you're changing the distribution. Are we on a path here, or what are your feelings about the *Doers & Dreamers* guide?

MS. STEVENS: You're absolutely right. The visitor patterns - and we all look at how we book our own travel plans and then what tools we use when we're vacationing - that has shifted dramatically. The *Doers & Dreamers* guide - we did some research this time last year with users of the *Doers & Dreamers* guide - when and how they use it. Is it for pre-trip planning before they arrive to make their decision about coming to Nova Scotia? Do they use it while they're in the province and the different tactics that they deploy? We also did research with our operators to see how they use it as a marketing tool.

So it was the output of both of those pieces of research that helped frame up how the 2016 *Doers & Dreamers* guide would look and feel. We'll continue to evaluate that. The bottom line is - visitor patterns are changing and we need to continuously adapt.

MR. HOUSTON: Let's talk about visitor patterns then. So we don't have a ferry yet. That will have an impact on this year's visitor pattern season for sure. Do you agree with that - the fact that there's no ferry today? You mentioned you're not really concerned because people are just planning, not booking, but you also agreed that an undetermined number of tours have been cancelled. So the fact that we don't have a ferry as we sit here today is not good. Is that fair?

MS. STEVENS: The way that I would answer that is, in 2015 we saw significant growth coming out of northeast New England where that ferry link is.

MR. HOUSTON: Okay, so 2015, the cost to the province for that ferry was roughly \$40 million. Did you do an economic assessment of what that - what was the return to the province from that \$40 million?

MS. STEVENS: I can speak specifically to the marketing return on the investment of talking and promoting the ferry, but I can't speak to the economic . . .

MR. HOUSTON: How much was the marketing return?

MS. STEVENS: In 2015 we would have invested in a marketing campaign of approximately \$2 million. In terms of a return we saw a 14 per cent year-over-year increase of visitors coming in from New England. So in terms of our ability to resonate with New Englanders and provide Nova Scotia as an appealing destination, there is still very much a consideration for Nova Scotia.

For us, from a Tourism Nova Scotia perspective, northeast New England continues to be a market of high return. We know, based on our research, that once they are here that their spending patterns are of a higher yield than other markets.

MR. HOUSTON: Is DDB expressing any concern that there's no ferry? Is it not a concern of theirs?

MS. STEVENS: There's no concern.

MR. HOUSTON: Does it impact their plan?

MS. STEVENS: As I alluded to earlier, the focus of our marketing efforts at this stage is really to talk about Nova Scotia as an appealing destination; it is not to market the specific aspects of the ship or the fares. Our focus at this point in time does not include the technical details of the vessel.

MR. HOUSTON: How often do you reach out to the Department of Transportation and Infrastructure Renewal asking on the status of a ferry for the season?

MS. STEVENS: I work very closely with my colleagues in the department and I work very closely with Bay Ferries, who are also doing similar planning in getting ready for the 2016 season. Both of those are partners that I work closely with.

MR. HOUSTON: Just to refresh my memory, what was the date that the contract required them to have a ferry for this season? It has passed, right?

MS. STEVENS: TIR is responsible for the contract of the ferry, you may be able to ask them, I'm not exactly sure.

MR. HOUSTON: Do you know if it has passed or not?

MS. STEVENS: I couldn't answer that - I am not aware. My mandate is to promote . . .

MR. HOUSTON: Being aware and caring are separate things so I'm asking you - maybe it doesn't matter to you because you just believe the ferry will come. I'm asking you if you know what the date is, or if the date has passed that the ferry was meant to be secured.

MS. STEVENS: I will reiterate - the importance to me about the ferry is knowing that we have a ferry service and that has not ever been in question.

MR. HOUSTON: Okay, so the ferry will exist, that's not something you are concerned about, and the fact that we don't know what the vessel will be doesn't impact any of your plans?

MS. STEVENS: At this point in time it does not impact our marketing campaign, as I have alluded to. As we get closer to the travel season and understanding the fares and schedules, that becomes very important . . .

MR. HOUSTON: But tours are being cancelled.

MR. CHAIRMAN: Order, time has expired. We'll move to Ms. MacDonald.

MS. MACDONALD: I want to ask a bit more about the DDB contract, the awarding of this contract. Your submission stated there will be \$922,000 spent on professional services. How much of that for creative work will be done in Toronto? What portion of that will be spent outside the province? All of it? Some of it?

MS. STEVENS: If I can just provide a bit of detail for the audience, the contract is valued at \$6 million: \$5 million of that will be used towards purchasing of media; the remaining portion of that contract, approximately \$922,000, is for professional services across the consortium. That would include creative, it would include brand, it would include the media planning and purchasing, and it would also include the digital development and user experience at novascotia.com. It is the professional fees associated with the three lines of business.

Specifically to answer your question of how much of that would be directed towards DDB versus Trampoline, for instance, our projection is that about one-third of that will be directed towards the work that Trampoline will be responsible for. That's our projection at this point in time.

MS. MACDONALD: I'm wondering if you can tell me how DDB will be evaluated, their performance? Will there be a new RFP in two years or is there an option to renew in the current contract without going to tender?

MS. STEVENS: Yes, I can answer those questions; maybe I will start with the last one first, which is the contract terms. The current contract is for two years with three one-year options to renew. So in actual fact, we could go for a full five years if it was mutually beneficial on both sides of the party.

With respect to performance-based measurement, built into our contract with DDB and Trampoline is what's called a PBR, which is a performance-based metrics program and that is developed on mutually determined key performance indicators. That is one form of measurement.

The second form of measurement will be in terms of the campaign, and that would be annual campaign metrics in terms of the performance of the actual campaign. For instance, KPIs under a campaign would be the number of visits to the website, the number of visits out to our operators and so on.

So there are basically two levels of performance indicators. One is specifically to the performance of DDB and Trampoline, and then one is the performance on the impact of the campaign.

MS. MACDONALD: Can you explain a bit more what you mean by mutually agreed to components of an evaluation? Does that mean that the companies themselves will set or have to agree to the performance standards? I don't understand exactly what you're saying.

MS. STEVENS: As I alluded to, there are two components of performance indicators. One is at the campaign level and one is at the performance level of DDB and Trampoline. I'll speak to the campaign one first.

Those are mutually developed KPIs that would be developed together with the client and the partner. So those campaign KPIs would, for instance - click through to a website. So this ad generated X amount of clicks to a website at X amount of cost. That example would be mutually derived.

MS. MACDONALD: Okay, I get what you're saying now, but my question is about - how will their performance be measured rather than how will the campaign be measured. So in terms of our goal to increase the traffic into the province and investment in the province, specifically what performance indicators do you have in place and how often will there be evaluation? How transparent will that evaluation be for the public, for the taxpayers?

MS. STEVENS: Tourism Nova Scotia publishes monthly indicators in terms of overall visitation to Nova Scotia and then visitation by key market, and then visitation by road and air. We also publish on a monthly basis revenue associated to the \$4 billion goal. So from a transparency perspective, every month on the Tourism Nova Scotia website our monthly indicators are published and our progress against our performance is available to quite a bit of detail, as I said, by market and by mode.

As it relates specifically to DDB and those overall goals, it's back to their performance indicators that we talked about at the campaign level and their performance from a client-partner relationship. So it is a directional proportion to their performance to the overall goal of getting to \$4 billion.

MS. MACDONALD: This is an industry where there's quite a bit of change happening within the industry. I note that one of the measurements we've always used has been the number of hotel and accommodation kind of bookings. Airbnb's are operating in the province, correct? How is Tourism Nova Scotia approaching that whole issue and what ability do you have to factor that into your evaluation?

MS. STEVENS: It's a great question and you're absolutely right, the Airbnb's of the world - much like Uber in the taxi world - they're disrupting at a tremendous pace so destinations like Nova Scotia are figuring out how we can best compete and how we can continue to keep an open environment, because at the end of the day these are consumer-driven destructive technologies.

Specifically as it relates to Airbnb, we have currently engaged an economist to help us look at some of the regulatory impacts to revise regulatory framework so there are quite a few options there in terms of what we might be able to look like. Opening it up to a bit more freer-level playing field would be one such option.

We have other jurisdictions - for instance the Province of Ontario 10 days ago introduced legislation in and around Airbnb; Quebec has also introduced legislation. We're looking at all of those very much in tandem. As a member alluded to earlier, we're also looking at it from a pan-Atlantic perspective because these are regulatory issues that are facing the other Atlantic Canadian provinces so it is very much top of mind for us in the industry. We don't have the answers yet, but it is certainly something from a legislation perspective that will be coming at us in the next several months.

MS. MACDONALD: Will there be public consultation with respect to this issue? As you indicate, there's a great consumer interest and my own view is that we have a government that doesn't consult, hasn't consulted - in many examples we have with film, seniors and other groups - and has a tendency to go off on its own. This makes me a little nervous actually when you start talking about more regulation and legislative frameworks and what have you in what is increasingly becoming a consumer-led revolution, I guess, in some ways. I just want to say that.

I have another question about the RFP. On Page 7 of the RFP, it says, ". . . there is a need to communicate the significance of tourism and its benefits to tourism industry stakeholders and the general public in Nova Scotia. A corporate communications strategy is required . . ."

Why is it that this is part of the RFP? As a Crown corporation of government, you have an entire communications department, so why would you need an outside entity to develop a communication strategy for Nova Scotians to tell them about the importance of tourism, as part of this work? I'm not sure that I understand that.

MS. STEVENS: Specifically Tourism Nova Scotia was created as a Crown Corporation and as part of the work we did in defining our strategy and the role that we can best do in and around attracting first-time visitors, we developed these four strategies. The fourth strategy was building tourism confidence inside Nova Scotia.

Part of the work we've asked our agency partners to be skilled at is developing a corporate communications plan from a proactive perspective, so we can start to educate and help all our stakeholders to understand the importance of the tourism economy. That is a piece of work that we have ensured that our partners are skilled at.

In addition, we still work very closely with Communications Nova Scotia on our corporate communications work. It is very important to our mandate on the education side with our stakeholders, but it is something that will be done in tandem with Communications Nova Scotia.



MS. MACDONALD: In your earlier discussion with us in response to a question, you talked about the “right type of visitor”, as being a piece of what you are doing. Is this kind of code for people who will spend a lot of money versus people who aren’t necessarily going to spend a lot of money? What does that mean - the right type of visitor?

MS. STEVENS: That’s a great question. We have to be laser-focused with our targeting of attracting visitors and what we mean by that is not all visitors are created equal, so visitors that have shown a propensity to enjoy cultural assets or seacoast experiences - those are the types of visitors that will be most attracted to Nova Scotia. So our segmentation strategy is helping us to be very targeted in terms of who we attract. What that allows us to do is be very focused with types of media that we purchase so we’re ensuring that we’re getting that segment that is most attracted to Nova Scotia.

So when we talk about getting the right type of customer, it is the one that demonstrates the most aptitude to visit Nova Scotia based on what we have to offer and our experiences, number one. Number two, it allows us to target them more effectively, therefore being more robust with our budgets. Thirdly, we also know, based on the segments that we’re targeting, that once they’re here in Nova Scotia their propensity to stay and spend is in line with our budgets to meet our \$4 billion target.

So as a smaller destination competing on a global scale, we have to do things smart and we have to be very focused. When we talk about getting the right type of visitor, that’s exactly what we mean. We cannot be all things to all people and not every visitor is created equal.

MR. CHAIRMAN: Order, we’ll now move to the Liberal caucus and we’ll go with Mr. Maguire today.

MR. BRENDAN MAGUIRE: I just have one question and I’ll pass on to my colleague and it’s a question that I think the chairman may have a little interest in. I was listening to the radio this morning and I heard on the radio today that Cape Breton has a spot for Americans dissatisfied with Donald Drumpf. That movement is worth about \$12 million in advertising and exposure to Cape Breton.

While it’s a fun movement and it’s getting a lot of play internationally, how does the Tourism, DDB and Trampoline react to something like this because this is a windfall for Cape Breton?

MS. STEVENS: It’s a great question and you’re right, it is a bit of fun to talk about - to think that something as whimsical as a website creating interest to move to Cape Breton based on something that’s happening in U.S. politics could have such a dramatic impact to the tourism economy in Nova Scotia, but part of what’s happening here is it’s very interesting and it’s very intriguing that social media is now taking over and if you’re not in a position to be able to deliver on some of that excitement, then that amplification in the social media just dies off.

So what we're seeing here is we're now two weeks into it - this little satire around promoting Cape Breton as a place to live if Donald Trump becomes President would not continue to have legs if Cape Breton didn't have something to offer and if Nova Scotia itself didn't have something to offer.

For instance, how we're going to monopolize this and turn this into an opportunity to kick-start our 2016 season is a stat that compared to this time last year novascotia.com has had a 44 per cent increase in viewership compared to this time last year. The pages off novascotia.com promoting Cape Breton is a 975 per cent increase. Those are staggering numbers. Interesting, but what are we going to do to monetize it?

Just very recently, as of last evening in conversations with Destination Cape Breton, we've amassed over 150 leads that we can now re-target with very targeted advertising specific to Nova Scotia, to Cape Breton, and we've got those warm leads already in our funnel that we can now begin to actively promote. So although it's fun and we're enjoying the notoriety and we're benefiting from a bit of that satire, this is turning into quite a powerful marketing tool for us.

MR. MAGUIRE: While this is a fun and unexpected movement, it shows the power of social media. With the contract being given to DDB and Trampoline, are these some of the things that they're looking at as starting Twitter and Facebook movements? Because \$12 million worth of exposure from a website is pretty powerful stuff.

MS. STEVENS: Absolutely. Specifically to the work we are doing with DDB and Trampoline in terms of some of the media properties that we're purchasing to ensure that we get our message out about Nova Scotia, it continues to be very much skewed in a digital format. So whether it be a paid search or digital pre-roll ads, that continues to be a very important aspect. In fact, quite a bit of the work and the guidance that DDB and Trampoline are taking us through is the importance of video.

If you have the opportunity to see some of our work in 2016, if you happen to be in the northeast or in Quebec and Ontario, you'll see a much stronger prominence of video and those short clips that I expect many of you are looking at in your Twitter and Facebook feeds. So absolutely, the prevalence of digital and social media becomes a very important tool that our media planners are helping us get directed at.

MR. CHAIRMAN: Mr. Stroink, you have about nine minutes.

MR. JOACHIM STROINK: First off let me apologize from this side of the room on the behaviour of some members in asking you the questions they did. He has continued his effort to turn this into his own personal circus show and I sincerely apologize for that.

Second, I guess this is more for the deputy minister, are you familiar with the Buy American Policy that had Canada very upset in 2008?

MR. COOLICAN: I am not.

MR. STROINK: That was a policy put forward by the Americans to really ensure that the Americans continue to buy internally. It's coming back to you?

MR. COOLICAN: Yes, it's coming back to me.

MR. STROINK: I guess I want to know, I mean that kind of protectionism has an incredible negative effect on an economy and specifically possibly in Nova Scotia. Because of the low dollar, they are looking at this again and I just kind of what to know what your thoughts are on how this could affect the Nova Scotia economy.

MR. COOLICAN: I'm not aware that the Americans are looking at that again. One of the things I recollect from the last time is the number of cases where it was evident that that kind of policy was actually negative for the American economy as well as for the Canadian economy. Because of the interconnected nature of our two economies, there were a lot of companies in the United States that lost out on business because companies they were suppliers to in Canada had lost business in the U.S.

I think it's not really a wise policy even for a government or an economy as large as the United States. It's certainly very difficult for an economy the size of Nova Scotia and the importance of the trading relationship for us.

MR. STROINK: I guess for myself personally, I'm one of the biggest advocates for buying local but I'm also one of the biggest advocates for allowing the businesses to succeed outside the borders of Nova Scotia. I have a huge respect for Mark Gascoigne and Trampoline and what they have done partnering up with DDB, in the sense of taking their skill sets and partnering up with someone who has another skill set and marrying those to ensure that Nova Scotia gets the best bang for their buck.

I guess from this conversation, listening to this, I think in this situation taxpayers are getting the best value of this contract because of the relationship, because of the media buy. You have indicated that \$5 million of this is going to be a media buy - that would have been normal for any contract, no matter if it was a local company or not?

MS. STEVENS: It's a very good question. If you look at our \$6 million contract, \$5 million is on media buying. That was in our previous contracts and that will continue to be in place with DDB and Trampoline. When you start to work with a global network at this stage media buying and bulk buying and volume matters. So our \$5 million is going that much further because of the expertise and the networks DDB's media buying firm has.

As we look to some of the trends that are potentially offsetting, for instance buying media in the U.S. with the exchange, we feel we are optimized by getting some of the dollars going further because of the buying power.

MS. STROINK: Do you have a sense of how much further our \$5 million is going this time around?

MS. STEVENS: That is very much part of my analysis as we continue to work through our 2016 plan. Although we would enjoy incremental budgets, we have not received any incremental funding from 2015 into 2016. Quite frankly, given the optimization and the power of the partners that I have, we're doing okay.

I have alluded that we need to be smarter. If we're going to compete on a national scale and a global scale, we're not going to get incremental funding. We just need to do things differently and by setting ourselves up with these partners with that kind of scale I think is part of that success.

MR. STROINK: I guess that is going to my next question back to the protectionism kind of model. If we had a protectionism-based model, these opportunities would not be available to Nova Scotia taxpayers, is that a fair analogy to say?

MS. STEVENS: What is very interesting is that we received a significant volume of responses when we put this RFP out. I think what that does tell me is that there is quite a bit of interest to understand what's happening here in Nova Scotia and being able to be part of that success. So if we look at some of our existing partners, they also reached out and formed consortium bids and the bid that ultimately won - DDB and Trampoline - they were not an anomaly in terms of putting together a multinational consortium network. I think it's definitely a sign of the trends for being able to compete on a scale - you need to build in that expertise.

MR. STROINK: People around this table might not know, but a lot of small businesses do apply for quotes and stuff like that outside of their provinces, and win contracts and lose contracts. I guess that's part of doing business no matter how big you are.

Maybe the deputy minister can answer this. With the amount of small businesses in Nova Scotia, how many of these are winning contracts outside of Nova Scotia and if they did not have access to those abilities to win contracts outside of the province, would they still be in business?

MR. COOLICAN: Again, at this stage of my tenure at the Department of Business, I have to go to the Department of Energy for some background. A couple of weeks ago I was at a meeting in Port Hawkesbury sponsored by the Cape Breton Partnership for companies all over Nova Scotia, learning about how to take advantage of opportunities in the offshore and in the energy business generally. There were small companies there; there were large companies there. There was encouragement for these companies to form partnerships with larger companies that are engaged in the oil and gas industry to kind of partner up, if you will, to help them to gain access to bids and contracts.

One of the exciting things that I'm becoming aware of in the Department of Business is around companies like Metamaterial Technologies, a small company at the moment. It has been doing some work with Airbus, which is a rather large company, testing their product with Airbus. The hope is that leads to a contract with Airbus to provide the film that goes on the windows of the aircraft to protect the pilots from laser beams, which is a serious safety concern. I don't want to disturb the people who are flying to Nova Scotia, but it has become a serious safety concern.

That's just going to be their first market. Their next market is if you flip the film, it has an ability to concentrate sunlight and so it will have applications in the solar business. Again, there is a small company having to get into a multinational, international supply chain in order to be successful.

MR. STROINK: I guess that is a perfect example of what Trampoline has done with this contract. It has been able to take the strength of DDB, the marketing capabilities of their company and partnering with them to create a successful bid. I think that's where the future is of local small businesses to be able to grow and play on a global footprint. If they focus internally, they're not going to grow, and exporting their goods and services or partnering up with big companies is a way for them to increase their businesses, hire more people and grow their businesses to compete on a global footprint. I'm understanding with your dialogue that you're seeing that with DDB specifically and Trampoline on this project.

MR. CHAIRMAN: Ms. Stevens, you just have about 10 seconds.

MS. STEVENS: On that note, DDB has a tremendous amount of experience in the travel industry. They've been promoting Destination Canada - Canada as a brand. So part of what they can bring to the table is that national and global expertise in and around travel. That combined with their global buying power and a local expertise in and around Trampoline is all part of that winning formula.

MR. CHAIRMAN: The time for questions has expired. I'd like to give both Mr. Coolican and Ms. Stevens an opportunity to provide some closing comments. Ms. Stevens, do you wish to go first?

MS. STEVENS: I just welcome the opportunity to be here today to share a little bit about some of the things happening in the tourism sector and some of the exciting work that we've been doing in Tourism Nova Scotia in and around our strategy, and some of the tactics that we have deployed around chasing the Ivany goal - Goal 14. With that, I thank you and I look forward to getting back to attracting more visitors in 2016.

MR. COOLICAN: I would just like to thank the members of the committee for their questions. I thought there were a lot of good questions to get at the issues here. I also appreciated the opportunity to learn more about one of the agencies that is in the department, so in a sense this was a bit of a briefing session. Thank you for the opportunity to kill two birds with one stone.

I think one of the other things that we have to remember from the perspective of the Government of Nova Scotia and the people of Nova Scotia is that our main objective here is to significantly grow the tourism industry in Nova Scotia to make a much larger contribution to the economy of Nova Scotia. That's a contribution that will happen throughout the province.

I think Ms. MacDonald mentioned the previous governments that have set significant goals for tourism and I think that's the right strategy. What I think is important here is the focus that the new tourism agency is bringing to achieve that goal and making some difficult decisions with the long-term objective of creating much more economic development in Nova Scotia from the growth in the tourism industry as opposed to the decision about where one contract or another goes. Thank you.

MR. CHAIRMAN: Thank you, Mr. Coolican. We do have a couple of items of committee business. We had correspondence sent to members on February 25<sup>th</sup> from the Executive Council Office. That was information that was requested at our February 3<sup>rd</sup> meeting. Our next meeting date is March 23<sup>rd</sup> when we have the Department of Community Services to discuss service delivery funding.

There's just one other item I would like to raise with members. We have had some discussion on the committee about types of questions being asked and whatnot. Mr. Rankin and I both have attended in the past two years national conventions, meetings of Public Accounts Committees, chairs and vice-chairs, and our Auditor General was there with us as well at the last one. The previous Auditor General was at the first one.

Some of the information that comes out of those meetings would be valuable in sharing with the committee and I would like to propose that we do that on March 23<sup>rd</sup> by way of an in camera meeting, either before or after our main meeting. Perhaps members could offer comments on if they would like to do that and also if before or after the meeting would be better.

I'm hearing "before," so we will schedule that with our clerk from 8:30 a.m. to 9:00 a.m. on March 23<sup>rd</sup> and we can have a discussion in camera and see where that goes. With that, if there's no further business before the committee this meeting is adjourned. Thank you.

[The committee adjourned at 10:55 a.m.]