OTMPC

ANNUAL REPORT
2003–2004




Ontario Tourism Marketing Partnership Corporation

03–04

ONTARIO
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Board of Directors

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

Current Board Directors, 2003–2004

Ms. Anne Marshall, Chair
(Appointed as Chair June 4, 2003)
(Re-appointed as Chair June 5 to September 30, 2004)
Director, Sales & Marketing, Elmhirst's Resort
Keene
March 30, 1999–June 3, 2004

Mr. Anthony Annunziata, Vice Chair
Executive Director of Marketing, Casino Niagara
Niagara Falls
July 4, 2001–July 3, 2006

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

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

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

Mr. Michael Franceschini
Vice President & Managing Director
Toronto-Dominion Bank
Toronto
April 12, 2002–April 11, 2005

Ms. Donna Hanson
Owner, Hanson's King Island Lodge
Nestor Falls
July 10, 2003–July 9, 2006

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

Mr. Roger Liddle
Vice President
Liddle's Fishing Adventures Inc.
North Bay
September 24, 2003–September 23, 2006

Ms. Virginia McKenzie
Owner
Temagami Anishnabi Tipi Camp, Bear Island
Lake Temagami
July 10, 2003–July 9, 2006

Mr. Edward Meijer
General Manager, Valhalla Inn
Thunder Bay
July 10, 2003–July 9, 2006

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

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

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

Corporate Contacts

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E-mail: tourism.partnership@mtr.gov.on.ca

Travel Information for Ontario

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

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

Ontario

Ontario Tourism Marketing Partnership Corporation

ANNUAL REPORT
2003–2004

ONTARIO TOURISM MARKETING PARTNERSHIP CORPORATION

CONTENTS

Ontario's tourism industry attracts nearly 130 million domestic and international visitors each year, generating in turn well over $7 billion of the province's Gross Domestic Product.

MESSAGE FROM THE CHAIR

"Our Product Alliances have continued to engage the industry with sterling new programs like ATV Ontario, Savour Ontario and Toronto Jazz Live. OTMPC is now involved with 11 alliances (representing 320 partners) in the area of market development."

THE STRENGTH OF OUR AGENCY WAS TESTED TIME AND TIME AGAIN THIS PAST YEAR as we found ourselves recovering from the impact of world events including Severe Acute Respiratory Syndrome (SARS), the Iraq War, a slowing U.S. economy, airline bankruptcies and border crossing issues.

At a time when our industry partners were confronted with enormous challenges and in the face of uncertain times, OTMPC demonstrated remarkable resilience by responding immediately to promote the Ontario brand through innovative and aggressive advertising campaigns in the United States and at home. As well, OTMPC worked closely with the Canadian Tourism Commission to maintain our presence in key international markets. We gained strength from the many traditional and non-traditional partners by working together to bring vitality and product diversity to consumers.

In May 2003, the Government of Ontario recognized the importance of rebuilding Ontario's image as a safe destination and created the $128 million Tourism Recovery Program (TRP) to help restore travel to Ontario over the next two years. The OTMPC played an integral role in the delivery of TRP advertising and provided support that significantly increased responsiveness to the needs of our tourism stakeholders.

Through our proactive media relations program, OTMPC saw its best-ever unpaid media coverage generating $84.6 million in domestic and international media coverage by making new inroads with internet-focused magazines and wire-service journalists opening up major new portals of media coverage.

OTMPC provided input into the development of the *Ontario Tourism Strategy,* a key initiative of the Ministry of Tourism and Recreation under the leadership of Minister Jim Bradley. The focused long-term strategy will guide tourism activity through to 2010.

Northern Ontario has joined the partnership in earnest with the opening of the Northern Tourism Marketing Office in August 2003, the inaugural meeting of the Northern Tourism Marketing Committee in November 2003 and the delivery of key initiatives in 2003–2004.

In February 2004, the Board, committee chairs and staff undertook an Ontario brand review to better position Ontario globally. OTMPC will continue the work in 2004–2005 to develop Ontario's tourism brand strategy. Our Product Alliances have continued to engage the industry with sterling new programs like ATV Ontario, Savour Ontario and Toronto Jazz Live. OTMPC is now involved with 11 alliances (representing 320 partners) in the area of market development.

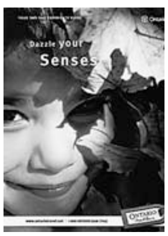
Thank you to all for your enthusiastic support and dedication including our Board, committee chairs, committee members, staff and industry partners.

AMarshall.

Anne Marshall, Chair

The overall objective for all marketing activities is to increase overnight leisure travel to destinations throughout Ontario in all four seasons.

Corporate Overview



(Top) 2003 Summer Events Guide
(Centre) 2003 Fall Experience Guide
(Bottom) 2003 Summer Guide

Ontario is an important part of Canada's tourism industry, accounting for almost 34 per cent of Canada's tourism revenues. With almost 130 million people domestically and internationally visiting Ontario each year, it is no surprise that tourism is credited with directly generating well over $7 billion of the province's Gross Domestic Product (GDP).

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

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

OTMPC's industry-led Board is supported by an Executive Committee that sets overall priorities and recommends objectives and strategies, a Nominations Committee responsible for succession planning and recruitment for industry-led Market and Product Committees, a Market Performance Assessment Committee (MPAC) that ensures appropriate measures are in place and are regularly reported to the Board, and a Finance and Audit Committee overseeing and monitoring OTMPC's financial reporting systems.

To support OTMPC in the delivery of tourism marketing products and services in Northern Ontario, the Northern Tourism Marketing Committee was established in March 2003. Market and Product Committees provide further guidance in the development and creation of marketing strategies for the Corporation.

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

Marketing Committees:

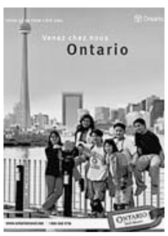
- North America
- Overseas
- Northern Tourism Marketing

Product Committees:

- City
- Outdoor
- Town and Country

OTMPC undertook several additional advertising tracking waves to ensure that all of the advertising activity done as a result of the Tourism Recovery funding was measured.

2003–2004 Performance Highlights



(Top) 2003 Spring Events Guide
(Centre) 2003 French Summer Experience Guide
(Bottom) 2004 Winter Guide

In fiscal year 2003-2004, several world events impacted on the tourism sector creating many challenges for Ontario's tourism industry, OTMPC and industry partners. Just as consumer confidence and visitation to Ontario started to show signs of recovery from the negative impacts of September 11, the industry faced new challenges including: Severe Acute Respiratory Syndrome (SARS), the Iraq War, a slowing U.S. economy, West Nile Virus, Mad Cow disease, a rising Canadian dollar, airline bankruptcies and border security issues.

In response to the SARS pandemic, the challenges brought on by the World Health Organization (WHO) travel advisory and negative international media coverage of Ontario during the spring, the Government of Ontario announced $128 million in new funding over two years to help the tourism industry recover. OTMPC responded quickly with aggressive marketing campaigns to combat the effects of these events starting with the launch of an Assurance Campaign targeting Ontario and U.S. border states. The new campaign delivered the message that Toronto and Ontario were safe for travel and offered great value. Major events were scheduled to showcase Toronto as a world-class tourism destination. Tactics shifted to more focused retail-oriented marketing strategies generating immediate travel responses after the SARS ban was lifted.

RESEARCH

Research continued to be the cornerstone behind the development of OTMPC's marketing strategies and tactics. In 2003, OTMPC continued to track travel behaviour in Ontario's core tourism markets in order to gain a better understanding of travel planning, booking, trip and travel profiles, and consumer interests.

Additionally, the Iraq War and SARS posed a special challenge for tourism research and resulted in the need to gauge consumer perceptions and travel intentions. In cooperation with the Ministry of Tourism and Recreation (MTR), a quarterly *Travel Intentions Study* was introduced that highlighted travel intentions by market and by target segments.

OTMPC measured effectiveness of its advertising initiatives with its ongoing *Advertising Tracking Study*. To ensure that all of the advertising activity done as a result of the Tourism Recovery funding was measured, several additional advertising tracking waves were conducted. Knowledge gained through this study helped OTMPC in new campaign development and also served as a measure of accountability to our partners and stakeholders. The findings of the summer *Advertising Tracking Study* and other market intelligence strongly indicated U.S. travellers were not prepared to travel to Ontario and that any advertising investment would not yield results. As such, OTMPC re-focused its advertising in the post-SARS time period from the U.S. markets to the domestic market.

In 2003, OTMPC began to focus on the important Quebec market. In November 2003, prior to moving into the Quebec market, OTMPC conducted research to understand the Quebec traveller, their interests, motivations and their perceptions of Ontario. Based on the findings, a new French-language campaign was developed and creative was tested through focus groups in March 2004. For a detailed breakdown of the results of the year's campaigns, see the table "Return on Investment 2003–2004" on page 16.

(Left) Leslie Neilson came to Toronto as part of the "It's Time for a Little T.O." campaign; (Right) The TV campaign aired in U.S. border markets, Ontario and Quebec.

MARKETING **ONTARIO**

North American Markets

The Ontario market is by far the largest source of tourism visits and revenues for Ontario, accounting for 70 per cent of total pleasure trips and 55 per cent of total pleasure spending. The U.S. border markets are OTMPC's second largest source of tourism, representing 21 per cent of total trips to Ontario and 84 per cent of all U.S. pleasure trips to the province. Key border states include Michigan, New York, Ohio, Pennsylvania, Minnesota and Wisconsin. Quebec, while accounting for only 2 per cent of both tourism trips and revenues, is a key growth opportunity market, generating high conversion rates and return on investment for the advertising campaigns executed there.

Families and affluent couples continued to be OTMPC's primary target markets for all marketing campaigns, representing the highest volume of travellers in the province. The overall objective for all marketing activities is to increase overnight leisure travel to destinations throughout Ontario in all four seasons. The priority season, where the bulk of marketing activities occur, continues to be the summer when all tourism operations in the province are open, followed by fall and winter as secondary priorities.

Given the shortness of the spring season and limited tourism product availability, the focus in this season is on unique spring outdoor experiences for avid adventurers, spring festivals and events for families, as well as relaxing, rejuvenating activities for couples. Marketing activities started in earnest in May after the World Health Organization (WHO) lifted its travel advisory, with an Assurance Campaign focusing on Toronto as a great city to visit. With the outbreak of the second wave of SARS, this campaign was put on hold until the "all clear" was given to Toronto in June.

North American Advertising

The summer season saw a significant increase in marketing activity, as OTMPC focused on recovery in the domestic market, which was the first to demonstrate positive travel intentions. OTMPC executed a summer program that consisted of four television commercials in 15 Ontario cities and Montreal, four-colour full-page newspaper advertisements, a *Summer Experience Guide,* a summer advertising insert and a *Summer Events Guide.* Given the overwhelming success of last year's Union Station Domination promotion, OTMPC once again delivered the event in cooperation with key industry partners, this time for the full month of May. Over the course of the month, 150,000 brochures were distributed to the key GTA target market.

The fall and winter programs, executed in Ontario, Montreal and U.S. border markets, consisted of television advertising, half-page four-colour newspaper advertisements, a *Fall Experience Guide, Events Guide* and advertising insert, a *Winter Events Guide,* and a winter advertising insert in partnership with Resorts Ontario. Additionally, in winter, OTMPC added 30-second radio spots to highlight the various festivals and events occurring throughout the province.

The spring program, executed in Ontario only, consisted of half-page four-colour newspaper advertisements, a *Spring Experience Guide*, and 30-second radio spots featuring Ontario's seasonal festivals and events. In 2003, OTMPC increased its number of partnered programs by executing over 20 campaigns, including major efforts with Mirvish Productions, the Tourism Toronto coalition, the Toront03 Alliance, and Niagara Falls Tourism.

In spring and summer 2003, OTMPC developed the highly successful "It's Time For A Little T.O." campaign in partnership with Mirvish Productions, the Toront03 Alliance, and the Tourism Toronto Coalition. The campaign had a strong retail component with an appealing price point and was further strengthened by using Toronto- and Ontario-born celebrities to endorse travel to the city. Discounted hotel, theatre and attraction packages were offered to entice tourists back to Toronto.

This marketing campaign, which aired in the U.S. border markets, Ontario and Quebec, was highly successful. It sold well over 340,000 packages during the fiscal year equating to over $60 million in direct revenue to the city.

(Left) Rolling Stones at the "Molson Canadian Rocks for Toronto" concert; (Centre) Sarah McLachlan performs at "A Concert for Toronto"; (Right) Conan O'Brien during his late show's week-long broadcast from Toronto's Elgin Theatre.

(North American Markets continued)

OTMPC in partnership with the Tourism Recovery Office of the Ministry of Tourism and Recreation and the Toront03 Alliance executed three major promotions throughout 2003–2004 in a concerted effort to rebuild Toronto's image post SARS. The objective of all three promotions was to generate significant positive public relations and earn media support to counteract the negative publicity generated by SARS and to rebuild consumer confidence in Toronto.

The first promotion entitled "A Concert for Toronto" took place at the Air Canada Centre in June featuring top Ontario talent. The promotion drew over 70,000 fans from across Canada and the United States, and all seats were sold out in under three hours. The event had a regional economic impact of $10.4 million across the GTA.

The second event, the Molson Canadian Rocks for Toronto concert, was held in July and involved the Rolling Stones, AC–DC and a host of Canadian and international talent and bands in a major outdoor concert at Downsview Park. Over 495,000 Canadians and Americans were in attendance at this record-setting event that pumped approximately $90 million worth of economic activity into the Ontario economy. Over $72.6 million of that activity occurred in the GTA. In excess of $19.4 million in additional tax revenue was generated for all levels of government by the event. Media reaction to both events was extensive and highly positive.

The third event saw Conan O'Brien bring his late-night talk show to the Elgin and Winter Garden Theatre for a week. Big-name Toronto- and Ontario-born talent (Mike Meyers, Eric McCormack and Jim Carey) were featured on the show. This show achieved the highest rating of any late night show in both Canada and the United States, and it resulted in significant travel to Toronto from the United States, with up to 62 per cent packages sold . Earned media and public relations resulting from this event were estimated to be in excess of $10 million.

A major initiative designed to rebuild both Toronto and Niagara's image was undertaken in the spring of 2004. A 16-page high-end insert was developed showcasing the best-in-class experiences in each of the two regions. This was inserted in high-end U.S. magazines including *Condé Nast Traveler, Gourmet, National Geographic Traveler, Vogue, Architectural Digest, Travel & Leisure, Vanity Fair* and *Town & Country.* Both Tourism Toronto and Niagara Falls Tourism received a substantial number of inquiries due to this publication.

Partner activity with Niagara Falls Tourism increased significantly as the Niagara region was also very hard hit by the events of 2003. Three television campaigns were developed and heavily supported by newspaper advertising that ran throughout the year. All campaigns were designed to demonstrate to consumers that there is more to do in Niagara than visit the Falls. A high-quality 16-page insert featuring key activities and attractions in the Niagara region was also developed. This was dropped in six key U.S. markets in spring 2004.

OTMPC also undertook partnerships with Ottawa Tourism during the summer of 2003, with a Summer Escapes program, including a 16-page newspaper insert supported by newspaper and radio ads plus a micro site executed in both Ontario and Montreal. OTMPC continued its long-standing efforts with Attractions Ontario in May/June 2003, distributing 1.5 million passports containing valuable coupons throughout Ontario, Montreal and the U.S. border markets.

Partnership activity with the Canadian Tourism Commission (CTC) included advertising in their new magazine *Pure Canada* and a U.S. summer campaign including newspaper and radio. This year saw OTMPC's first partnership with FedNor in an angling program executed in Cleveland and Minneapolis. Marketing efforts included two 30-second television advertisements, direct mail, direct e-mail and a micro site.

Meetings Conventions and Incentive Travel (MC&IT)

The OTMPC partnered with a total of 14 DMOs and suppliers to showcase Ontario's MC&IT product at key industry tradeshows, including Meeting Professional International's World Education Conference (MPI WEC) August 3–5, Canadian Society of Association Executives (CSAE) Conference October 2–4 and European Incentive, Business Travel and Meeting show (EIBTM) August 3–5. Some 31 new leads were generated resulting in nine booked conventions and incentive travel meetings to-date. Also 226 client contacts were developed resulting in 47 groups having strong potential to hold their meetings in Ontario. These activities were the result of a strategic plan developed and managed by the MC&IT Sub-Committee of the North America Committee. Its focus is to maximize the growth of Ontario's MC&IT products in key markets by creating awareness of Ontario as a premier meeting, convention and incentive destination.

(Left) *Experience Beauty in Canada's Capital Region,* Ottawa-Gatineau summer 2003 insert; (Centre) Coverage in *National Geographic* magazine; (Right) Sceen capture of one of three TV commercials.

(North American Markets continued)

North America Media Relations Program

In 2003, the North American Media Relations program saw both its best achievements and experienced its greatest challenges. The function of the program is to generate and facilitate editorial coverage of Ontario as a four-season travel destination in the North American travel and lifestyle media. The challenge of SARS negative impact on Ontario as a travel destination was confronted by a media strategy of placing stories, especially ones highlighting attractive travel packages.

These were placed in the internet versions of top-end print outlets, notably NationalGeographicTraveler.com and ArthurFrommersBudgetTravel.com. These placements reached millions of unique users and generated valuable new media relationships.

OTMPC Media Relations staff worked closely with Canadian travel/lifestyle media contacts and the Travel Media Association of Canada (TMAC) generating over 75 articles, 42 media tours, two Ontario-specific events and two major events including the Juno Awards.

This generated print media coverage for Ontario with a value of $15 million. Print highlights included: *CanadaScope, Flare, National Post, Toronto Sun, Globe & Mail,* and the *Toronto Star.* Television travel spots were broadcast on Canada AM and TVOntario. OTMPC partnered with Ontario Northland to bring CFRB and CFMX to Moosonee for week-long remote broadcasts.

In the United States during 2003, OTMPC Media Relations staff worked closely with traditional and non-traditional partners and U.S. travel/lifestyle media contacts, including members of the Society of American Travel Writers. These efforts generated:

- over 150 articles, 56 media tours, two Ontario-specific events, 8 partnered media events and 4 major events with a media component such as Telus Golf International;
- print media coverage with an equivalent value of $45.7 million;
- print highlights included: *National Geographic Traveler, USA Today, Golf Magazine;* positive radio coverage throughout the United States on ABC, CBS and NPR affiliates plus television coverage on PBS, TSN and The FoodNetwork;
- an internet strategy with online magazines such as NationalGeographicTraveler.com and ArthurFrommersBudgetTravel.com in response to negative SARS coverage in traditional print outlets; and
- promotion for Ontario at Canadian Tourism Commission (CTC) Media Marketplace in New York City.

Radio coverage included two hour-long broadcasts and one full three-hour broadcast live from Toronto on the *Dining Around with Gene Burns Show* (San Francisco, ABC), segments with Mike Conlan (Chicago, CBS), Joseph Rosendo (Los Angeles, NPR), Cerie and Stan Segel (Dallas, ABC), as well as radio partnerships with John Donabie CFRB FM (Toronto) and CFMX (Cobourg). The summer also included a radio interview about Ontario's tourism product with Maxim AM. Television coverage included regular spots on TVOntario's *Mary Ito: More to Life, Canada AM* (CTV), *CG Kids* (TVO), *Odysseys & Ovations* (PBS), CHEX and regional segments on snowmobiling for Peterborough CBC.

North American Travel Trade

OTMPC continued to develop strong partnerships with key U.S. tour operators and the American Automobile Association (AAA) as the distribution channels for Ontario products in key U.S. markets. The focus was on partnerships with key U.S./Domestic tour operators through Joint Marketing Agreements (JMAs). A total of five agreements were initiated in the United States. Training, familiarization tours and site inspections, marketplaces, advertising, and Ontario/AAA packages brochures were components that provided an integrated approach in working with the AAA in selected markets.

A total of 105 partners participated in AAA Marketplaces held in six cities in the United States, 400 AAAs attended, 83 tour operators, 53 partners participated in the AAA co-op advertising campaign, generating 16,000 leads. Domestically, four additional partnerships were developed including the Ontario Motorcoach Association and JMAs with City Sprints, Hillcrest Vacations and CAA Ontario.

To expand its group tour and F.I.T. markets, OTMPC participated in annual conferences and sponsorships at premier North American travel trade marketplaces such as USTOA, ABA, NTA and Rendez-vous Canada. A total of 126 appointments took place with key group decision-makers at these conferences, and as a result a total of 11 Joint Marketing Agreements (JMAs) were developed to be implemented in 2004–2005.

(Left) *CNN Traveller* Spring/Summer 2003; (Centre) *Welcome to Ontario Special,* 2003 supplement part of "Tipps & Infos für den Counter"; (Right) *Meier's MEMO Expedienten – Magazin,* August 2003 16-page insert.

Overseas Markets

European Market

At 1 per cent of total visits to Ontario, Europe produces a significantly higher level of expenditures annually of about 7 per cent share of overall revenue. OTMPC's marketing activity is focused on the United Kingdom and Germany, which account for about 51 per cent of all European visits and 56 per cent of all expenditures. Marketing efforts have focused on strengthening Ontario's four-season brand in these markets and have targeted high-yield travellers.

As a result of the impact of SARS, OTMPC was aggressive in working with key tour operators in its two primary markets, United Kingdom and Germany on Joint Marketing Agreements (JMAs). At Rendez-vous Canada 2003, 18 JMAs were signed with overseas tour operators. Tourism Toronto was a major partner through funding from the Tourism Recovery Program. JMAs focused on stimulating interest and increasing travel sales to Toronto and Ontario during the June to December period in 2003.

One such promotion was with a leading radio station in the United Kingdom, Capital One, where DJs talked about Toronto and Ontario as a destination and discussed special promotional offers by U.K. tour operator "Canadian Affair" including a draw to win a trip for two to Ontario. The campaign exceeded OTMPC's expectations in the number of inquiries and bookings for trips. A second radio campaign is currently in progress with U.K. tour operator "Canadian Affair" and "Radio Clyde" of Scotland. Results to-date from both markets have shown increased bookings and passengers who travelled to Ontario during the promotional period. From the United Kingdom, we have seen an increase of over 13,000 passengers to Toronto and over 3,800 room-nights in Ontario.

In 2003–2004, OTMPC participated in international travel trade shows in its key markets, including World Travel Market and Spotlight Canada in the United Kingdom and Internationel Tourismus-Börse (ITB) Berlin in Germany. In June 2003, OTMPC led a delegation of Ontario suppliers on a sales mission to the United Kingdom and Germany. In the United Kingdom, the team visited tour operators in Dublin, Glasgow, Edinburgh, Peterborough and London. For the German market, visits were made to various operators in Zurich, Switzerland, and in Germany stops were made in Hamburg, Dusseldorf, Cologne and Frankfurt. As a result, the missions were successful in creating additional business by featuring new product in tour operator brochures.

OMTPC hosted several familiarization trips for over 100 travel agents and reservation agents from key tour operator companies. This provided OTMPC with an opportunity to showcase existing and new tourism product. Media continued to be an important part of marketing Ontario via third-party endorsement to consumers in key markets, as well as other markets where opportunities existed. Over 40 press trips were organized for more than 70 media.

Ontario was featured in such publications as *Tours, Elle* magazine, *LTU* magazine, *Trekkers World, DB Mobil, Reinische Merkur, Harper's, The Daily Telegraph, CNN Traveller, You & Your Wedding, BA Highlife, Sunday Mirror, Airone* and *Dove.* OTMPC also obtained extensive TV coverage on Scottish TV, featuring Toronto and Muskoka product. Also, a LTU in-flight video featuring tourism product on Manitoulin Island ran for three months. In total this resulted in over $11.9 million of media results.

Asia-Pacific Market

The Asia-Pacific market contributed approximately 4 per cent of all visitor expenditures in travel to Ontario. Japan remains the largest market in this region accounting for $248 million in visitor expenditures in 2002. Although the volume of visitors from Japan to Ontario is comparatively small, their spending remains one of Asia's highest, making Japan a lucrative target.

As part of the tourism recovery initiative, OTMPC organized a high-level delegation to Japan, led by the Deputy Minister of Tourism and Recreation, to reassure long-standing partners that Ontario was safe for travel. Sales calls were conducted to various tour operators and travel industry organizations. A meeting with the Japanese Association of Travel Agencies (JATA) resulted in JATA members agreement to visit Ontario, as well as discussions on growing travel to Ontario.

The Asia-Pacific Market generates $248 million in visitor expenditures. (Left) Detail of a magazine spread and (right) brochure for Asia 2004 spring campaign.

(Overseas Markets continued)

In 2003–2004, OTMPC saw the addition of 14 Joint Marketing Agreements (JMAs) with industry partners, most notably with HIS Travel, who took part in a Toronto/Ontario campaign where a "Loose Moose" was displayed in the largest retail travel agency in Japan. Over 24,000 people saw the moose during the one-month campaign in April 2003. The OTMPC invested a total of $273,000 on a partner investment of $586,500. Other JMAs focused on one-city-stay programs in Niagara Falls and Toronto during winter and early spring.

OTMPC partnered with the Canadian Tourism Commission (CTC) on the *Sankei Living* program designed to establish Toronto/Ontario as an active tourist destination to further emphasize the safe and friendly image of Ontario and to move Toronto/Ontario to the top of consideration among OTMPC's primary target market. Interactive media results included: weekly articles in *Sankei Living* (newspaper); in Greater Tokyo, material was submitted to the "Active Senior FIT Club" web site and placement of monthly articles of testimonials chosen from members experiences in print media, such as newspapers and magazines.

Other media activities included six journalists travelling from Japan to attend the Rolling Stones concert in July and visits to Niagara Falls and Toronto. An estimated $3,244,700 in public relations value was generated with stories appearing in 21 newspapers throughout Japan from August to September. The overall fiscal 2003–2004 media results generated over $12 million worth of print coverage for Ontario.

Tourism Consumer Information System (TCIS)

OTMPC's Tourism Consumer Information System (TCIS), which was launched on October 2002, showed steady growth despite the challenges faced by the tourism industry. TCIS incorporates a consumer web site at ontariotravel.net, an industry web site at tourismpartners.com, 1-800-ONTARIO call centre, and fulfillment centre.

The year 2003–2004 saw growth in user sessions on ontariotravel.net overall to 1.6 million and registrations to 107,149. OTMPC campaign-based contests contributed on average 35 per cent of registrations to the web site. Approximately 60 per cent of consumer registrations opted to receive ongoing communications from OTMPC.

Calls to the 1-800-ONTARIO call centre have been declining over the last five years as consumer preference for the web to seek travel information increases. Calls to agents at the call centre for 2003–2004 decreased by approximately 20 per cent overall.

In fiscal 2003–2004, consumers requested 228,384 fulfillment pieces, an increase of 57 per cent over the previous year. Of fulfillment pieces distributed, 35 per cent were ordered through the web site at ontariotravel.net. Although publications were available for download, availability of ordering publications online through the web site increased the overall demand for printed publications.

The industry web site at tourismpartners.com saw an increase of registrations in 2003–2004 to 3,215. User sessions on the web site were 57,634. To feature seasonal campaigns or specific experiences, several micro sites were developed in 2003–2004 to provide more detailed and targeted information to consumers. User sessions on the micro sites range from 80,000–100,000. E-marketing initiatives including e-mail and online ads were deployed to support these campaigns and showed excellent results with click-through rates for online ads of up to 7 per cent and e-mail open rates ranging from 10 per cent to 40 per cent.

(Left) 2003-2004 Snowmbile Paradise Ontario Program launched;
(Right) Ontario's angling products were marketed at some 16 shows.

NORTHERN TOURISM MARKETING

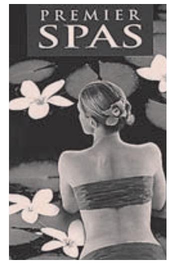
TOURISM IS ONE OF NORTHERN ONTARIO'S MOST IMPORTANT INDUSTRIES, ACCOUNTING FOR DIRECT TOURIST EXPENDITURES OF MORE THAN $1.77 BILLION IN 2002. Northern Ontario's tourists primarily originate in Northern Ontario, Southern Ontario and the United States. Secondary markets include Quebec and Manitoba in Canada, as well a, the European market (primarily United Kingdom, Germany and France) and to a lesser extent the Japanese market. As a result of extensive industry consultations to integrate and support OTMPC in the delivery of tourism marketing products and services in Northern Ontario, OTMPC established a Northern Office in April 2003. The Ministry of Northern Development and Mines (MNDM) and the Ministry of Tourism and Recreation worked collaboratively to develop the terms for the new office and committee representation.

In November 2003, the Northern Tourism Marketing Committee held its first meeting resulting in directional plans for the *Draft 2004–2007 Northern Tourism Marketing Strategy.* This four-year strategy was developed in the context of Ontario's overall Tourism Marketing Strategy as implemented by OTMPC. In 2003–2004, to leverage broad support and to enhance its marketing efforts, OTMPC Northern Office established marketing partnerships with other government agencies such as FedNor, MNDM and Northern Ontario Heritage Fund Corporation. In addition, partnerships with northern industry stakeholders were also developed. In total, almost $1.5 million was provided to industry partners to support OTMPC's marketing efforts. These stakeholders included: Ontario's North (northern cities and attractions); Destination Nord; Northern Ontario Native Tourism Association (NONTA); Northern Ontario Travel Association Program (NOTAPs) including North of Superior, Sunset Country, Algoma Kinniwabi, Near North, Rainbow Country and James Bay Frontier.

OTMPC implemented the Snowmobile Paradise Ontario Program to promote the sport of organized snowmobiling in Ontario. The lead partners for 2003-2004 were the Ontario Federation of Snowmobile Clubs, the Northern Ontario Travel Association Programs and selected Destination Marketing Organizations (DMOs). During the campaign, northern staff attended 11 snowmobile shows in Ontario, Quebec, Manitoba and the U.S. border states and organized 15 familiarization tours. In collaboration with OTMPC's Outdoor Committee, the Northern Office of OTMPC developed and executed marketing plans for angling products. In the spring of 2004, Ontario was represented at 16 angling consumer shows in Manitoba and U.S. border states.

*"**THE NORTHERN TOURISM MARKETING COMMITTEE WAS LAUNCHED IN SEPTEMBER 2003** and hit the ground running. Through the Northern Ontario Office, exciting new programs promoting angling, snowmobiling and other unique Northern products were successfully integrated with OTMPC marketing activities. For the longer term, the Committee focused its attention on developing the Northern Ontario Tourism Marketing Strategy to maintain the momentum, strengthen the industry and achieve greater success."*

Rob Skelly
Manager of Tourism
City of Greater Sudbury
Chair, Northern Tourism Marketing Committee



(Left) Spas Ontario; (Centre) Paddle Ontario;
(Right) Journeys of Discovery program at Upper Canada Village.

MARKET DEVELOPMENT

Based on the direction of OTMPC's Product Committees, the Market Development Unit supported partnerships through product alliances and worked to grow experience-based verticals by building on niche marketing activities. City, Town and Country, and Outdoor Committees each looked at consolidating alliance activities to streamline alliances and integrate them into experience-based programs.

In September 2003, the OTMPC Board of Directors approved a shift towards experience-based marketing. Signature experiences were identified that:

- differentiate Ontario in the marketplace from the competition;
- have strengths versus competition;
- can be uniquely identified with Ontario, or can be created to be unique to Ontario;
- are large enough to generate significant volume and/or yield in terms of trips; and
- have the potential to generate significant partner contributions and span all four seasons.

Five vertical segments were developed as outlined in the table below:

OTMPC's Outdoor, Northern Tourism Marketing Committees and OTMPC staff developed the structure and direction for the Outdoor vertical, building on experiences and packages developed by Paddling Ontario and Arts in the Wild alliances.

Other key partners in developing the web site and its content – particularly the Signature Landscapes portion was Ontario Parks. Resorts Ontario represents another key anchor in the program. Market development and marketing staff worked together to launch the new in-depth web site and outdoor vertical marketing program www.ontariotravel.net/outdoor. Over 130 "best in class" industry experiences/packages are showcased on the site.

Business planning efforts were undertaken with alliances close to the end of the four-year market development process. Spas Ontario and Paddling Ontario alliances consolidated directions to focus on marketing and long-term sustainability. Spas Ontario continued to grow to 39 member spas and continued to partner strategically with OTMPC. Arts in the Wild fine-tuned and broadened its direction under the concepts of looking, learning and doing, which will enhance the product offering and increase partnership opportunities.

Motivating Experiences: Market Potential

Experience	Ontario	U.S. Near
	%	%
Outdoor	28	16
Town and Country	15	11
Indulgences	12	9
Urban Entertainment	9	22
Culture & Heritage	7	12
Total Overnight Pleasure Trips in Ontario	11,728,000	4,668,000

Note: % = Participation in each experience as an overnight pleasure trip in Ontario. Column percentages do not add up to 100% due to additional experiences (not listed) participated in. *Source: IBM, 2001 CTS* *Base: Overnight Pleasure Trips*

Savour Ontario is a new product developed in partnership with LCBO. The launch included wine tasting at Langdon Hall (left) and demonstrations by chefs (right).

(Market Development continued)

In December 2003, a new learning tool for industry and community partners was launched. A *Development Manual for Ontario Community-based ATV Tourism Product* was developed based on the information gained from OTMPC's pilot project with Elliot Lake.

It represents the shared efforts of OTMPC, Elliot Lake, FedNor, Ministry of Northern Development and Mines (MNDM) on behalf of the Northern Ontario Heritage Fund, several communities and the Canadian Tourism Commission.

This comprehensive developmental manual was produced for distribution in CD-ROM format. Five communities have completed the templates and invested a total of $50,000 in the shared marketing program—Elliot Lake, Cochrane, Mattawa, Parry Sound–Georgian Bay and Eastern Ontario (Tweed). Three additional communities are currently working through the templated process—Timmins, Kapuskasing and Hearst. This tourism model can also be applied to non-motorized trail tourism experiences as well as providing local recreation value.

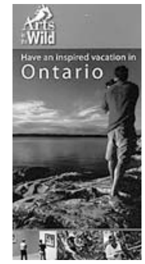
A new product alliance, Savour Ontario, links wineries, country inns and cooking schools that offer over 30 new experiences showcased on the new web site www.savourontario.ca. An innovative partnership with LCBO provided great profile for seven Savour Ontario experiences in which partner chefs cooked at selected demonstration kitchens throughout Southern Ontario.

The partnership includes profile for Savour Ontario in 400,000 copies of the LCBO's *Spring 2004 Learning Guide*. In its first year, Savour Ontario has received strong media coverage, generating in excess of $560,000 in editorial coverage from six articles in print media.

2003–2004 Year to Date: Results

Product Committees	Web Visits	Media Value	Experiences Sold	Room Nights	Revenue $
City Committee	142,026	348,000	13,121	2,960	1,872,651
Touring Committee	24,242	657,400	1,941	1,894	463,309
Outdoor Committee	95,051	405,880	1,345	2,764	430,558
Supplier Development	157,540	0	607	1,054	222,886
Total	418,859	1,411,280	17,014	8,672	2,989,404

Note: There are currently 320 alliance partners investing $1,018,200 (53 per cent) against OTMPC's $954,250 investment (47 per cent).



(Left) Arts in the Wild Program broadened its product offering;
(Right) Arts in the Wild brochure.

(Market Development continued)

In June 2003, over 120 industry leaders and media attended the launch of OTMPC's cultural heritage alliance, Journeys of Discovery. The event was held in Oshawa, in partnership with an antique car club that picked up media in vintage automobiles and toured them to Parkwood Estate and Gardens. The launch generated over 20 articles and media interviews resulting in over $700,000 in unpaid media exposure.

The year 2003–2004 highlighted the challenges in developing and marketing experiences based in the heritage sector. With over 40 per cent drop in attendance due to SARS and the war in IRAQ, the closure of the Canadian Canoe Museum affected both Journeys of Discovery and Arts in the Wild. Many of Ontario's heritage-based attractions have very small budgets and a heavy reliance on volunteers, which impacts the ability of heritage icons to invest large amounts of money and time in collaborative marketing programs.

To strengthen partnerships with Destination Marketing Organizations (DMOs) in Ontario's major centres, OTMPC entered into agreements with Tourism Toronto/City of Toronto and the Ottawa Tourism and Convention Authority to further market development efforts to build existing and new alliances and to integrate them into city marketing initiatives.

Through the Tourism Event Marketing Partnership Program (TEMPP), OTMPC partners with local organizers to increase their marketing impact. Since the program was created in 1998, it has provided more than $12.6 million in funding to assist the marketing of 523 festivals and other events throughout Ontario. In 2003–2004, OTMPC worked with local partners to market 130 events province-wide. Events included the Toronto International Film Festival, the Molson Indy, the Ottawa International Jazz Festival, the Niagara Grape and Wine Festival and the North Bay Heritage Festival.

"Exceptional cuisine has long been an integral part of the Millcroft experience *and our participation in Savour Ontario is the perfect opportunity to work with OTMPC and like-minded partners—inns, cooking schools and wineries—to build a strong regional cuisine brand for Ontario. Our chef has really embraced the notion of working with local agri-food suppliers to build new culinary vacations, and the end result has been warmly embraced by our visitors."*

Wolfgang Stichnothe
Innkeeper/President
The Millcroft Inn and Spa
Member, Town and Country Committee

(Left) Detail from 2003 French Summer Experience Guide;
(Right) 2003 Fall Events Guide.

PARTNERSHIP SUPPORT

In addition to public funding, investment by the tourism industry in OTMPC's programs and initiatives has been critical to the successful marketing of Ontario. Partnership contributions via cash, in-kind services or leveraged dollars has steadily increased since OTMPC's inception, enabling the organization to evolve its leadership role in areas such as marketing expertise, creative execution and stakeholder facilitation. Through partnerships with Destination Marketing Organizations (DMOs), CTC, overseas tour operators, and more than 9,000 tourism suppliers across the province, OTMPC was able to maintain leverage and cash flows for the partnership in 2003–2004.

Partner Investment (in millions)

	2001–2002		2002–2003		2003–2004		
	Target	Actual	Target	Actual	Target Core	Actual	Recovery
Cash	5.3	6.1	6.4	6.2	7.5	5.8	2.3
Leverage	7.0	8.2	8.5	8.3	10.0	7.4	2.4
In-kind	2.3	1.1	2.5	0.9	1.2	1.2	2.8
	14.6	15.4	17.4	15.4	18.7	14.5	7.5

Notes:

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

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

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

(Left) Detail from 2003 Summer Experience Guide;
(Right) TRP generated additional tourism spending of $687 million.

TOURISM RECOVERY PROGRAM

In April 2003, the Government of Ontario announced the creation of a $128-million two-year Tourism Recovery Program (TRP) to respond to the negative impact of SARS on Ontario's tourism industry and to rebuild global confidence in Toronto and Ontario as a world-class destination.

OTMPC played an integral role in making it possible for the TRP to be delivered on a timely basis. Not only did OTMPC assume responsibility for the delivery of Tourism Recovery advertising but the Corporation supported the delivery of several of the various TRP components by assisting the Tourism Recovery Office through the provision of program delivery support that significantly increased the ability of the TRO to be responsive to the needs of tourism stakeholders.

The program made investments in over 200 different tourism marketing initiatives across the province. One of the important benefits of the Tourism Recovery Program has been the new industry partnerships that have grown out of the program's investments. The program has been instrumental in helping tourism operators and attractions across Ontario work together in delivering new packages and marketing campaigns.

All components of the Tourism Recovery Program were measured for effectiveness via an independent analysis. The overall program impact for the period July 1, 2003, to March 31, 2004, is a follows:

- prompted an additional 3.6 million tourism visits to Ontario
- generated additional tourism spending of $687 million
- produced the equivalent of 13,700 direct and indirect jobs and
- spread TRP benefits throughout the province:
  - $285 million in additional tourism spending in the GTA where the program worked in partnership with the Toront03 Alliance, and
  - $402 million in additional tourism spending outside the GTA.

Overall, each dollar invested in the Tourism Recovery Program generated a return of $11, according to the analysis by PKF Consulting. (Note: In April 2004, the name of the program changed to Tourism Revitalization Program.)

*"**As a result of Tourism Recovery Funding,** we were able to increase our market share thus far in 2004 and overcame the challenges we faced in 2003. It also allowed London to penetrate new markets in which we were able to achieve significant successes. The funding helped us remain competitive during very difficult times in the tourism industry."*

Marty Rice
Manager of Leisure Travel and Advertising
Tourism London

(Left) OTMPC partnered with FedNor in an angling program;
(Right) Ottawa 2003 summer insert.

RETURN ON INVESTMENT

Return on Investment (ROI) 2003–2004

Campaign	Trips Generated (000s)	Revenues Generated ($ millions)	ROI	Cost/Person Trip
		Domestic Market		
Domestic Market	**1,281**	**$267.1**	**15.2**	**$14**
April/May	103	$19.8	8.5	$23
June/July	207	$42.4	9.1	$23
July	212	$47.6	14.0	$16
August	182	$41.2	44.7	$5
September	178	$38.8	31.1	$7
October/November	118	$26.7	16.0	$14
December/January	203	$36.8	13.9	$13
February/March	77	$13.8	19.0	$9
		U.S. Near Border Market		
U.S. Near Market	**233**	**$57.0**	**6.1**	**$40**
April/May	39	$9.6	7.2	$34
June/July	13	$3.3	1.8	$133
August	70	$17.1	26.4	$9
November/December	20	$5.0	1.7	$147
January	25	$6.1	10	$24
February/March	65	$15.9	10.3	$24
		Montreal Market		
Montreal Market	**40**	**$7.0**	**6.5**	**$27**
June/July	21	$3.7	11	$16
July/August	8	$1.4	3	$59
December/January	11	$1.8	17	$10

AUDITOR'S REPORT

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

I have audited the balance sheet of the Ontario Tourism Marketing Partnership Corporation as at March 31, 2004 and the statements of operations and accumulated surplus and cash flows for the year then ended. These financial statements are the responsibility of the Corporation's management. My responsibility is to express an opinion on these financial statements based on my audit.

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

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Corporation as at March 31, 2004 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Gary R. Peall, CA
Acting Assistant Provincial Auditor
Toronto, Ontario
June 24, 2004

BALANCE SHEET As at March 31, 2004

	2004 ($ 000)	2003 ($ 000)
ASSETS		
Current Assets		
Cash and cash equivalents	18,164	3,214
Accounts receivable	3,601	1,367
Funds held for the Ministry of Tourism and Recreation	—	412
Due from the Province	2,738	370
Prepaid expenses	87	245
	24,590	5,608
Capital Assets (Note 4)	2,937	2,982
	27,527	8,590
LIABILITIES AND EQUITY		
Current Liabilities		
Accounts payable and accrued liabilities	17,253	4,529
Due to Ministry of Tourism and Recreation	—	412
Lease obligations (Note 6)	201	190
	17,454	5,131
Non-current Liabilities		
Deferred revenue (Note 7)	5,169	325
Deferred contributions related to capital assets (Note 5)	64	194
Lease obligations (Note 6)	17	205
	5,250	724
Equity		
Accumulated surplus	4,823	2,735
	27,527	8,590

Commitments (Note 9)

See accompanying notes to financial statements.

Approved on behalf of the Board:

Chair

Director

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS For the Year Ended March 31, 2004

	Core Programs ($ 000)	Recovery Program ($ 000) (Note 3)	2004 Total ($ 000)	2003 Total ($ 000)
Revenues				
Province of Ontario	39,451	57,226	96,677	34,268
Advertising sales	5,715	2,331	8,046	5,879
Interest income	341	—	341	—
Amortization of deferred contributions (Note 5)	130	—	130	130
Trade promotions	87	—	87	287
	45,724	59,557	105,281	40,564
Expenses				
Advertising and sales promotion	25,381	49,660	75,041	25,319
Tourism consumer information services	4,197	—	4,197	4,159
Administrative expenses (Note 8)	3,964	—	3,964	4,135
Trade development	3,347	—	3,347	2,976
Events marketing program	3,097	9,246	12,343	2,441
Product development and research	2,623	651	3,274	2,710
Amortization of capital assets	848	—	848	440
Board and Committee expenses (Note 10)	179	—	179	151
	43,636	59,557	103,193	42,331
Excess (deficiency) of revenues over expenses	2,088	—	2,088	(1,767)
Accumulated surplus, beginning of year			2,735	4,502
Accumulated surplus, end of year			4,823	2,735

See accompanying notes to financial statements.

STATEMENT OF CASH FLOWS For the Year Ended March 31, 2004

	2004 ($ 000)	2003 ($ 000)
Cash provided by operating activities		
Excess (deficiency) of revenues over expenses	2,088	(1,767)
Add (deduct) non-cash items:		
Amortization of capital assets	848	440
Amortization of deferred contributions	(130)	(130)
	2,806	(1,457)
Change in non-cash working capital	13,124	3,084
	15,930	1,627
Cash used in investing and financing activities		
Capital asset additions	(803)	(1,940)
Lease obligations	(177)	(174)
	(980)	(2,114)
Increase (Decrease) in cash during the year	14,950	(487)
Cash and cash equivalents, beginning of year	3,214	3,701
Cash and cash equivalents, end of year	18,164	3,214

See accompanying notes to financial statements.

NOTES TO FINANCIAL STATEMENTS March 31, 2004

1. NATURE OF CORPORATION

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

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

In accordance with the Regulation, as amended by Ontario Regulation 12/04, the Corporation is to be dissolved on September 30, 2004. Management is confident that the current regulation will be amended prior to September 30, 2004 thereby extending the mandate of the corporation indefinitely.

2. SIGNIFICANT ACCOUNTING POLICIES

(a) Basis of Accounting

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

(b) Revenue Recognition

Revenue for designated activities, received prior to the year in which the activities are to be carried out, are recorded in the balance sheet as deferred revenue, and recognized as revenue in the year when the related expenses are incurred.

(c) Donated Services

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

(d) Capital Assets

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

(e) Use of Estimates

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

(f) Cash and Cash Equivalents

Cash and cash equivalents consist of bank balances and term deposits that are readily convertible into cash with original maturity dates of less than ninety days.

(g) Partnerships

The Corporation enters into agreements with private and public sector partners in order to add value to tourism marketing programs. The Corporation tracks the dollar value (cash, leverage, in-kind) of such agreements to demonstrate the impact of the Corporation's investment on the partnered marketing programs. Partner revenues and expenses are not included in the Corporation's financial statements.

3. RECOVERY PROGRAM

On April 29, 2003 the Premier announced $128 million in funding to be provided to the Ministry of Tourism and the Corporation for a tourism recovery program to counter the impact of Severe Acute Respiratory Syndrome (SARS) on Ontario. Under this plan the Corporation received from the province $62.3 million in 2003/04 (revenue – $57.226 milion, deferred revenue – $5.077 million) and expects to receive $29.5 million in 2004/05.

4. CAPITAL ASSETS

	March 31, 2004			2003
	Cost ($ 000)	Accumulated Amortization ($ 000)	Net Book Value ($ 000)	Net Book Value ($ 000)
Furniture	279	230	49	76
Leasehold improvements	432	362	70	127
Tourism Consumer Information System	3,251	847	2,404	2,267
Assets under Capital Lease	587	173	414	512
	4,549	1,612	2,937	2,982

Notes to Financial Statements March 31, 2004 (continued)

5. DEFERRED CONTRIBUTIONS RELATED TO CAPITAL ASSETS

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

	($ 000)
Balance, beginning of year	194
Less amounts amortized to revenue	130
Balance, end of year	64

6. LEASE OBLIGATIONS

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

	2004 ($ 000)	2003 ($ 000)
Lease obligations, beginning of year	395	569
Add: new capital leases	18	—
Less: payments made on capital leases	195	174
Lease obligations, end of year	218	395
Current lease obligations	201	190
Non-current lease obligations	17	205

7. DEFERRED REVENUE

Deferred revenue included $5.077 million of Recovery Program funding received from the Province of Ontario for which the related expenses had not been incurred as of March 31, 2004.

8. ADMINISTRATIVE EXPENSES

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

	2004 ($ 000)	2003 ($ 000)
Salaries and benefits	3,221	2,993
Services	445	915
Transportation and communications	207	178
Supplies and equipment	91	49
	3,964	4,135

The Corporation provides pension benefits for all its full-time employees through participation in the Public Service Pension Fund (PSPF) and the Ontario Public Service Employees' Union Pension Fund (OPSEU Pension Fund) which are both multiemployer defined benefit pension plans established by the Province. These plans are accounted for as defined contribution plans, as the Corporation has insufficient information to apply defined benefit plan accounting to these pension plans. The Corporation's contributions related to the PSPF and OPSEU Pension Fund for the year were $155,635 (2003 – $99,563) and are included in salaries and benefits.

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

9. COMMITMENTS

The Corporation signed an agreement in August, 2001, for a supplier to develop and operate a Tourism Consumer Information System. The agreement includes paying the supplier for equipment and software licences acquired in the nature of capital leases. The Corporation has also entered into an operating lease agreement for its premises. Future payments under the agreements are as follows:

	($ 000)
2004/05	3,896
2005/06	283
	4,178

10. BOARD AND COMMITTEE EXPENSES

Board and committee members are reimbursed for travel expenses incurred to attend board of directors and related committee meetings. Board and Committee members do not receive per diems to attend Board and Committee meetings.

11. SALARY DISCLOSURE

Section 3(5) of the Public Sector Salary Disclosure Act, 1996 required disclosure of Ontario public-sector employees who were paid an annual salary in excess of $100,000. For the Corporation, in the calendar year 2003, this disclosure requirement is as follows:

Name	Position	Salary ($)	Taxable Benefits ($)
William Kenny	Acting President & CEO	132,396	239
Cheryl Row	Vice President Marketing	107,079	202