



Standing Committee on Oversight of Government Operations and Public Accounts

Report on the Review of the 2013-2014 Annual Report, 2015-2016 Business Plan and 2012-2017 Strategic Plan of Nunavut Tourism

**3rd Session of the 4th Legislative Assembly of Nunavut
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Introduction

Nunavut Tourism's *Mission Statement* provides that the organization is a "not-for-profit membership association which encourages tourism development by providing specialized knowledge and expertise in five key areas: marketing, research, industry development, training and visitor services." The organization was established in 1996 and is incorporated under the territorial *Societies Act*.

Although Nunavut Tourism is not a public agency within the meaning of the *Financial Administration Act* or a public body within the meaning of the *Access to Information and Protection of Privacy Act*, it is important to note that most of its core operating funding is approved by the Legislative Assembly through its annual consideration of the main estimates and business plan of the Government of Nunavut's Department of Economic Development and Transportation.

The core operating funding provided to Nunavut Tourism by the Government of Nunavut's Department of Economic Development and Transportation has increased from \$1.8 million in the 2014-2015 fiscal year to \$3.08 million in the 2015-2016 fiscal year. This represents an increase of over 70%. The terms and conditions of the funding are set out in annual contribution/partnership agreements between Nunavut Tourism and the Department of Economic Development and Transportation. It should also be noted that Nunavut Tourism receives additional funding from such entities as the Canadian Northern Economic Development Agency.

During the Legislative Assembly's sitting of March 11, 2015, a motion was adopted during the proceedings of the Committee of the Whole to invite representatives from Nunavut Tourism to appear before the Standing Committee to "account in detail for the association's expenditures, activities and initiatives." The motion was considered and passed during consideration of the proposed 2015-2016 main estimates and business plan of the Department of Economic Development and Transportation.

The Government of Nunavut's current *Sivumut Abluqta* mandate statement provides that one of its objectives is to:

"Encourage and support economic development initiatives that build on and add value to identified areas of potential, including the harvesting, arts and tourism sectors."

The Government of Nunavut's current *Sivumut Abluqta* mandate statement also provides that another of its objectives is to:

"Review government programs to determine what is working well, what needs improvement, and what we should stop doing in order to focus our resources on enabling Nunavut's success; and ensure recipients of Government of Nunavut funds are providing the outcomes we expect from our investment."

The Chairperson of Nunavut Tourism's board of directors and the organization's Chief Executive Officer appeared before the standing committee from June 3-4, 2015. The hearing took place in the Chamber of the Legislative Assembly. The hearing was televised live across the territory and was open to the public and news media to observe from the Visitors' Gallery. Transcripts from the standing committee's hearing are available on the Legislative Assembly's website.

Along with the Government of Nunavut and Nunavut Tunngavik Incorporated, Nunavut Tourism was one of the three "tourism partner organizations" that co-operated in the development of the territory's current tourism strategy, *Tunngasaiji*, which was tabled in the Legislative Assembly on May 16, 2013.

The importance of tourism to the territorial economy has long been recognized. The tourism strategy indicates that:

"In 2011, tourism-related businesses generated more than \$40.0 million in revenue, and represented 3.2% of overall Nunavut Gross Domestic Product. Accommodation and outfitting businesses alone employed 1,258 Nunavummiut."

However, the strategy also describes the challenges facing this sector of the economy. It notes that, "The tourism industry in Nunavut remains underdeveloped," and that it faces "a lack of quality tourism products, insufficient training for tourism, operators, inadequate investment, and a lack of organizational capacity and co-ordination among tourism organizations."

A number of noteworthy developments occurred subsequent to the standing committee's June 2015 hearing:

- July 23, 2015: Department of Economic Development and Transportation announces launch of new Community Tourism and Cultural Industries Program.
- August 2015: Nunavut Tourism announces the appointment of a new Chief Executive Officer, following the retirement of the previous incumbent.
- September 22, 2015: Department of Economic Development and Transportation announces schedule of public consultation meetings concerning amendments to the territorial *Travel and Tourism Act*.

Observations and Recommendations

A number of themes and issues were considered during the standing committee's hearing. These included:

- The governance relationship between Nunavut Tourism's board of directors, its management and the Government of Nunavut's Department of Economic Development and Transportation.
- The transparency of Nunavut Tourism's financial and operational reporting.
- The appropriateness of Nunavut Tourism's current mandate, including its capacity to successfully fulfill all of its current responsibilities in such areas as destination branding, market research, industry advocacy, management of visitors' centres and provision of tourism training and business aftercare services.
- The extent to which Nunavut Tourism has effectively co-operated in the government's ongoing review of such legislation as the *Travel and Tourism Act*.
- The extent to which Nunavut Tourism has effectively co-operated in the government's development of a new "marine tourism management plan" that is to address concerns that have been raised regarding the activities and impact of cruise ship traffic.
- The status of various tourism-related initiatives, including Nunavut Arctic College's Nunavut Tourism Training Program.

Recommendation #1: The standing committee recommends that the Minister of Economic Development and Transportation table in the Legislative Assembly, on an annual basis, as applicable, beginning with materials prepared in respect to the 2014-2015 fiscal year, the following items:

- Nunavut Tourism's business and strategic plans;
- Nunavut Tourism's annual report;
- The annual contribution/partnership agreement between Nunavut Tourism and the Department of Economic Development and Transportation;
- All monitoring, evaluation, activity and assessment reports prepared by the Department of Economic Development and Transportation in relation to Nunavut Tourism's expenditures, activities and performance under the terms of its annual contribution/partnership agreement with the department;
- All Memoranda of Understanding and/or analogous agreements entered into between Nunavut Tourism and other entities; and
- All of Nunavut Tourism's operational policies and guidelines, including its current conflict of interest guidelines for board members and employees.

Recommendation #2: The standing committee recommends that the annual contribution/partnership agreement between Nunavut Tourism and the Department of Economic Development and Transportation explicitly require Nunavut Tourism’s annual reports to contain the following information:

- Detailed breakdowns of all travel and hospitality expenditures incurred by members of the board of directors of Nunavut Tourism, including the itineraries, travelers, purpose and results of each travel and hospitality expenditure;
- Detailed breakdowns of all travel and hospitality expenditures incurred by employees of Nunavut Tourism, including the itineraries, travelers, purpose and results of each travel and hospitality expenditure;
- Detailed breakdowns of all expenditures incurred by Nunavut Tourism through procurement, contracting and leasing activities;
- Detailed breakdowns of all expenditures incurred by Nunavut Tourism for branding, business aftercare, governance, marketing, training and research activities; and
- Detailed descriptions of all Requests for Proposals and Tenders issued by Nunavut Tourism during the previous fiscal year, including the results of each Request for Proposals and Tender.

Recommendation #3: The standing committee recommends that the annual contribution/partnership agreement between Nunavut Tourism and the Department of Economic Development and Transportation explicitly require Nunavut Tourism to conform to the provisions of the Government of Nunavut’s *Financial Administration Manual* with respect to travel and hospitality expenditures, and the Government of Nunavut’s *Human Resource Manual* with respect to employment practices.

Recommendation #4: The standing committee recommends that the Government of Nunavut, in its response to this report, provide a detailed breakdown of all Nunavut Tourism expenditures incurred during the first six months of the 2015-2016 fiscal year (April 1, 2015-September 30, 2015).

Recommendation #5: The standing committee recommends that the Government of Nunavut, in its response to this report, clarify, in detail, the status of the Department of Economic Development and Transportation’s development of a new “Marine Tourism Management Plan,” including the timetable for tabling the Plan in the Legislative Assembly.

Recommendation #6: The standing committee recommends that the Government of Nunavut, in its response to this report, clarify, in detail, the status of the Department of Economic Development and Transportation’s planned 2015 Visitor Exit Survey.

Recommendation #7: The standing committee recommends that the Government of Nunavut, in its response to this report, clarify, in detail, the status of the Department of Economic Development and Transportation's plan to "initiate an economic impact study on tourism to determine the impact of tourism activities on the Nunavut economy and the impact of external economic factors on tourism in Nunavut."

Recommendation #8: The standing committee recommends that the Government of Nunavut, in its response to this report, clarify, in detail, the status of Nunavut Arctic College's Nunavut Tourism Training Program.

Recommendation #9: The standing committee recommends that the Government of Nunavut, in its response to this report, clarify, in detail, the status of the following initiatives that have been undertaken by Nunavut Tourism:

- Preparation and public release of its 2014-2015 annual report;
- Development of an Inuit Employment Plan;
- Translation of website content into the Inuit Language, French and other languages;
- Co-operation with the Canadian Wildlife Service and Transport Canada in the development of regulations and permitting requirements; and
- Development of a Memorandum of Understanding with the Nunavut Film Development Corporation.

Recommendation #10: The standing committee recommends that the Government of Nunavut's current "Operational Audit" initiative explicitly consider the advisability of the Tourism and Cultural Industries Division of the Department of Economic Development and Transportation assuming some or all of the functions that are presently managed by Nunavut Tourism, and that this analysis consider what adjustments would be required to each entity's financial and human resources.