



DESTINATION
BRITISH COLUMBIA™

2019/20 – 2021/22 SERVICE PLAN

February 2019



**BRITISH
COLUMBIA**

For more information on Destination BC contact:

12th Floor, 510 Burrard Street

Vancouver, B.C. V6C 3A8

Phone: (604) 660-2861

Fax: (604) 660-3383

Email: ContactTourism@DestinationBC.ca

or visit our website at

www.DestinationBC.ca

Board Chair Accountability Statement



The 2019/20 - 2021/22 Destination BC Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan, and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of January 28, 2019, have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, Destination British Columbia's (Destination BC) mandate, goals and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of Destination BC's operating environment, forecast conditions, risk assessment and past performance.

A handwritten signature in cursive script that reads "Dawn Black".

Dawn Black
Board Chair

Table of Contents

Board Chair Accountability Statement 3

Strategic Direction and Alignment with Government Priorities..... 5

Operating Environment..... 6

Performance Plan 7

Financial Plan..... 16

 Summary Financial Outlook..... 16

 Key Forecast Assumptions, Risks and Sensitivities 16

 Management’s Perspective on the Financial Outlook 17

Appendix A: Hyperlinks to Additional Information..... 18

 Corporate Governance 18

 Organizational Overview 18

Strategic Direction and Alignment with Government Priorities

Destination BC, operating under the [Destination BC Corp. Act](#), plays a critical role in:

- Maximizing long term tourism industry growth by providing a unifying and consistent brand, and a marketing strategy for the tourism sector that motivates travellers from around the world to visit, and encourages B.C.'s residents to travel within their province.
- Providing leadership and direction for the expansion and strengthening of B.C.'s tourism products and experiences, including Indigenous cultural tourism. Destination BC delivers branding, marketing and destination development activities directly and through contracted third parties.

These services promote thousands of businesses hosting millions of consumers, which make a significant economic and social contribution to the province. Estimates released by BC Stats for 2017, showed that the tourism industry generated \$18.4 billion in revenue, an increase of 8.4 per cent over 2016. In addition, tourism contributed \$9.0 billion to the provincial GDP and employed nearly 138,000 people.

Destination BC embraces government's commitment to true and lasting reconciliation with Indigenous peoples of British Columbia and will continue to incorporate the United Nations Declaration on the Rights of Indigenous Peoples and the Calls to Action of the Truth and Reconciliation Commission in the context of Destination BC's programs and services.

Destination BC's [2017/18-2019/20 Corporate Strategy](#), related Global Marketing and Destination Development Strategies, and the *Super, Natural British Columbia*[®] brand all align with Destination BC's mandate, as articulated in the [Destination BC Corp. Act](#).

Destination BC is committed to working with the Minister to achieve the following specific priorities outlined in the [2019/20 Mandate Letter](#):

- Ensure Destination BC's programs and investments are aligned with Provincial tourism priorities, including Indigenous tourism, and other emerging government priorities.
- Champion tourism as a job creator by working in partnership with industry and training organizations to deliver innovative marketing and industry development programs.
- Drive strategic alignment of marketing and data technologies across tourism organizations and businesses in all regions of B.C. to advance marketing capabilities and strengthen B.C.'s brand in the global marketplace.
- Continue the delivery of the Destination Development Program and support the implementation of the 20 local-area plans, six regional plans, and provincial plan to guide industry development to maintain B.C.'s competitive advantage as a preferred destination.
- Support the Minister of Jobs, Trade and Technology (JTT) and the Minister of State for Trade to deliver on government's commitment to represent British Columbia's tourism sector on trade missions.

Destination BC is aligned with the Government’s key priorities:

Government Priorities	Destination BC Aligns with These Priorities By:
Delivering the services people count on	<ul style="list-style-type: none"> • Assisting tourism businesses to meet and exceed guest needs and expectations. (Objective 2.1) • Creating a Powerful Marketing Network. (Goal 3)
A strong, sustainable economy	<ul style="list-style-type: none"> • Facilitating growth of overnight visitor expenditures. (Goal 1) • Collaborating with stakeholders, partners and communities to align and focus on collective marketing and development efforts. (Objective 3.1) • Creating and implementing a provincial destination development plan by working across government with regional and community organizations, and tourism business operators. (Objective 3.1)

Operating Environment

The Economic Forecast Council (EFC) expects B.C.’s real GDP to grow by 2.5 per cent in 2019 and 2.6 per cent in 2020. Meanwhile for Canada, the EFC projects national real GDP growth of 1.9 per cent in 2019 and 1.8 per cent in 2020. As such, B.C.’s economic growth is expected to outperform Canada’s in the coming years. Risks to the economic outlook are weighted to the downside and include uncertainty regarding global trade policy, weakening global economic activity, as well as ongoing economic challenges in Asia and the euro zone. Additionally, there are risks related to monetary policy tightening and the volatility associated with commodity prices and the exchange rate outlook.

Tourism industry growth is a key indicator of the success of the province’s tourism sector and Destination BC’s activities. However, from year to year, many factors may affect the tourism industry’s performance. Looking forward, in 2019/20, these factors may include:

- Weather, flooding and wildfires or other emergency events that may occur during the year, which can significantly impact the tourism industry and could require a shift in Destination BC’s marketing plan;
- Fluctuations in the value of the Canadian dollar, which can have impacts on visitation from British Columbia’s international markets;
- Changes in the price of oil, which could affect the Alberta economy and visitation from that market, as well as transportation costs for all visitors;
- Potential impacts of Brexit on the British and European economies and travel patterns;
- Known and unknown global geopolitical events in priority markets may impact international visitation to British Columbia; and
- Disruptions in traveller air access such as temporary airport closures, security issues, changes in visa requirements, etc. which may cause short term impacts on visitation to British Columbia.

Destination BC tracks such factors and adjusts its strategy to capitalize on opportunities and manage risks as they occur.

In 2018/19, Destination BC made organizational changes to increase its capacity and resources in digital marketing and destination development, including reprioritizing savings from the closure of the Peace Arch visitor centre in September 2018 into key programs. In 2019/20, Destination BC will continue to review its activities to ensure that taxpayers' dollars are spent to maximize impact and cost-efficiency.

Performance Plan

This Service Plan outlines Destination BC's goals for the 2019/20 to 2021/22 fiscal years and the strategies to achieve them. The goals, objectives, strategies, performance measures and targets are reflective of Destination BC's mandate and the input of Destination BC's [Tourism Marketing Committee](#), which provides advice to the organization on marketing matters. In addition, regular communication will continue to take place between Destination BC and the Ministry of Tourism, Arts and Culture in order to ensure ongoing alignment with ministerial direction and the [2019/20 Mandate Letter](#).

Destination BC's goals, objectives and strategies are closely aligned with our [2017/18-2019/20 Corporate Strategy](#) and its three pillars: 'Build a Powerful Marketing Network', 'Foster Remarkable Experiences', and 'Engage our Collective People Power' as well as with our related Global Marketing and Destination Development Strategies. They are also closely aligned with provincial tourism priorities and support the tourism industry to generate economic and social benefits for all British Columbians.

Goal 1: Growth of Overnight Visitor Expenditures

To increase industry revenue, British Columbia needs to attract a growing number of high yield visitors. Destination BC's marketing strategy is designed to attract more of these visitors, generating revenue for British Columbian businesses and employment for British Columbia's residents.

Objective 1.1: Our B.C. travel content captivates travellers and creates emotional urgency to visit British Columbia.

Key Strategies:

- Provide captivating travel content through online and offline channels that will inspire potential visitors to British Columbia.
- Promote travel within British Columbia to residents with a particular focus on the shoulder season and encouraging travel to all areas of the province.
- Respond to changing market conditions locally and globally (e.g. air routes, visa requirements, natural disasters, competition, etc.).

Performance Measures		2016/17 Actual	2017/18 Actual	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
1.1a	Consumption of B.C. travel content promoted by Destination BC ¹	NA	14.4 M (original target) 28M (includes video completions and video ads)	29 M	30 M	32 M	Maintain
1.1b	B.C. tourism industry revenue ²	\$17.0 B	\$18.4 B	+5.0%	+5.0%	+5.0%	+5.0%

¹ Data Source: Numbers aggregated by Destination BC based on reporting from Destination BC, its digital marketing agencies and marketing partners.

² Data Source: BC Stats. Measured on a calendar year basis.

Linking Performance Measures to Objectives:

1.1a: The consumption of, and engagement with, content promoted by Destination BC measures our success in captivating potential visitors, which increases their sense of urgency to visit British Columbia, and hence visitor volume and expenditure.

1.1b: Tourism revenue measures the money received by businesses, individuals and governments due to tourism activities. It reflects increases in visitor expenditures which is our overall Goal 1 and indicator of all related objectives.

Discussion:

1.1a: In 2018/19 and onwards, the performance measure of ‘Consumption of B.C. travel content promoted by Destination BC’ has been expanded to include video completions of skippable video ads. This change has been made to better reflect Destination BC’s investment in its video strategy. Assuming no change in budget, Destination BC anticipates content consumption will improve annually because of improvements to content quality and distribution efficiency. Measure 1.1a is closely aligned to our [2017/18-2019/20 Corporate Strategy](#), and related Global Marketing and Destination Development Strategies.

1.1b: Tourism industry revenue serves as an overall indicator for the growth of the tourism sector. In 2017, due to strong growth in overnight visitor volume and accommodation sector revenue, the target of 5.0% growth was exceeded.

Objective 1.2: Our work amplifies traveler advocacy for British Columbia.

Key Strategies:

- Cultivate a community of brand advocates for British Columbia to recommend travel to B.C. through their networks.
- Forge new relationships with both tourism and non-tourism partners to increase awareness and distribution of the [Explore BC](#) message promoting travel within the province by B.C. residents.

Performance Measure	2016/17 Actual	2017/18 Actual	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
1.2a #ExploreBC uses by Destination BC's brand advocates in the global social media community ¹	2.5 M	3.7 M	4.8 M	5.6 M	6.4 M	7.0 M

¹Data Source: Numbers reported by Destination BC using third party tracking tool.

Linking Performance Measures to Objectives:

1.2a: The use of #ExploreBC by Destination BC's social media brand advocates measures our success in encouraging or influencing them to advocate for British Columbia as a destination to visit among their family, friends and colleagues, hence increasing visitation. This measure indicates the use of #ExploreBC when consumers post or share content on social media. The use of #ExploreBC indicates an active level of engagement and advocacy of our content across multiple social media channels.

Discussion:

1.2a: In 2017/18 a cultural shift was observed in how people use Instagram, which is where the #ExploreBC hashtag is tracked. Industry research shows that, since the introduction of Instagram Stories, people are sharing content more frequently on Instagram Stories and less frequently on their Instagram Feed. Accordingly, the '2018/19 Forecast' and future targets have been modified. Measure 1.2a is closely aligned to our [2017/18-2019/20 Corporate Strategy](#), and related Global Marketing and Destination Development Strategies.

Objective 1.3: Increase direct and indirect customer leads to tourism businesses.

Key Strategies:

- Facilitate purchases, once interest is captured, by connecting visitors directly or indirectly through third parties, to B.C.'s tourism products and services, thus generating customer leads for British Columbia's tourism businesses.
- Drive tourism sector marketing innovation to help create well-paying jobs in every region of the province.

Performance Measure	2016/17 Actual	2017/18 Actual	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
1.3a Number of customer leads for industry generated (directly or indirectly) by Destination BC through digital marketing activities ¹	850,000 (Baseline Year)	803,000 (Direct Only) 6.5 M (Direct & Indirect)	1.25 M (Original Forecast) 4.3 M (Modified Forecast)	1.6 M (Original Target) 4.5 M (Modified Target)	4.7 M	5.0 M

¹Data Source: Numbers aggregated by Destination BC based on reporting from diverse sources including Destination BC, its digital marketing agencies and marketing partners.

Linking Performance Measures to Objectives:

1.3a: The number of leads for industry through Destination BC's digital marketing activities

measures our success in generating leads for tourism businesses, online travel agencies and the travel trade, enabling them to translate those leads into bookings.

Discussion:

1.3a: The 2017/18 forecast was for 1.0 million customer leads (direct or indirect). The ‘2017/18 Actual’ of 6.5 million (803,000 direct referrals) was due to a shift from a strategy of focusing primarily on driving direct referrals to Destination BC’s web properties to one of connecting consumers with inspiring videos on various social platforms. Recent technological enhancements have strengthened Destination BC’s ability to collect indirect referrals data from businesses, and therefore targets for 2018/19 and onwards have been revised. The ‘2017/18 Actual’ is higher than the ‘2018/19 Forecast’ and ‘2019/20 Target’ because of one-time marketing campaigns that were not repeated in 2018/19, and will not be repeated in 2019/20 due to shift in resources to other marketing activities, such as one-time niche-interest campaigns (e.g. fishing, golf, wine touring and mountain biking) which are now run by these Sectors directly using Destination BC co-op marketing funds.

Goal 2: Remarkable Guest Experiences

Assist industry to deliver a world-class guest experience and secure the highest [Net Promoter Score®](#) in North America for British Columbia.

Objective 2.1: Work in partnership with industry and training organizations to assist tourism businesses to meet and exceed guest needs and expectations.

Key Strategies:

- Deliver industry training in regions across the province, including rural communities that are diversifying, growing and strengthening their economies.
- Work collaboratively with Visitor Services Network members, community stakeholders, local businesses, and Government partners to create more contemporary, innovative, and authentic approaches to meeting guests’ information needs as they travel throughout the province.
- Encourage communities to continue to adopt visitor services with enhanced accessibility and promote the hiring of persons with disabilities into the tourism sector.

Performance Measures	2016/17 Actual	2017/18 Actual	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
2.1a Visitor satisfaction with visitor information services ¹	90.4%	NA	Maintain or Improve	NA	Maintain or Improve	NA
2.1b Competitive ranking of British Columbia’s Net Promoter Score ²	Ranked #1 in 2 of 5 key North American markets	Ranked #1 in 3 of 5 key North American markets	Maintain or Improve	Maintain or Improve	Maintain or Improve	Maintain or Improve

¹ Data Source: Destination BC’s Visitor Satisfaction with Visitor Services Information Study (conducted by independent third-party research firm). Visitor satisfaction with visitor services is measured every second year.

² Data Source: Destination BC’s Key Performance Indicator Study (conducted by independent third-party research firm). [Net Promoter Score®](#) measures the likelihood of visitors to recommend B.C. to their friends or family.

Linking Performance Measures to Objectives:

2.1a: Visitor satisfaction with information services measures the success of the Visitor Services Network members in assisting travellers to have memorable trips in British Columbia.

2.1b: British Columbia's ranking by key North American markets measures our success, relative to competing destinations, in assisting tourism businesses to create remarkable on-the-ground experiences for their guests in today's fiercely competitive global tourism market.

Discussion:

2.1a: Although the impact of wildfires added to the informational requirements of visitors in 2018/19, Destination BC expects to 'Maintain or Improve' its previous visitor satisfaction score of 90.4 percent.

2.1b: Measure 2.1b is closely aligned with its corporate goal: to be the 'most highly recommended destination in North America'. B.C.'s key North American competitor markets include Alberta, Ontario, Washington and California. In 2017/18, British Columbians, Albertans and the Greater Toronto Area survey respondents ranked B.C. as #1. Future targets remain set at 'Maintain or Improve' because shifting perceptions (i.e. how likely people are to recommend B.C. as a travel destination versus other competing destinations) is a lengthy process and can be hindered, in the short-term, by factors beyond a marketing organization's control such as weather, price, etc.

Goal 3: A Powerful Marketing ¹ Network

In alignment with the provincial tourism priorities, collaborate with stakeholders, partners and communities to align and focus collective marketing and development efforts, to amplify British Columbia's competitive position in the global marketplace.

Objective 3.1: Collaborate with regional destination marketing organizations, and other key stakeholders, partners and communities to align and focus on collective marketing and destination development efforts.

Key Strategies:

- Develop and support the implementation of the Provincial Destination Development Program, including area plans, regional plans, and the provincial plan that will enhance tourism experiences, businesses and jobs in British Columbia, and elevate British Columbia's competitiveness as a destination for travel and investment.
- Examine Destination BC's funding support for tourism across British Columbia's regions, including service contracts with regional destination marketing organizations, in the context of

¹ The term 'marketing' is used in the broad sense, including destination and product development as well as distribution and advertising and promotion.

other Provincial Government funding programs such as the Municipal and Regional District Tax and Resort Municipality Initiative.

- Continue Destination BC’s Co-Op Marketing Partnerships Program to effectively leverage public and private funds, enhance the Corporation’s marketing capacity and drive greater alignment and coordination across each of British Columbia’s six tourism regions.
- Work with B.C.’s Indigenous cultural tourism sector by providing stable and predictable support for Indigenous Tourism BC (ITBC) to build and implement a robust Indigenous tourism strategy that aligns with other organizations in the provincial and national tourism ecosystem, to increase revenues and jobs and the number of market-ready Indigenous tourism businesses.

Performance Measure	2016/17 Actual	2017/18 Actual	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
3.1a Tourism businesses’ satisfaction with Destination BC programs and services ¹	7.27 (out of 10)	7.31 (Original) 7.34 (Updated)	Improve	Improve	Improve	Improve

¹ Data Source: Destination BC’s Annual Stakeholder Survey (conducted by independent third-party research firm). Tourism businesses comprise one of the six strata whose satisfaction is tracked through the corporate stakeholder survey. Scores of the other strata are reported elsewhere and used to inform corporate planning and program evaluation.

Linking Performance Measures to Objectives:

3.1a: Destination BC’s annual corporate stakeholder survey enables us to measure our success in terms of stakeholder satisfaction with Destination BC’s programs and services, while strengthening communications and relationships with key industry stakeholders, and cross-government partners.

Discussion:

3.1a: In order to meet the 2017/18 Annual Service Plan deadline, on May 29, 2018, data was pulled and analyzed from the 2018 Stakeholder Satisfaction Survey while the study was still in field. Once the study was closed on June 19, 2018 the ‘2017/18 Actual’ figure was updated from 7.31 to 7.34 to include responses from all participating tourism businesses. This result is reflected in the survey’s report of August 21, 2018.

Goal 4: Business Efficiency

Conduct our business efficiently and improve productivity in a changing environment.

Objective 4.1: We conduct our business efficiently to ensure cost effective provision of support services that meet evolving business requirements.

Key Strategies:

- Lower support services costs to increase the funds available for tourism marketing.

- Make programs, systems and knowledge more accessible, user-friendly and shareable for tourism stakeholders, while simplifying application processes and accountability reports to make it easy to do business with us.

Performance Measure	2016/17 Actual	2017/18 Actual	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
4.1a Percentage of Destination BC funds allocated to support services ¹	7.3%	7.0%	<10%	<10%	<10%	<10%

¹Data Source: Destination BC’s Annual Financial Statements (Corporate Services expenditures).

Linking Performance Measures to Objectives:

4.1a: The percentage of funds allocated to support services measures our ability to ensure we are cost effective in meeting our business requirements while improving our ability to compete in the global tourism market by dedicating more funds to tourism marketing.

Discussion:

4.1a: Destination BC anticipates meeting the Objective 4.1 target of <10% of funds allocated to support services. Previous ‘Actuals’ demonstrate that we have been able to meet and exceed this target in the past.

Objective 4.2: We demonstrate business productivity to achieve and be accountable for generating customer leads and improving industry’s ability to compete globally.

Key Strategies:

- Demonstrate achievement of key program outcomes, including supporting tourism marketing and industry development activities that improve industry’s ability to compete globally.

Performance Measures	2016/17 Actual	2017/18 Actual	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
4.2a Size of Destination BC’s global social media community of brand advocates ²	999,782	1.2 M	1.3 M	1.6 M	1.9 M	2.1 M
4.2b a) Number of communities and sectors participating in Destination BC’s application-based co-op marketing program b) number of participating communities outside Metro Vancouver, Victoria and Whistler ³	120 (total) 100 (regional)	138 (total) 105 (regional)	120 (total) 100 (regional)	120 (total) 100 (regional)	120 (total) 100 (regional)	120 (total) 100 (regional)
4.2c Net Promoter Score of Participants in the Experience Design Module of the Remarkable Experiences Program ⁴	34.2 (Max. 100) (Baseline Year)	52.5	Maintain or Improve	50.0 or greater	50.0 or greater	50.0 or greater

¹ Data Source: Numbers aggregated by Destination BC based on reporting from Destination BC, its digital marketing agencies and marketing partners.

² Data Source: Numbers reported by Destination BC using a third-party tracking tool.

³ Data Source: Destination BC’s program area (public documents) verifiable by participants.

⁴ Data Source: Destination BC's Remarkable Experiences Program Overall Evaluation Study.

Linking Performance Measures to Objectives:

4.2a: The size of Destination BC's global social media community is a key measure of the success of programs designed to encourage people to advocate for British Columbia as a travel destination to their family, friends and colleagues. This measure indicates the number of followers of all Destination BC's social media channels (currently including YouTube, Facebook, Instagram, Twitter, Pinterest, Weibo, WeChat).

4.2b: The level of participation in Destination BC's application-based Co-op Marketing Partnership Program measures our success in encouraging the collaboration and alignment of marketing of community Destination Management Organizations across British Columbia.

4.2c: The score of program participants in the Remarkable Experiences Program is a key measure of the success of the program in assisting tourism businesses in their efforts to deliver outstanding guest experiences.

Discussion:

Objective 4.2 is aligned with the Ministerial Directive related to Destination BC's performance-based funding, which was introduced in Budget 2017, and confirmed in subsequent budgets. The 2019/20 performance measures relevant to the Directive include Performance Measures 1.3a and 4.2 a, b and c. Targets and measures are consistent with the Directive.

4.2a: For 2018/19, Destination BC anticipates increasing its global social media community of brand advocates to 1.3 million from its previous score of 1.2 million.

4.2b: Destination BC's investment will not change in 2019/20. Market penetration of the program is high; most communities and sectors already participate. Accordingly, the '2018/19 Forecast' and future targets have been modified from 'Maintain or Improve' to '120 (total) 100 (regional), the target for the equilibrium state of the program. Without changes in Destination BC's budget, minor fluctuations in the number of participants from year to year will reflect isolated changes in the circumstances of community and sector participants, rather than changes in Destination BC's funding or the reach of the program.

4.2c: The dramatic increase from the '2016/17 Actual' of 34.2 (out of 100) to the '2017/18 Actual' of 52.5 was due to the favorable response to changes made to the program. With this large increase in the Net Promoter Score, the program has exceeded the original three-year target of 49.2 and has reached a strong long-term target for participant satisfaction. Hence the target has been adjusted to maintaining a Net Promoter score of 50.0 or greater. Due to further changes in the program the performance measure will only include the Net Promoter score of the Experience Design module from 2019/20 onwards.

Goal 5: Our People

Build a collaborative, insight-driven, results-focused team.

Objective 5.1: We attract, retain and develop highly skilled and engaged people.

Key Strategies:

- Maintain the annual evaluation of employee satisfaction and engagement to assist the Board of Directors and senior management in identifying opportunities to build employee engagement, continue talent development by providing employees with ongoing learning opportunities, increase our capacity to innovate, strengthen our ability to compete for top talent, and uphold our commitment to diversity and inclusion to maintain a stable and thriving workplace.

Performance Measure	2016/17 Actual	2017/18 Actual	2018/19 Forecast	2019/20 Target	2020/21 Target	2021/22 Target
5.1a Employee engagement ¹	4.12 (out of 5)	4.04	4.15	Maintain or Improve	Maintain or Improve	Maintain or Improve

¹ Data Source: Destination BC's Annual Employee Engagement Survey (conducted by independent third-party research firm).

Linking Performance Measures to Objectives:

5.1a Destination BC's annual employee engagement survey enables us to measure our success in attracting, retaining and developing highly skilled and engaged people as we strive to enhance the collective capabilities of the people in our industry and in our organization.

Discussion:

Employee engagement remained very high at 4.04 (on a one to five scale) in 2017/18 but fell short of the original 4.20 target. Destination BC will continue to invest in maintaining and increasing employee satisfaction and engagement. Accordingly, the '2018/19 Forecast' of 4.15 has been revised from the original 4.25 target. Future targets will remain as 'Maintain or Improve'.

Financial Plan

Summary Financial Outlook

(\$m) or (\$000)	2018/19 Forecast	2019/20 Budget	2020/21 Budget	2021/22 Budget
Total Revenue				
Government Transfers ^{1, 2}	53.464	52.621	52.621	52.621
Deferred Government Contributions	0.329	0.360	0.220	0.220
Other Revenue	0.283	0.147	0.150	0.150
Total Revenue	54.076	53.128	52.991	52.991
Total Expenses				
Marketing	32.035	31.924	31.924	31.924
Destination & Industry Development	14.986	13.678	13.681	13.681
Strategy, Research & Communications	2.508	3.240	3.240	3.240
Corporate Services	4.218	3.926	3.926	3.926
Amortization	0.329	0.360	0.220	0.220
Total Expenses	54.076	53.128	52.991	52.991
Net Income	0	0	0	0
Total Liabilities	5.406	5.046	4.826	4.606
Accumulated Surpluses/Retained Earnings	0.709	0.709	0.709	0.709
Capital Expenditures	0.296	0.800	0.225	TBD
Dividends/Other Transfers	0.000	0.000	0.000	0.000

¹ Footnote: The 2018/19 Forecast includes \$1,946,300 in Government Transfers for the Tourism Events Program, which is not a part of base amount. Government transfers will increase by \$1,030,000 effective 2019/20 in addition to increments for bargaining unit employee wage increases (2018/19: \$93,000, 2019/20: \$166,000, 2020/21: \$166,000).

² Footnote: On March 29, 2017 a Ministerial Directive was issued to Destination BC pertaining to a performance-based funding model for Destination BC.

Key Forecast Assumptions, Risks and Sensitivities

Revenue and Expense forecasts for 2019/20-2021/22 include conservative estimates of Other Revenue. Destination BC will manage any fluctuations by implementing sound financial management practices that help ensure government-funded program spending remains affordable and flexible

within Destination BC's business planning. There have been no changes in assumptions from the 2018/19-2020/21 Service Plan. There are no substantive forecast risks to Destination BC's financial plan.

Management's Perspective on the Financial Outlook

Destination BC is primarily funded through Provincial government appropriations. With an increase in government transfers of \$1,030,000 in 2019/20, Provincial funding is expected to remain consistent over the next three years, as identified in the 2019/20-2021/22 Summary Financial Outlook, thus limiting financial risks to Destination BC. As described in this Service Plan, Destination BC allocates this funding to programs that deliver on its mandate. Destination BC generates a small (less than one per cent of total budget) amount of revenue through cost recovery training programs provided to the tourism industry. Any variation from forecast training program revenue will be managed within the program.

Destination BC is subject to significant financial pressures from the effects of increasing costs of digital marketing world-wide and the depreciation of the Canadian dollar on the cost of marketing in the United States and other international markets. Destination BC works to mitigate these pressures by investing in continual improvement of workforce productivity, developing innovative new marketing partnerships and ensuring efficient cost-effective program delivery. If performance-based funding measures are achieved and base funding increases, the incremental resources will be applied to marketing and destination management programs.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

Destination BC is governed by a Board of Directors that is responsible to the Minister of Tourism, Arts and Culture for the implementation of government direction. The Board's direction is implemented by management, which carries out the day-to-day operations of Destination BC under the supervision of the Chief Executive Officer. For more information on Corporate Governance, please see the [Leadership](#) section of Destination BC's corporate website.

Organizational Overview

For an overview of Destination BC, please see Destination BC's [Organizational Overview](#).