



DESTINATION
BRITISH COLUMBIA™

2018/19
ANNUAL SERVICE PLAN REPORT

July 2019



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Board Chair's Accountability Statement



The Destination BC *2018/19 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the [*2018/19 - 2020/21 Service Plan*](#), created in February 2018. I am accountable for those results as reported.

A handwritten signature in black ink that reads "Dawn Black". The script is cursive and fluid.

Dawn Black
Board Chair

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Chair/CEO Report Letter

We are pleased to report that Destination BC continues to support government and its three key commitments to British Columbians, as outlined in the [2018/19 Mandate Letter](#).

Throughout 2018/19, Destination BC engaged in regular communication with the Ministry of Tourism, Arts and Culture to ensure ongoing alignment with ministerial direction and the [2018/19 Mandate Letter](#). This included quarterly meetings of the Minister and Chair, regular meetings between the Deputy Minister and CEO, and monthly meetings of the Assistant Deputy Minister and Vice Presidents to discuss strategic priorities, performance measures and emerging opportunities. In addition, bi-weekly discussions between Government Communications and Public Engagement and Destination BC Corporate Communications were held to ensure alignment on emerging industry and public engagement opportunities. Destination BC has frequent meetings involving the CEO, Executive, Directors and all staff to ensure cross-enterprise alignment of day-to-day activities with the corporate strategy and business plan.

Accountability to the public remains a priority for Destination BC's Board of Directors, Executives and staff. Efforts for fiscal 2018/19 included:

- A continued commitment to include Code of Conduct materials in orientation packages for new Board members, and [Standards of Conduct](#) training for new staff, as well as an annual review of standards of conduct materials by existing staff;
- An update to HR policies pertaining to conflict of interest, diversity and inclusion, our office environment, bullying and harassment; and
- Participation in the BC Public Service's 2018-19 Work-Able Program – an internship for post-secondary graduates with disabilities, to make employment within Destination BC accessible to all British Columbians.

In addition, we remain committed to transparency to industry partners and the public; we make every effort to communicate our strategy and activities through the [corporate website](#), our corporate social media channels [Twitter](#) and [LinkedIn](#), public presentations, and a [monthly newsletter](#).

Destination BC executed its corporate strategy and business plan to maximize the return on taxpayer resources entrusted to us, and contribute to strong, sustainable tourism growth. We are committed to increasing the social, cultural, environmental and economic benefits of tourism for all British Columbians by sharing the transformative power of B.C. experiences with the world.



Dawn Black
Board Chair



Marsha Walden
Chief Executive Officer

Purpose of the Annual Service Plan Report

The Annual Service Plan Report is designed to meet the requirements of the *Budget Transparency and Accountability Act* (BTAA), which sets out the legislative framework for planning, reporting and accountability for Government organizations. Under the BTAA, the Crown corporation's board is required to report on the actual results of the Crown's performance related to the forecasted targets documented in the previous years' Service Plan.

Purpose of the Organization

The tourism industry generates social and cultural benefits for all British Columbians by supporting the viability of community amenities and increasing international exposure to our heritage, education system, trade opportunities and immigration prospects.

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 marketing strategy 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 destinations, 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 guests, making a significant economic and social contribution to the province. Estimates released by BC Stats for 2017, show that the tourism industry generated \$18.4 billion in revenue, an increase of 8.4% over 2016. In addition, tourism contributed \$9.0 billion to the provincial GDP and employed nearly 138,000 people. In 2018, British Columbia's tourism industry experienced another year of growth, with a 6.4 percent increase in international visitor arrivals and increases in accommodation occupancy and daily room rates across most of the province. Destination BC plays an important role in these successes, marketing B.C. domestically and internationally as a remarkable destination while promoting the development, enhancement and growth of the tourism industry throughout the province.

Strategic Direction

The strategic direction set by Government in 2017, and expanded upon in the [2018/19 Mandate Letter](#) from the Minister Responsible for Tourism in 2018, shaped the [2018/19 - 2020/21 Service Plan](#) and the results reported in this Annual Service Plan Report.

The following table highlights the key goals, objectives or strategies that support the key priorities of Government identified in the [2018/19 - 2020/21 Service Plan](#):

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 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 3.2)

Coordination, collaboration and alignment between Destination BC, all levels of government and industry is needed to fully realize the potential of B.C.'s tourism industry and the rural communities that depend on it. Accordingly, Destination BC has aligned its activities with the [Strategic Framework for Tourism in B.C.](#)

Operating Environment

Over the long run, sustainable tourism industry growth is the key indicator of success. However, year-to-year there are many factors, both positive and negative, that may affect the industry's performance. In 2018/19 these included:

- Floods, wildfires and smoky conditions across British Columbia during 2018. This negatively impacted tourism in the affected areas during peak season, reducing travel by residents of Alberta, Washington State and British Columbians. Destination BC responded strategically by shifting resources to market unaffected areas and through wildfire recovery marketing activities targeting short haul markets.
- Increased air travel capacity from Mexico supported increased visitation from this market and demonstrated the importance of strong air access.
- Higher airfare costs from Japan and Australia to British Columbia had a negative impact on visitation from those markets.
- Uncertainty in the U.K. regarding Brexit has affected consumer confidence and discretionary spending in areas such as travel.
- The continued low value of the Canadian dollar against the U.S. dollar made domestic travel more appealing to Canadians and attracted American visitors, but meant higher marketing costs in the U.S.
- The economy of Alberta, one of our largest source markets, saw steady economic growth in 2018 which facilitated travel by Alberta residents despite the presence of floods and wildfires in British Columbia.

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

Report on Performance

Destination BC is focused on achieving the following results: growing the tourism sector through high impact, innovative and creative marketing; enhancing visitor experiences through destination and industry development; developing and maintaining strong collaborative relationships with the tourism industry, communities, Indigenous and cross-government partners; and managing Destination BC with accountability, efficiency and effectiveness.

Key achievements in 2018/19 are categorized below using the strategic imperatives from Destination BC's corporate strategy cited in the [2018/19 - 2020/21 Service Plan](#).

Build a Powerful Marketing Network

Destination BC demonstrated a commitment to expanding its tourism marketing network with many achievements in fiscal 2018/19, with the support of our partners. Highlights for the year include:

Overseas Marketing: A partnership with Destination Canada on consumer direct programs in China, UK, Germany, Australia, and Mexico to promote travel to BC in 2018/19. In addition, key account partnerships in 2018/19 generated about \$220 million in annual tourism revenue for British Columbia. This was based on the visitations after Destination BC's marketing promotions with 80 key international tour operators promoting B.C. to their consumer audience.

Travel Media: Partnerships with Destination Marketing Organizations (DMOs) and tourism businesses to host over 475 press trips from all key markets to generate earned media awareness for British Columbia. As a result, B.C. received coverage from major international recognized media, including: Sunset Magazine, OUTSIDE Magazine, SKI Magazine, The New York Times, National Geographic Traveler, Men's Journal, AFAR Magazine, Bloomberg, Forbes, The Times UK, Today Show Australia, Amazing Race Canada, Travel & Leisure Mexico, Conde Nast and many more.

Global Marketing Content:

- The addition of 1,128 new video clips and photos to Destination BC's image bank, which supplies the tourism industry and travel media with high-quality photos and videos to use in materials that promote travel to B.C. This year, 715 industry users (322 national / 393 international) were provided access to the image bank.
- Increased awareness of B.C. as a destination via Destination BC's industry-leading social media program which reached over 1.3 million followers across our global social media channels and climbed to over 4.7 million uses of the #ExploreBC hashtag.
- Increased B.C. participation in the national User-Generated Content Partnership Network (the first of its kind worldwide) to 45 participants across the province, sharing over 200,000 user-generated photos and videos. This program allows Destination BC and participating partners (including Regional and City DMOs, sectors, and businesses) to find and share images and video from social media with each other and through their marketing channels.

Global Marketing Channels:

- Execution of the 2018/19 Explore BC campaign, focused on B.C., Alberta and Washington residents, including advertising activities to encourage seasonal and geographic distribution, and support wildfire recovery in affected areas of the province.

- Generation of 6.5 million direct and indirect client referrals to tourism businesses and organizations in B.C., a 550% increase over the previous year due to a shift from a strategy of focusing primarily on driving direct client 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 track indirect client referrals to businesses.
- Support over 155 Community DMOs and sectors across B.C. through the Co-Op Marketing Partnerships Program.
- Partnership with Tourism Vancouver, Tourism Whistler and Destination Greater Victoria to work with Destination Canada in the U.S. in the Connecting America consumer campaign, renewing the Team BC approach for 2019.
- Launch of pilot programs in the U.S. market to test our ability to link digital advertising in source markets to visitation to B.C. (also referred to as visitation attribution), using the Facebook and Arrivalist platforms.
- Negotiation of joint marketing initiatives with Google, Expedia, Tencent (WeChat) and Ctrip to enhance our relationship with these key consumer platforms, which included access to more consumer insights, data and digital training and education.
- Winning the 2018 BC Marketer of the Year award – Destination BC was recognized by the B.C. Chapter of the American Marketing Association. In addition, Destination BC's Vice President Global Marketing was recognized by the Canadian Marketing Association as its 2018 Canadian Marketer of the Year.

Research & Analytics:

- Completion of a series of progressive research studies, including a global media scan, disaster recovery research, and a flood / wildfire impact assessment, in order to help Destination BC and our marketing partners understand and manage messaging during natural disasters.
- Partnerships with industry colleagues at all levels on innovative data initiatives (such as mobile phone analytics, spending data, air reservation data and advertising target audience segmentation) in order to advance our understanding of visitor purchase and travel patterns, and increase our marketing efficiency.

Digital Strategy & IT:

- A major upgrade of our English language HelloBC.com website, followed by the migration of the China, Mexico and Germany non-English websites to the new mobile-first platform.
- Launch of Phase 1 of our consumer website personalization, enabling us to present more relevant content to website users based on their browser behaviour.
- Launch of Censhare, a new Digital Asset Management System in January 2019 – a new platform which enables us to build a shared approach to content management with tourism partners across the province. This tool replaces the former Destination BC image bank.
- Onboarding Thompson Okanagan Tourism Association (TOTA) to Destination BC's Salesforce Customer Relationship Management (CRM) system in December 2018. This marks the second partner onboarded (Indigenous Tourism BC [ITBC] was first) onto the system.

Foster Remarkable Experiences

Destination BC supports visitor experiences throughout the province; some of our achievements this year are presented below:

Visitor Services Network Program:

- Community Visitor Centres served over 2.6 million visitors at their physical ‘bricks and mortar’ locations, and around their communities through roaming visitor services counsellors and street teams. Destination BC continued to support and train B.C.’s Visitor Centre staff to increase mobile, digital and social media visitor services.
- Destination BC also announced a new three-year funding commitment for 112 community Visitor Centres, including provision of over \$2 million in annual base funding to help support these communities in the delivery of visitor services.

Remarkable Experiences Program:

- Delivery of the Remarkable Experiences Program in B.C.’s six tourism regions supporting tourism operators, including Indigenous owned businesses in partnership with ITBC.
- Launch of our new industry-facing corporate website featuring a Learning Centre designed for small to medium sized businesses to increase their knowledge and skills in tourism, including digital readiness, social media presence and focus on the total visitor experience.

Destination Development:

- In partnership with the Ministry of Tourism, Arts and Culture, Regional DMOs and ITBC, Destination BC continued to create 10-year destination development plans for 20 planning areas across the province. This year, destination development plans were developed for an additional four planning areas, bringing the cumulative number of destination development strategies to 18 planning areas, plus three tourism regions.
- Final planning efforts were also initiated in the remaining two planning areas and three tourism regions. Additionally, action plans for eight planning areas were initiated, bringing together local tourism stakeholders in their destination development-related efforts. This unprecedented investment in strategic planning is resulting in much greater alignment of community and Regional DMOs, local governments, the Province and the Federal government.

Engage our Collective People Power

- Delivery of a formal leadership development program for all Destination BC employees, which focused on strengthening core leadership competencies across the organization, such as: building high performance teams, performance coaching, communication, critical thinking and decision making, driving innovation and change, and diversity and inclusion.

Goals, Objectives, Measures and Targets

The following section reports on 2018/19, 2019/20 and 2020/21 targets from the [2018/19 - 2020/21 Service Plan](#). Note: some future targets for 2019/20 and 2020/21 have been revised in Destination BC's published [2019/20 - 2021/22 Service Plan](#).

Goal 1: Growth of Overnight Visitor Expenditures

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

Key Highlights:

- Provided captivating travel content through online and offline channels to inspire potential visitors to British Columbia.
- Promoted travel within British Columbia to residents with a particular focus on the shoulder season and encouraging travel to all areas of the province.
- Responded to changing market conditions locally and globally (e.g. air routes, visa requirements, natural disasters, competition, etc.).
- See 'Key Achievements' (pages 8-10) for more 'Key Highlights' of these 'Performance Measures'.

Performance Measures	2016/17 Actual	2017/18 Actual	2018/19 Target	2018/19 Actual	2019/20 Target	2020/21 Target
1.1a Consumption of B.C. travel content promoted by Destination BC ¹	NA	14.4 M (original target) 28 M ² (includes video completions and video ads)	Maintain	46 M	30 M	32 M
1.1b B.C. tourism industry revenue ³	\$17.0 B	\$18.4 B	+5.0%	Available November 2019	+5.0%	+5.0%

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

² In 2017/18 onwards, this performance measure has been expanded to include video completions of skippable video ads. This change was made to better reflect Destination BC's investment in its video strategy. In the [2019/20 - 2021/22 Service Plan](#) fiscal years 2019/20 and 2020/21 were updated (from Maintain, to 30 M and 32 M).

³ Data Source: BC Stats. – measured on a calendar year basis.

Discussion:

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. The '2018/19 Actual' of 46 M exceeded the target of maintaining the previous year's actual of 28 M due in part to increased marketing investments in short haul markets: British Columbia, Alberta, and Washington State, as part of wildfire recovery efforts. The cost of generating content consumption is much lower in these markets compared with longer haul U.S. and international markets, thus content consumption during 2018/19 was higher than anticipated for the original, pre-wildfire, marketing plan. As such, this year's result

should be interpreted as a one-time increase due to the investment in wildfire recovery marketing efforts. Future targets have not been revised in light of the 2018/19 performance.

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 Goal 1 and an indicator of all related objectives. It results from increases in visitor expenditures which is our overall Goal 1 and reflects the growth of tourism which is a key economic driver of the British Columbia economy.

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

Key Highlights:

- Cultivated a community of B.C. brand advocates to recommend travel throughout the province through their networks.
- Forged new relationships with tourism and non-tourism partners to increase awareness and distribution of the [Explore BC](#) message promoting travel within the province by B.C. residents.
- See ‘Key Achievements’ (pages 8-10) for more ‘Key Highlights’ of this ‘Performance Measure’.

Performance Measure	2016/17 Actual	2017/18 Actual	2018/19 Target	2018/19 Actual	2019/20 Target	2020/21 Target
1.2a #ExploreBC uses by Destination BC’s brand advocates in the global social media community ¹	2.5 M	3.7 M	5.0 M	4.7 M	5.6 M ²	6.4 M ²

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

² In the [2019/20 - 2021/22 Service Plan](#), Destination BC reduced its future targets (i.e. from 6.25 M to 5.6 M and from 7.8 M to 6.4 M). This change was made because people are sharing their content more frequently on Instagram Stories and less frequently on their Instagram Feed.

Discussion:

1.2a: The use of #ExploreBC by Destination BC’s social media brand advocates enables us to measure our success in encouraging or influencing advocacy for British Columbia as a destination to visit among their family, friends and colleagues, hence increasing visitation. This measure also 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. The trackable ‘2018/19 Actual’ uses of #ExploreBC (4.7 M) fell short of the target. Instagram introduced a new content format on their platform in 2016 called Instagram Stories (incl. photos and videos) that are only visible to the public for a 24-hour period, unlike traditional photos and videos that are permanently visible. This new format has exploded in popularity, and as a result, users are posting less content to their permanent feed. Unfortunately, Instagram’s reporting and analytics functionality has not been updated since this new format was introduced, therefore brands like Destination BC cannot track the usage of hashtags in Instagram Stories. As a result, Destination BC can only verify 4.7 M uses of #ExploreBC in addition to an unknown number of uses of the hashtag in Instagram Stories. We expect to meet the ‘2019/20 Target’ and ‘2020/21 Target’.

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

Key Highlights:

- Facilitated purchases, once interest is captured, by connecting visitors directly or indirectly (through third parties) to B.C.'s tourism products and services, thus generating leads for British Columbia's tourism businesses.
- Drove tourism sector marketing innovation to help create well-paying jobs in every region of the province.
- See 'Key Achievements' (pages 8-10) for more 'Key Highlights' of this 'Performance Measure'.

Performance Measure	2016/17 Actual	2017/18 Actual	2018/19 Target	2018/19 Actual	2019/20 Target	2020/21 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 ² (Direct & Indirect)	4.3 M ³ (Direct & Indirect)	13.1 M (Direct & Indirect)	4.5 M	4.7 M

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

² In 2017/18 forward, Destination BC began including indirect referrals as part of the calculation of this performance measure. This addition was facilitated as a result of technological enhancements.

³ Destination BC's forecast achieving 4.3 M direct and indirect customer leads in the [2019/20 - 2021/22 Service Plan](#). In that same Service Plan, future targets were updated to reflect indirect referrals (i.e. from 1.55 M to 4.5 M and from 1.94 M to 4.7 M).

Discussion:

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, who then work convert those leads into bookings. The '2018/19 Actual' of 13.1 M total trackable direct and indirect referrals greatly exceeded the '2018/19 Target' of 4.3 M due to an increase in marketing resources dedicated to wildfire recovery efforts, due to the severity of the 2018 wildfire season, and leading to more referrals than were originally anticipated.

Goal 2: Remarkable Guest Experiences

Objective 2.1: Our work assists tourism businesses to meet and exceed guest needs and expectations.

Key Highlights:

- Delivered the Remarkable Experiences Program in regions across the province including rural communities that are diversifying, growing and strengthening their economies.
- Worked 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.
- Encouraged communities to continue to adopt visitor services with enhanced accessibility and promote the hiring of persons with disabilities into the tourism sector.

- See ‘Key Achievements’ (pages 8-10) for more ‘Key Highlights’ of these ‘Performance Measures’.

Performance Measures	2016/17 Actual	2017/18 Actual	2018/19 Target	2018/19 Actual	2019/20 Target	2020/21 Target
2.1a Visitor satisfaction with visitor information services ¹	90.4%	NA	Maintain or Improve	83.9%	NA	Maintain or Improve
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	Ranked #1 in 3 of 5 key North American markets	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.

Discussion:

2.1 a: Satisfaction with information services measures whether visitors were able to access the information they needed while travelling in British Columbia from sources supported by Destination BC (i.e. community Visitor Centres, HelloBC.com, social media, etc.). In 2018/19, visitor satisfaction fell compared to the ‘2016/17 Actual’. The decline was likely due to the significantly greater ‘real time’ information needs of visitors in 2018 (compared to 2016) due to natural disasters. Summer 2018 experienced severe flooding and wildfires; there was a greater need for specific information relating to the impact of fires and / or smoke (i.e. road closures, evacuations, etc. resulting in the need to make last minute changes to trip plans, accommodation, etc.). Destination BC worked to provide information for our visitors, but the rapidly changing environment sometimes made this information soon out of date.

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. B.C.’s key North American markets are B.C., Alberta, Ontario, Washington and California. In 2018/19, Destination BC maintained the ‘2017/18 Actual’ and met the ‘2018/19 Target’. British Columbians, Albertans and the Greater Toronto Area survey respondents ranked B.C. as #1 compared to our key competitors in each of those markets.

Goal 3: A Powerful Marketing¹ Network

Objective 3.1: Collaborate with stakeholders, partners and communities to align and focus on collective efforts.

Key Highlights:

- Worked with B.C.'s Indigenous cultural tourism sector by providing stable and predictable support for Indigenous Tourism BC 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.
- Worked with Regional Destination Marketing Organizations to implement provincial and regional programs supporting destination development, travel trade marketing, and travel media initiatives.
- See 'Key Achievements' (pages 8-10) for more 'Key Highlights' of this 'Performance Measure'.

Performance Measure	2016/17 Actual	2017/18 Actual	2018/19 Target	2018/19 Actual	2019/20 Target	2020/21 Target
3.1a Tourism businesses' satisfaction with Destination BC programs and services ¹	7.27	7.34	Improve	7.19	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 (i.e. Destination Marketing Organizations, Industry Associations and Organizations, Travel Trade, Visitor Centres, Travel Media, and Tourism Businesses) 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.

Discussion:

3.1 a: Destination BC's annual corporate stakeholder survey enables us to evaluate and improve upon the quality of programs and services delivered, and the effectiveness of communication with stakeholders. Although Destination BC did not meet the '2018/19 Target', the decrease in satisfaction of tourism business was not statistically significant. Notably, the decrease in satisfaction falls within the margin of error of 4%, meaning this decrease is within the range of variance that can naturally occur due to using random sampling data collection methodology.

Objective 3.2: We will create and implement a provincial destination development strategy by working across government with regional and community organizations, and tourism business operators.

Key Highlights:

- Oversaw, through the provincial Destination Development program, the implementation of destination development strategies across the province that will enhance tourism experiences, businesses and jobs in British Columbia, and elevate B.C.'s competitiveness as a destination for travel and investment.

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

- See ‘Key Achievements’ (pages 8-10) for more ‘Key Highlights’ of this ‘Performance Measure’.

Performance Measure	2016/17 Actual	2017/18 Actual	2018/19 Target	2018/19 Actual	2019/20 Target	2020/21 Target
3.2a Progress on developing and implementing a provincial destination development strategy ¹	8 planning area destination development processes initiated, and 4 destination development processes completed. Preliminary identification of provincial destination development priorities.	Phase 2 destination development strategies completed. Provincial destination development priorities updated.	Provincial destination development strategy implemented. Implementation measures TBD.	4 planning area destination development processes completed (reaching a total of 18) and remaining 2 planning area processes initiated. 3 regional destination development strategies completed. Provincial destination development priorities updated and joint working group with MTAC created.	NA	NA

¹ Data Source: Destination BC’s program area.

Discussion:

3.2a: The progress on developing and implementing a provincial destination development plan measures our ability to work across government with regional and community organizations, and tourism business operators. Successful destination development planning requires strong partner support and participation. Therefore, each planning process timeline was carefully considered and tailored to ensure maximum participation, and appropriate protocols were followed. Work on the provincial destination development plan was postponed until the release of the Province’s Strategic Framework for Tourism in B.C. on March 1, 2019, and the completion of the planning area processes. The provincial destination development plan is now expected to be completed in the 2019/20 fiscal year. With the near completion of the destination development planning and implementation process, this performance measure was deemed no longer relevant and therefore was not included in our [2019/20 - 2021/22 Service Plan](#). Future Service Plans may include work and reporting on Destination Development activities that will continue as part of Destination BC’s Operations Plan.

Goal 4: Business Efficiency

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

Key Highlights:

- Maintained low support services costs (<10%) to increase the funds available for tourism marketing.
- Made programs, systems and knowledge more accessible, user-friendly and shareable for tourism partners, while simplifying application processes and accountability reports to make it easy to do business with us.
- See ‘Key Achievements’ (pages 8-10) for more ‘Key Highlights’ of this ‘Performance Measure’.

Performance Measure	2016/17 Actual	2017/18 Actual	2018/19 Target	2018/19 Actual	2019/20 Target	2020/21 Target
4.1a Percentage of Destination BC funds allocated to support services ¹	7.3%	7.0%	<10%	7.7%	<10%	<10%

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

Discussion:

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 and destination development programs. Support services costs include accounting operations, facilities, administration, human resources, the Chief Executive Officer’s office, and Board expenses. In 2018/19, Destination BC’s support services were 7.7% of the annual operating expenses and met the ‘2018/19 Target’.

Objective 4.2: We demonstrate business productivity to achieve and be accountable for improvement in industry’s ability to compete globally.

Key Highlights:

- Demonstrated achievement of key program outcomes, including supporting tourism marketing and industry development activities that improve industry’s ability to compete globally.
- Continued 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.
- See ‘Key Achievements’ (pages 8-10) for more ‘Key Highlights’ of these ‘Performance Measures’.

Performance Measures	2016/17 Actual	2017/18 Actual	2018/19 Target	2018/19 Actual	2019/20 Target	2020/21 Target
4.2a 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 ² (Direct & Indirect)	4.3 M ³ (Direct & Indirect)	13.1 M (Direct & Indirect)	4.5 M	4.7 M
4.2b Size of Destination BC's global social media community of brand advocates ⁴	999,782	1.2 M	1.3 M	1.5 M	1.6 M	1.9 M
4.2c Number of communities and sectors participating in Destination BC's application-based co-op marketing program, including the number of participating communities outside Metro Vancouver, Victoria and Whistler ⁵	120 (total participants) 100 (number of regional participants) (Baseline Year)	138 (total) 105 (regional)	Maintain or Improve	157 (total) 124 (regional)	120 (total) 100 (regional)	120 (total) 100 (regional)
4.2d Net Promoter Score of organizations participating in Remarkable Experiences Program ⁶	34.2 (Max. 100)	52.5	Maintain or Improve	55.5	50.0 or greater	50.0 or greater

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

² In 2017/18 forward, Destination BC began including indirect referrals as part of the calculation of this performance measure. This addition was facilitated as a result of technological enhancements.

³ Destination BC's forecasted achieving 4.3 M direct and indirect customer leads in the [2019/20 - 2021/22 Service Plan](#). In that same Service Plan, future targets were updated to reflect indirect referrals (i.e. from 1.55 M to 4.5 M and from 1.94 M to 4.7 M).

⁴ Data Source: Numbers reported by Destination BC using a third-party tracking tool.

⁵ Data Source: Destination BC's program area (public documents) verifiable by participants. With regard to future targets, in the [2019/20 - 2021/22 Service Plan](#) fiscal years 2019/20 and 2020/21 were updated (from Maintain or Improve, to 120 total participants and 100 regional participants) because market penetration of the program is already high, and most communities and sectors currently participate.

⁶ Data Source: Destination BC's Remarkable Experiences Program Overall Evaluation Study. In the [2019/20 - 2021/22 Service Plan](#) fiscal years 2019/20 and 2020/21 were updated (from Maintain or Improve, to 50.0 or greater respectively) because the program had exceeded the original three-year target of 49.2 and has now reached a strong long-term target for participant satisfaction.

Discussion:

Objective 4.2 relates to growing the tourism industry through business efficiency in key tourism marketing and industry development activities, while achieving the Ministerial Directive around Destination BC's performance-based funding, which was introduced in *Budget 2017*.

4.2a: 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, who then work to convert those leads into bookings. The '2018/19 Actual' of 13.1 M total trackable direct and indirect referrals greatly exceeded the '2018/19 Target' of 4.3 M due to an increase in marketing resources dedicated to wildfire recovery efforts, due to the severity of the 2018 wildfire season, and leading to more referrals than were originally anticipated.

4.2b: The size of Destination BC's global social media community of brand advocates 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. Word-of-mouth referrals and

recommendations are the most powerful marketing tools in the travel industry and influence 90% of all trips. Accordingly, Destination BC works to ensure real life stories and positive experiences, from travellers to B.C., are heard. This measure indicates the number of followers on all of Destination BC's social media channels (currently includes YouTube, Facebook, Instagram, Twitter, Pinterest, Weibo, WeChat). In 2018/19, Destination BC exceeded the '2018/19 Target'.

4.2c: The level of participation in Destination BC's application-based Co-op Marketing Partnerships Program measures our success in encouraging the collaboration and alignment of marketing of community Destination Management Organizations across British Columbia. As we entered the third year of the program, more communities became aware of the program and the opportunities of leveraged dollars with Destination BC. Communities outside the Greater Vancouver Regional District, Capital Regional District and Whistler were able to build the partnerships required to participate in the program, hence the '2018/19 Actual' of '157 (total) / 124 (regional)' met the target to 'Maintain or Improve'.

4.2d: 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. In 2018/19, Destination BC improved on the '2017/18 Actual' and met the '2018/19 Target'.

Goal 5: Our People

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

Key Highlights:

- Maintained 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.
- See 'Key Achievements' (pages 8-10) for more 'Key Highlights' of this 'Performance Measure'.

Performance Measure	2016/17 Actual	2017/18 Actual	2018/19 Target	2018/19 Actual	2019/20 Target	2020/21 Target
5.1a Employee engagement ¹	4.12 (out of 5)	4.04	4.15 ²	4.09	Maintain or Improve	Maintain or Improve

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

² Destination BC revised its original '2018/19 Target' of 4.25 to 4.15 in its [2019/20 - 2021/22 Service Plan](#).

Discussion:

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. The survey assists the

Board of Directors and senior management in identifying opportunities to sustain and enhance a thriving workplace. In 2018/19, employee engagement increased from 4.04 in 2017/18 to 4.09 (on a scale of one to five) but fell short of the target of 4.15². A series of actions, based on insights gained from analysis of the survey results, will be carried out in 2019/20 to further support employee engagement.

Financial Report

Discussion of Results

Highlights

The 2018/19 fiscal year was Destination BC's sixth year of operation. Operating surpluses of \$148,000 in 2017/18 and \$496,000 in 2018/19 are reported. An accumulated operating surplus of \$1,205,000 is reported as identified in Destination BC's Statement of Financial Position.

Resource Summary

\$ millions	2017/18 Actual	2018/19 Budget	2018/19 Actual	2018/19 Variance
Operating Revenue				
Government transfers	53.250	51.518	54.138	2.620
Deferred government contributions	0.566	0.760	0.332	(0.428)
Other revenue	0.544	0.362	0.398	0.036
Total Revenue	54.360	52.640	54.868	2.228
Operating Expenses				
Marketing	31.848	31.767	32.864	(1.097)
Destination & Industry Development	16.126	13.551	14.895	(1.344)
Strategy, Research & Communications	1.960	2.540	2.290	0.250
Corporate Services	3.712	3.982	3.991	(0.009)
Amortization	0.566	0.800	0.332	0.468
Total Expenses	54.212	52.640	54.372	(1.732)
Net Income from Operations	0.148	0	0.496	0.496
Capital Expenditures	0.789	0.422	0.191	0.231
Total Liabilities	10.337	4.781	10.034	(5.253)
Accumulated Surplus / Retained Earnings	0.709	0.561	1.205	0.644

Note 1: Government transfers include \$2,620,000 received for the Tourism Events Program (TEP) which was implemented through Destination BC's Destination & Industry Development Division. The TEP agreement between the Ministry of Tourism, Arts and Culture and Destination BC delegates the administration of program funding to Destination BC for events approved through an application process administered by the Ministry. Ministry funding is released to Destination BC as projects are approved by the Ministry. Destination BC ensures financial accountability through Shared Cost Arrangements with event proponents.

Variance and Trend Analysis

Additional provincial government transfers increased the funding to \$54.138 million. This included \$2.620 million for the distribution of Government's Tourism Events Program funding, which in 2018/19 supported such high-profile events as the RBC GranFondo Whistler, the BMO Vancouver Marathon and the Just for Laughs NorthWest Comedy Festival.

Government funding for the Tourism Events Program was \$286,000 higher than 2017/18, with offsetting expenses accounted for in Destination BC's Destination and Industry Development Division.

Capital expenditures were \$231,000 lower than budget as Destination BC, along with its tourism partners, developed a digital strategy and roadmap to be implemented throughout 2019/20 and 2020/21.

Risks and Uncertainties

Destination BC is primarily funded through provincial government appropriations. Destination BC allocates this funding to programs that deliver on its mandate as described in the [2019/20 - 2021/22 Service Plan](#).

Destination BC is subject to financial pressures resulting from the increasing costs of digital marketing world-wide and the impact of the depreciation of the Canadian dollar on the cost of marketing in the U.S. and other international markets. These pressures are managed by finding efficiencies, including: investing in continual improvement of workforce productivity; developing innovative new marketing partnerships; and improving program delivery.

Auditor's Report

Management's Report

Management's Responsibility for the Destination BC Corp. Financial Statements

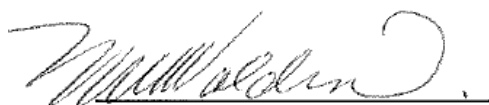
The Destination BC Corp. financial statements have been prepared by management in accordance with Canadian public sector accounting standards, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the Destination BC Corp. financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the Destination BC Corp financial statements. A summary of the significant accounting policies are described in Note 2 to the Destination BC Corp. financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements.

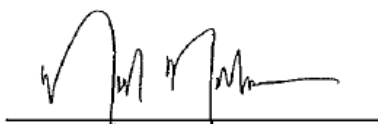
The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control. The Board reviews internal Destination BC Corp. financial statements on a quarterly basis and external audited Destination BC Corp. financial statements yearly. The Board also discusses any significant financial reporting or internal control matters prior to their approval of the Destination BC Corp. financial statements.

The external auditors, Office of the Auditor General of British Columbia, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the Destination BC Corp. financial statements. The external auditors have full and free access to financial management of Destination BC Corp. and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the Destination BC Corp. financial statements.

On behalf of Destination BC Corp.



Marsha Walden
Chief Executive Officer



Neil McInnes
Chief Financial Officer

May 9, 2019



INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of Destination BC Corp. and
To the Minister of Tourism, Arts and Culture, Province of British Columbia*

Qualified Opinion

I have audited the accompanying financial statements of Destination BC Corp. ("the entity"), which comprise the statement of financial position as at March 31, 2019 and the statements of operations, changes in net financial debt, cash flows, and remeasurement gains and losses for the year then ended, and a summary of significant accounting policies and other explanatory information.

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion section of my report, the financial statements present fairly, in all material respects, the financial position of Destination BC Corp. as at March 31, 2019, and the results of its operations, change in its net financial debt, remeasurement gains and losses and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards (PSAS).

Basis for Qualified Opinion

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my qualified opinion.

As described in Note 2e to the Financial Statements, Destination BC Corp.'s accounting treatment for contributions received from governments and for externally restricted contributions received from non-government sources is to initially record them as deferred revenue (a liability) and then recognize revenue in the statement of operations either on the same basis as the related expenditures occur or, in the case of funds for the purchase or construction of capital assets, to recognize revenue on the same basis as the related assets are amortized. Destination BC Corp. was required to adopt this accounting policy as prescribed by Province of British Columbia Treasury Board Regulation 198/2011.

Under Canadian Public Sector Accounting Standards, Destination BC Corp.'s method of accounting for contributions is only appropriate in circumstances where the funding meets the definition of a liability. Otherwise, the appropriate accounting treatment is to record contributions as revenue when they are received or receivable. In my opinion, certain contributions of Destination BC Corp. do not meet the definition of a liability, and as such Destination BC Corp.'s method of accounting for those contributions represents a departure from Canadian Public Sector Accounting Standards.

This departure has existed since the inception of the standard, which applies to periods beginning on or after April 1, 2012. Had Destination BC Corp. made an adjustment for this departure in the current year, the liability for deferred capital contribution as at March 31, 2019 would have been lower by \$0.9 million, capital contribution revenue, annual operating surplus and accumulated

operating surplus would have been higher by \$0.9 million and net financial debt would have been higher by \$0.9 million.

I conducted my audit in accordance with Canadian generally accepted auditing standards. My responsibilities under those standards are further described in the Auditor's Responsibilities for the Audit of the Financial Statements section of my report. I am independent of Destination BC Corp. in accordance with the ethical requirements that are relevant to my audit of Destination BC Corp.'s financial statements in Canada, and I have fulfilled my other ethical responsibilities in accordance with these requirements.

Responsibilities of Management and Those Charged with Governance for the Financial Statements.

Those charged with governance are responsible for the oversight of the financial reporting process. Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian Public Sector Accounting Standards, and for such internal control as management determines is necessary to enable the preparation of the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Destination BC Corp.'s ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting when Destination BC Corp. will continue its operations for the foreseeable future.

Auditor's Responsibilities for the Audit of Financial Statements

My objectives are to obtain reasonable assurance about whether Destination BC Corp.'s financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in aggregate, they could reasonably be expected to influence the economic decision of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error; design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.



DESTINATION BC CORP.
Independent Auditor's Report

- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Destination BC Corp.'s internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Destination BC Corp.'s ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Destination BC Corp. to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

I communicate with those charged with governance regarding, among other matters, the planned scope and timing of the audit and significant audit findings, including any significant deficiencies in internal control that I identify during my audit.

I also provide those charged with governance with a statement that I have complied with relevant ethical requirements regarding independence, and communicated with them all relationships and other matters that may reasonably be thought to bear on my independence, and where applicable, related safeguards.



Russ Jones, FCPA, FCA
Deputy Auditor General

Victoria, British Columbia, Canada
May 9, 2019



Audited Financial Statements

Destination BC Corp.
Statement of Financial Position
 [\$000s]

	<i>Note</i>	March 31, 2019	March 31, 2018
Financial assets			
Cash and cash equivalents	3	8,857	9,385
Accounts receivable	4	485	483
Due from Ministry of Tourism, Arts and Culture		674	0
		<u>10,016</u>	<u>9,868</u>
Liabilities			
Accounts payable and accrued liabilities	5	7,757	7,859
Due to the Public Service Agency	6	1,375	1,244
Deferred capital contributions	7	902	1,234
		<u>10,034</u>	<u>10,337</u>
Net financial debt		<u>(18)</u>	<u>(469)</u>
Non-financial assets			
Tangible capital assets	8	913	1,075
Prepaid expenses		310	103
		<u>1,223</u>	<u>1,178</u>
Accumulated surplus		<u>1,205</u>	<u>709</u>
Accumulated surplus is comprised of:			
Accumulated operating surplus		1,189	693
Accumulated remeasurement gains		16	16
		<u>1,205</u>	<u>709</u>
Contractual obligations	9		
Risk Management	10		

The accompanying notes are an integral part of these Destination BC Corp. financial statements.

Signature



Dawn Black, Board Chair

Signature



Laird Miller, Chair, Finance & Audit Committee

Destination BC Corp.
Statement of Operations
 [\$000s]

	<i>Note</i>	Budget (Note 15)	March 31, 2019	March 31, 2018
Revenues				
Government transfers	11	51,518	54,138	53,250
Program revenue	12	362	85	361
Interest income		0	313	183
Capital contribution	7	760	332	566
		<u>52,640</u>	<u>54,868</u>	<u>54,360</u>
Expenses				
	13			
Global Marketing		31,767	32,864	31,848
Destination and Industry Development		13,551	14,895	16,126
Research, Strategy and Communications		2,540	2,290	1,960
Corporate Services		3,982	3,991	3,712
Amortization		800	332	566
		<u>52,640</u>	<u>54,372</u>	<u>54,212</u>
 Annual operating surplus		 0	 496	 148
Accumulated operating surplus, beginning of year		<u>545</u>	<u>693</u>	<u>545</u>
Accumulated operating surplus, end of year		<u>545</u>	<u>1,189</u>	<u>693</u>

The accompanying notes are an integral part of these Destination BC Corp. financial statements.

Destination BC Corp.
Statement of Remeasurement Gains and Losses
 [\$000s]

	March 31, 2019	March 31, 2018
Opening balance	16	16
Unrealized gains on foreign bank accounts	0	0
Amount of foreign exchange reclassified to the Statement of Operations	(0)	(0)
Accumulated remeasurement gains, end of year	<u>16</u>	<u>16</u>

The accompanying notes are an integral part of these Destination BC Corp. financial statements.

Destination BC Corp.
Statement of Change in Net Financial Debt
 [\$000s]

	Budget	March 31, 2019	March 31, 2018
Annual operating surplus	0	496	148
Acquisition of tangible capital assets	(422)	(191)	(789)
Disposal of tangible capital assets	0	21	0
Amortization of tangible capital assets	800	332	566
	(378)	162	(223)
Acquisition of prepaid expenses	0	(310)	(103)
Use of prepaid expenses	0	103	101
	0	(207)	(2)
Effect of remeasurement gains (losses) for the year	0	0	0
Decrease (increase) in net financial debt	(378)	451	(77)
Net financial debt at beginning of year	(469)	(469)	(392)
Net financial debt at end of year	(847)	(18)	(469)

The accompanying notes are an integral part of these Destination BC Corp. financial statements.

Destination BC Corp.
Statement of Cash Flows
 [\$000s]

	March 31, 2019	March 31, 2018
Operating transactions		
Surplus for the year	496	148
Cash and non-cash items included in surplus:		
Amortization of tangible capital assets	332	566
Deferred capital contributions – government	(332)	(566)
Loss on disposal of capital assets	21	0
Accounts receivable	(2)	(213)
Accounts payable and accrued liabilities	(102)	2,737
Prepaid expenses	(207)	(2)
Due to/from Ministry of Tourism, Arts and Culture	(674)	62
Due to Public Service Agency	131	154
Cash (used in) provided by operations	(337)	2,886
Capital transactions		
Acquisition of tangible capital assets	(191)	(789)
Increase (decrease) in cash and cash equivalents	(528)	2,097
Cash and cash equivalents at beginning of year	9,385	7,288
Cash and cash equivalents at end of year	8,857	9,385

The accompanying notes are an integral part of these Destination BC Corp. financial statements.

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2019

1. Nature of Operations

Destination BC Corp. (the Corporation) is a provincial Crown corporation initially created under the *BC Business Corporations Act* on November 2, 2012, and subsequently confirmed under the *Destination BC Corp. Act*, which received Royal Assent in March 2013.

The Corporation reports to the Legislative Assembly through the Ministry of Tourism, Arts and Culture. The accumulated operating surplus includes 1 issued share of Destination BC Corp., value \$1, which is held by the Province of British Columbia.

The purposes of the Corporation are to:

- a) market British Columbia domestically, nationally and internationally as a tourist destination;
- b) promote the development and growth of the tourism industry in British Columbia to increase revenue and employment in, and the economic benefits generated by, the industry;
- c) provide advice and recommendations to the minister on tourism-related matters; and
- d) enhance public awareness of tourism and its economic value to British Columbia.

The Corporation commenced operations on April 1, 2013.

The Corporation is exempt from federal and provincial income taxes but is subject to the federal goods and services tax and provincial sales tax.

2. Summary of Significant Accounting Policies

a. Basis of accounting

These Destination BC Corp. financial statements are prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act (BTAA)* of the Province of British Columbia which requires that financial statements be prepared in accordance with Canadian public sector accounting standards.

b. Tangible capital assets

Tangible capital assets are recorded at cost, which includes amounts that are directly related to the acquisition, design, construction, development, improvement or betterment of the assets.

The cost, less residual value, of the tangible capital assets, excluding land, is amortized on a straight-line basis over their estimated useful lives as follows:

Furniture and equipment	5 years
Websites, hardware and software	5 years

Assets under development are not amortized until the asset is available for productive use.

**Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2019**

2. Summary of Significant Accounting Policies (continued)

Tangible capital assets are written down when conditions indicate that they no longer contribute to Destination BC Corp.'s ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than their net book value. The net write-downs are accounted for as expenses in the Destination BC Corp. statement of operations.

Intangible assets, such as copyrights, trademarks, etc. are not recognized in these financial statements.

c. Employee future benefits

- i. The employees of Destination BC Corp. belong to the Public Service Pension Plan, which is a multi-employer joint trustee plan. This plan is a defined benefit plan, providing a pension on retirement based on the member's age at retirement, length of service and highest earnings averaged over five years. Inflation adjustments are contingent upon available funding.

The joint trustee board of the plan determines the required plan contributions annually.

Destination BC Corp.'s contribution to the plan is recorded as an expense for the year.

- ii. The costs of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for coverage of employees during the period.
- iii. The cost of non-vesting sick leave benefits are determined using management's best estimate of salary escalation, accumulated sick days at retirement, long-term inflation rates and discount rates.

d. Prepaid expenses

Prepaid expenses include items which are charged to expenses over the periods expected to benefit from them.

e. Revenue recognition

Revenues are recognized in the period in which the transactions or events occurred that gave rise to the revenues. All revenues are recorded on an accrual basis, except when the accruals cannot be determined with a reasonable degree of certainty or when their estimation is impracticable.

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2019

2. Summary of Significant Accounting Policies (continued)

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability, including capital contributions which are recognized as revenue to match the amortization expense in accordance with Section 23.1 of the BTAA. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability. Transfer revenue is recognized in the statement of operations as the stipulation liabilities are settled.

Revenue related to fees or services received in advance of the fee being earned or the service is performed is deferred and recognized when the fee is earned or service performed.

f. Expenses

Expenses are reported on an accrual basis. The cost of all goods consumed and services received during the year is expensed.

Transfers include entitlements, grants and transfers under shared cost agreements. Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

g. Foreign currency translation

Foreign currency transactions are translated at the exchange rate prevailing at the date of the transactions.

Monetary assets and liabilities included in the fair value measurement category denominated in foreign currencies are translated into Canadian dollars at the exchange rate prevailing at the financial statement date. Unrealized foreign exchange gains and losses are recognized in the statement of remeasurement gains and losses. In the period of settlement, realized foreign exchange gains and losses are recognized in the statement of operations, and the cumulative amount of remeasurement gains and losses is reversed in the statement of remeasurement gains and losses.

h. Cash and cash equivalents

Cash and cash equivalents are entirely funds in bank accounts and therefore subject to an insignificant risk of change in value, other than potential exchange gains or losses on the USD bank accounts as described in Note 10.

i. Financial instruments

Financial assets and financial liabilities are measured at cost or amortized cost.

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2019

2. Summary of Significant Accounting Policies (continued)

j. Measurement uncertainty

The preparation of Destination BC Corp. financial statements requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the Destination BC Corp. financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include the useful life of capital assets, rates for amortization, provision for doubtful accounts.

Estimates are based on the best information available at the time of preparation of the Destination BC Corp. financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these Destination BC Corp. financial statements. Actual results could differ from these estimates.

3. Cash and Cash Equivalents

Destination BC Corp. had unrestricted cash consisting of the following:

	(in \$ thousands)	
	March 31, 2019	March 31, 2018
Royal Bank of Canada - CAD	8,785	9,314
Royal Bank of Canada - USD	72	71
Total	8,857	9,385

4. Accounts Receivable

	(in \$ thousands)	
	March 31, 2019	March 31, 2018
Accounts receivable	490	488
Less provision for doubtful accounts	(5)	(5)
Net Accounts Receivable	485	483

5. Accounts Payable and Accrued Liabilities

	(in \$ thousands)	
	March 31, 2019	March 31, 2018
Accounts payables and accrued liabilities	7,300	7,358
Accrued vacation pay	457	501
Total	7,757	7,859

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2019

6. Employee Future Benefits

Destination BC Corp. and its employees are subject to the *Public Service Act* and benefits are managed through the Public Service Agency. Destination BC makes contributions to the PSA who administers payment of benefits to employees to whom the act applies.

Other employee benefits available to employees of Destination BC Corp. are:

a. Retirement benefits

The employees of Destination BC Corp. belong to the Public Service Pension Plan (the "Plan"), which is a multi-employer joint trustee plan. The Public Service Pension Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. Basic pension benefits are based on a formula. The Plan has about 61,907 active plan members, 47,892 retired plan members and 17,495 inactive members.

The latest actuarial valuation as at March 31, 2017, indicated a funding surplus of about \$1.9 billion for basic pension benefits. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

No pension liability is included in the Destination BC Corp. financial statements.

Destination BC Corp.'s contribution of \$725 thousand (2017/18 - \$680 thousand) to the Plan was expensed during the year.

b. Other employee future benefits

Workplace safety and insurance board obligations

Destination BC Corp. is an employer under the Workers Compensation Act part 3 ("Act") and, as such, assumes responsibility for the payment of all claims to its injured workers under the Act. Destination BC Corp. does not fund these obligations in advance of disbursement.

Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2019

7. Deferred Capital Contribution

The deferred contribution consists of a capital contribution from the Province of British Columbia for the purpose of acquiring capital assets. The amount recorded as revenue matches the amortization expense for the year.

8. Tangible Capital Assets

(in \$ thousands)

	Furniture and equipment	Websites, hardware and software	2019 Total
Cost:			
Opening Balance	69	3,615	3,684
Additions	0	191	191
Disposals	69	0	69
Closing balance	0	3,806	3,806
Accumulated amortization:			
Opening balance	34	2,575	2,609
Amortization	14	318	332
Disposals	48	0	48
Closing balance	0	2,893	2,893
Net book value	0	913	913

(in \$ thousands)

	Furniture and equipment	Websites, hardware and software	2018 Total
Cost:			
Opening Balance	69	2,826	2,895
Additions	0	789	789
Disposals	0	0	0
Closing balance	69	3,615	3,684
Accumulated amortization:			
Opening balance	20	2,023	2,043
Amortization	14	552	566
Disposals	0	0	0
Closing balance	34	2,575	2,609
Net book value	35	1,040	1,075

Destination BC Corp.
Notes to the Financial Statements
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9. Contractual Obligations

Destination BC Corp. has entered into a number of contractual arrangements for the delivery of services in the future, the development of assets, and property leases. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

	(in \$ thousands)					
	2020	2021	2022	2023	2024	Thereafter
Property leases	1,144	1,056	1,056	1,056	1,056	5,280
Other contractual arrangements	18,590	532	14	0	0	0
Total contractual obligations	19,734	1,588	1,070	1,056	1,056	5,280

10. Risk Management

Destination BC Corp. is exposed to certain risks from the entity's financial instruments. Qualitative and quantitative analysis of the significant risks from Destination BC's financial instruments is provided below by type of risk.

i) Foreign exchange risk

The carrying amount of Destination BC Corp.'s foreign currency denominated financial assets at March 31, 2019 is \$72 thousand (2017/18 - \$71 thousand).

The sensitivity of Destination BC Corp.'s operating surplus (deficit) and remeasurement gains (losses) due to change in foreign exchange rate between the Canadian dollar and US dollar can be summarized as follows:

A 5% change in USD exchange rate will have an impact on the remeasurement gains or losses of CDN\$3,700.

ii) Interest rate risk

The sensitivity of Destination BC Corp.'s operating surplus (deficit) and accumulated remeasurement gains (losses) due to changes in the interest rate is minimal as it carries no debt.

Destination BC Corp.
Notes to the Financial Statements
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11. Government Transfers

	(in \$ thousands)	
	March 31, 2019	March 31, 2018
Revenue:		
Province of British Columbia	54,138	53,250
Expenses:		
Shared cost agreements	17,616	16,801
Tourism Events Program	2,620	2,334
	<u>20,236</u>	<u>19,135</u>

Revenue includes \$2.620M (2017/18 \$2.334M) received for the Tourism Events Program (TEP) which was implemented through Destination & Industry Development. The TEP agreement between the Ministry of Tourism, Arts and Culture and Destination BC delegates the administration of program funding to Destination BC for events approved through an application process administered by the Ministry. Ministry funding is released to Destination BC as projects are approved. Destination BC ensures financial accountability through Shared Cost Agreements with event proponents.

Shared cost agreements include transfers to Municipalities, local governments and Service providers.

12. Program Revenue

Destination BC Corp. earned the following program revenues during the year:

	(in \$ thousands)	
	March 31, 2019	March 31, 2018
Merchandise sales, royalties and other	33	238
Remarkable Experiences Program	52	123
Total program revenue	<u>85</u>	<u>361</u>

Destination BC Corp.
Notes to the Financial Statements
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13. Expenses

The following is a summary of expenses by category:

	(in \$ thousands)	
	March 31, 2019	March 31, 2018
Government transfers - note 11	20,236	19,135
Advertising	9,710	9,399
Professional services	6,496	7,656
Salaries and wages	7,862	7,346
Information systems	2,806	2,721
Office and business	2,513	2,582
Rental expenditures	1,506	1,990
Employee benefits	1,849	1,751
Travel	548	628
Amortization	332	566
Materials and supplies	195	224
Other	95	114
Board expenses	53	61
Support services	171	39
Total expenses	<u>54,372</u>	<u>54,212</u>

As of March 31, 2019, Destination BC Corp.'s actual expenses did not exceed its legislated expenses limit.

**Destination BC Corp.
Notes to the Financial Statements
for the year ended March 31, 2019**

14. Related Party Transactions

Destination BC Corp. is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities considered to be in the normal course of operations, are recorded at the exchange amounts, predominantly under prevailing trade terms.

Destination BC Corp. had the following transactions with the government and other government controlled organizations:

	(in \$ thousands)	
	March 31, 2019	March 31, 2018
Grants from the Province	54,138	53,250
Amounts paid or due to the Ministry of Finance:		
Payroll	9,768	9,034
Building Occupancy Costs	1,545	1,909
Information Technology Services	776	767
Legal Services	81	37
Visitor Experience Support	47	97
Audit Fees	45	35
BC Stats	28	27
Postage, supplies, printing	24	49
Insurance Premiums	20	21
Corporate Communications	10	12
International Travel Trade	5	0
Other (including bank charges)	5	4
World Host Online Workshop	0	3

Grants from the Province include \$2.620M (2017/18 \$2.334M) distribution to successful applicants in Government's Tourism Events Program. The distribution of the Tourism Events Program funds is included as expenses under Destination and Industry Development in the Statement of Operations.

15. Budgeted Figures

Budgeted figures from the 18/19 Service Plan have been provided for comparison purposes.

16. Comparative Figures

Certain comparative figures, have been restated to conform to current year's presentation.

Appendix A – 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 our web pages on [Leadership](#).

Organizational Overview

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

Contact Information

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