

DESTINATION GREATER
VICTORIA
2018 Annual Report

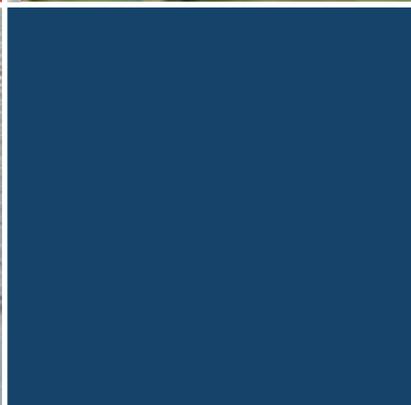
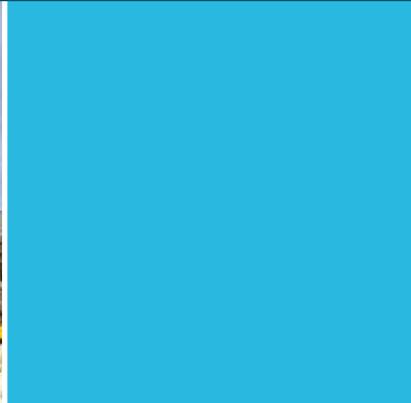


Table of Contents

Message from the Chair	2	Business Events Victoria.....	18
Message from the CEO.....	3	Greater Victoria Sport Tourism Commission	20
Our Mission and Vision	4	Visitor Services.....	21
Giving Back to the Community.....	5	Member Services	22
Leveraging Partnerships.....	6	Corporate Communications and Destination Management.....	23
Delivering on a Five Year Strategy.....	7	Finance and Corporate Services.....	24
Business Discussion and Analysis.....	8	Management Financial Analysis.....	25
KEY FUNCTIONAL AREA HIGHLIGHTS			
Destination Marketing	10	Risk Management.....	28
Social Media and Content Marketing.....	13	Balanced Scorecard.....	30
Travel Trade.....	14	Audited Financial Statements	32
Media & Influencer Relations.....	15	2018 Board of Directors	47
Major Events & Conferences.....	16		



Message From The Chair



Starr McMichael
Chair, Board of Directors

This annual report marks my second as Chair of the Destination Greater Victoria Board of Directors. My time as Chair has seen transformative changes to the organization and I could not be prouder of the board's leadership. Local government representatives, as well as tourism and business leaders from an array of sectors volunteer their time to be on the board. Their commitment to further Destination Greater Victoria and its strategic plan has meant new lines of business and a renewed focus on excellence for the organization.

The pace of change in the past year was remarkable. In April, Destination Greater Victoria assumed leadership of sport tourism following the retirement of Hugh MacDonald as Executive Director of SportHost Victoria. Hugh MacDonald's dedication to sport tourism is a difficult act to follow, but Destination Greater Victoria has already shown its abilities hosting major sporting events, such as the 2019 IIHF World Junior Hockey Championship. In September, Destination Greater Victoria refreshed its brand and changed its trading name to Destination Greater Victoria (from Tourism Victoria). The result reflects the destination that Greater Victoria has become: Modern, sophisticated and timeless.

I would like to thank our many partner organizations and stakeholders for the support we received. These include the City of Victoria, District of Saanich, Greater Victoria Harbour Authority, Downtown Victoria Business Association, Greater Victoria Chamber of Commerce, Hotel Association of Greater Victoria, Victoria Airport Authority and others. Destination Greater Victoria does not work in isolation. Rather, in order to be successful, it needs the support of the community and these partner organizations.

Not every year is as successful as 2018. Business is cyclical. There are good times and bad times. But by working together in partnership 2018 was truly one of the great years for tourism in Greater Victoria. I know that the year ahead will bring many opportunities and challenges. The team at Destination Greater Victoria under CEO Paul Nursey is positioned to capitalize on these opportunities and tackle the challenges that lie ahead.

I look forward to 2019.

Sincerely,

A handwritten signature in black ink, appearing to read "Starr McMichael". The signature is fluid and cursive.

Starr McMichael
Chair, Board of Directors

Message From The CEO



Paul Nursey
CEO, Destination Greater Victoria

The 2018 Destination Greater Victoria Annual Report is the culmination of another sterling year for the Greater Victoria tourism industry. This was the second year of our five-year strategic plan, and we continued to create a foundation for success in the years to come. We took on new responsibilities like sport tourism, hosted our own major events such as IMPACT Travel & Tourism Sustainability Conference and Capital City Comic Con for the first time in order to build the off-peak season, and refreshed our brand to reflect the renowned destination we have become.

As CEO, the day-to-day operations of Destination Greater Victoria are my responsibility. Once again, our amazing staff delivered against their Enterprise Balanced Scorecard metrics. We have a talented, diligent and professional executive team.

An analysis of major tourism statistics shows increases in many indicators. Average hotel room occupancy increased to 76.43 per cent in 2018 from 73.42 per cent in 2017 – an increase of 3.01 per cent. Average daily room rate was \$184.20 in 2018, up from 169.19 per cent in 2017. This is an increase of \$15.01. Revenue per available room (RevPAR) was \$140.77, up from \$124.21 in 2017 – an increase of \$16.56. BC Ferries Route 1 (Tsawwassen – Swartz Bay) vehicle and passenger traffic, Victoria International Airport traffic and Victoria Conference Centre delegate days all increased in 2018 from 2017 numbers. Notably, confirmed hotel room nights generated by meetings, events or conferences at the Victoria Conference Centre in 2018 surpassed the total for all of 2017 in September (26,399 in 2017 to 26,872 from January - September 2018).

We will continue to focus on priorities of the Greater Victoria tourism industry, such as Belleville Terminal and Victoria Conference Centre improvements.

Lastly, I would like to thank the Board of Directors and Chair Starr McMichael. It is because of their support and the support of community stakeholders and residents that Destination Greater Victoria is able to deliver on its goal of creating a sustainable, world-class tourism destination.

Sincerely,

A handwritten signature in dark ink that reads "Paul Nursey". The signature is fluid and cursive, with a long horizontal stroke extending from the end.

Paul Nursey
CEO



Our Mission

We inspire the world to experience our destination.

Our Vision

Destination Greater Victoria will be internationally recognized as a leader in sustainable tourism development, ensuring Greater Victoria remains one of the top destinations in the world.

Giving Back To The Community

Destination Greater Victoria supports several community initiatives and partner organizations - both charitable organizations as well as other not-for-profit societies. These include:

- EcoStar Awards
- Southern Vancouver Island Anglers Coalition
- Vancouver Island South Film and Media Commission
- Indigenous Tourism Association of Canada
- Capital Regional District Food and Agriculture Initiatives Roundtable
- BC Hospitality Foundation

These organizations are important to Greater Victoria as a destination. Destination Greater Victoria wants to promote Greater Victoria as a sustainable tourism destination – one that promotes indigenous tourism, local agriculture and enhancements to our environment.

Each year, Destination Greater Victoria holds its annual charity golf tournament at Bear Mountain Resort in partnership with our official charitable partner, the BC Hospitality Foundation (BCHF). The tournament brings Destination Greater Victoria members together from across industries for a fun-filled day.



Our Official Charity

The BC Hospitality Foundation's mission is to offer financial assistance, beyond traditional medical benefits and insurance, to individuals in the hospitality community during times of financial need. As well, BCHF supports the industry's next generation by providing scholarships to students enrolled in hospitality, culinary and wine programs. Our partnership with the BCHF shows our support of an organization dedicated to the advancement of the hospitality and tourism industries, which create thousands of jobs in Greater Victoria. The annual BCHF golf tournament is just one way Destination Greater Victoria supports the charity. We also help the BCHF spread the word about its contributions to the hospitality industry and enhance its profile by providing access to various marketing and promotional channels.

Leveraging Partnerships

Partnerships are key to leveraging investments, insights and common thought. Destination Greater Victoria can work vertically, across multiple layers of the tourism sector, with regional, provincial and national stakeholders. The development of partnerships is aligned with Destination Greater Victoria's strategy to drive incremental, year-round visitation with a focus on non-peak seasonality.



Pacific Marine Circle Route

The Pacific Marine Circle Route (PMCR) co-operative marketing partnership entered its second year in 2018. The collaboration between Destination Greater Victoria, Tourism Cowichan Society, Sooke to Port Renfrew Tourism Association, Sidney Business Improvement Area Society and Destination British Columbia enabled us to focus on partner alignment, build on traffic to the microsite and build awareness through existing as well as new channels such as influencer media.

In year one, the key objective of the partnership was to develop campaign assets that inspire travelers to visit the Greater Victoria Region. This aligns with our strategy of promoting regional disbursement and incremental night stays. Beyond explaining what the Pacific Marine Circle Route is, the landing page also served to entice visitors to further explore activities and businesses in the communities that make up the route and each of its sections. Each community had button headings for Stay, Eat & Drink, and See and Do.

In year two of the campaign, we drove traffic to the microsite through a programmatic digital campaign, including native advertising and Facebook and Instagram sponsored posts and Instagram stories. Through media and influencer initiatives, we were able to bring additional awareness to the route and drive traffic to the site.

Over the course of the campaign, there were over 63,000 landing page views and 7,040 conversions, with over 84 per cent users visiting the webpage for the first time. More than 85 per cent of these visits came from programmatic or paid social campaigns.

B.C. Ale Trail

Under the leadership of the B.C. Craft Brewers Guild, and supported by Destination BC co-operative marketing resources, Destination Greater Victoria continued its relationship with the B.C. Ale Trail program as one of seven destination partners. Through media and influencer initiatives, and traditional marketing methods we continue to promote Victoria's reputation as the "cradle of the craft beer revolution."

Destination Canada – Connecting America: Signature Travel Network

Through a co-op with Destination Canada, Destination Greater Victoria was able to partner with national retail consortium, Signature Travel Network (STN) for a second year. By continuing Preferred Destination status with STN, Destination Greater Victoria was part of "The Signature Family" of over 7,000 agents across 492 retail locations in the US. The agreement allows the travel trade team to target already qualified consumers through a combination of sales tactics including print and digital articles, a webinar, FAM and trade show access, and both business-to-consumer (B2C) and business-to-business (B2B) direct emails to travel agents across the Network.

Delivering On A Five Year Strategy

In 2017, Destination Greater Victoria launched its 2017-2021 Five Year Strategic Plan. The plan is aligned with the five-year Municipal and Regional District Tax (MRDT) funding cycle.

Guided by the goals set in the Destination Greater Victoria 2017-2021 Five Year Strategic Plan, the following was accomplished in the second year of the plan.

Average Daily Rate (ADR) in Greater Victoria grew by \$15.01 (\$184.20 from \$169.10 in 2017) and Revenue per Available Room (RevPAR) was \$140.77, up from \$124.21 in 2017.

Destination Greater Victoria continued to address seasonality by holding meetings, events and conferences in the shoulder seasons and off-season. For example, total delegate days at the Victoria Conference Centre was 121,430, compared to 108,836 in 2017. Moreover, the inaugural IMPACT Sustainability Travel & Tourism Conference as well as the inaugural Capital City Comic Con were held in January and March 2018. These conferences are owned by Destination Greater Victoria and community partners. They will be held in Greater Victoria yearly and provide stable business for members in future years.

Telling the positive story of tourism in Greater Victoria is identified in the Five Year Strategic Plan and is one Destination Greater Victoria and the tourism industry consistently repeat in the public sphere. Tourism is the second largest economic sector in Greater Victoria with a total output of \$2.3 billion. It employs over 22,000 people. It is important that the tourism industry enjoys community support and acceptance for it to grow.

Destination management is another area of focus identified in the 2017-2021 Five Year Strategic Plan. Destination Greater Victoria's supply-side focuses in 2018 were contributions to increasing Chinook salmon stocks and supporting our whale watch members, memoranda of understanding (MoUs) with Capital Region Food and Agriculture Initiatives Roundtable and Vancouver Island South Film and Media Commission to help further their work, as well as engage stakeholders such as BC Ferries and City of Victoria through their consultation processes.

As noted in the 2017-2021 Five Year Strategic Plan, the tourism industry through Destination Greater Victoria will make a \$1 million investment for the David Foster Harbour Pathway over ten years. Destination Greater Victoria made a \$150,000 contribution in 2018 as it continues to follow through on this commitment paying down our obligation ahead of schedule.

Business Discussion And Analysis

This section is an overview of industry performance in the past year, issues and challenges affecting the tourism industry and Destination Greater Victoria's plans for addressing these issues.

2018: A Success by Every Measure

Greater Victoria's tourism industry had another strong year in 2018, reflected in several statistical indicators. Compared to 2017, all hotel key business measures increased in 2018; occupancy was four per cent higher, average daily room rate increased nine per cent and revenue per available room grew 13 per cent. BC Ferries' vehicle and passenger traffic on Route 1 (Tsawwassen – Swartz Bay) exceeded levels for 2017 while arrivals through Victoria International Airport increased six per cent.

Labour Market Development

Greater Victoria is experiencing a labour shortage across many economic sectors, including tourism. The unemployment rate in Greater Victoria as of January 2019 was 3.6 per cent, a decrease from 3.8 per cent in November 2018. This is also well below the national average unemployment rate of 4.4 per cent. A low unemployment rate is expected to continue, providing recruitment challenges for many industry partners.

Working with partners, Destination Greater Victoria will support solutions such as attracting older workers back to the workforce, advocating for increased immigration and promoting greater indigenous participation in tourism's workforce.

Municipal and Regional District Tax (MRDT) Program

The MRDT agreements with the City of Victoria and District of Saanich have been reliable sources of revenue for Destination Greater Victoria. Changes to the MRDT program in 2018 included extending collection of MRDT to Airbnb units and expanding eligible uses to include affordable housing projects. Destination Greater Victoria will remain actively engaged with the Province, City of Victoria and District of Saanich to ensure these changes and potential future changes to the MRDT program consider Destination Greater Victoria's mandate as well as tourism's significant contributions to the local and regional economies.

Managing Tourism Industry Risks

The outlook for the Greater Victoria tourism industry remains strong. However, potential headwinds could have negative impacts on business. Key risks include new taxes, increasing interest rates, changes in consumer confidence and diplomatic tensions with source-market countries such as China. Growth of the sharing economy, particularly continuing development of tours and activities offered as 'experiences', is also seen as a risk. It is important that Greater Victoria avoid the downsides of the sharing economy experienced in many other popular destinations. Strategically, there will continue to be a focus on sustainable tourism and high-yield travellers. Destination Greater Victoria is committed to working closely and collaboratively with local stakeholders and maintaining the tourism industry's social license within the community.



Member Events



Business Events Victoria



Travel Trade

 **DESTINATION CANADA**

Destination Marketing

Destination Greater Victoria shifted the focus of its marketing in 2018, reducing individual campaign themes in favour of developing a deeper, always-on approach to reaching target consumers. Efforts were also focused to refresh Destination Greater Victoria's brand into a modern and timeless destination brand, including an extensive strategy to support all business lines in the organization.

Brand Refresh

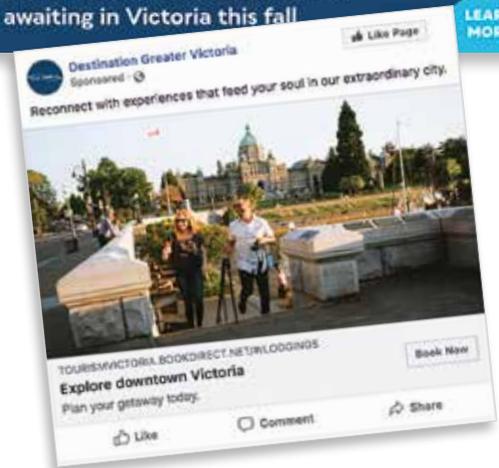
After a rigorous request for proposal (RFP) process, Destination Greater Victoria engaged Destination Think!, an international agency specializing in destination branding and development. Over the course of six months, Destination Think! led engagement workshops with Greater Victoria residents and businesses, as well as conducted sentiment analyses and consumer surveys in target markets. This work involved a robust discussion and analysis of the destination's "DNA" to develop a full brand strategy that included unique selling propositions (USPs), positioning, brand story, brand promise and essence centered on the region's timeless beauty, its environment and connections to the Salish Sea.

Destination Greater Victoria announced its brand refresh in September 2018. This new brand reflects the changing, global destination we have become. As part of the branding exercise, the trading name changed to Destination Greater Victoria from Tourism Victoria. This change is a better representation of Destination Greater Victoria's membership portfolio, as well as visitor experiences across the region.

The decision to update the trading name from Tourism Victoria to Destination Greater Victoria was due to the evolving nature of the organization's business. Most tourism boards have incorporated a destination management function and their names reference this responsibility. The trading name change provides a platform for cohesive regional marketing strategies moving forward. This will leave customers with a sense that there is more to see and do, and with a desire to come back sooner.

The brand refresh also extends to Destination Greater Victoria's sub-brands including Business Events Victoria, Greater Victoria Sport Tourism Commission, Greater Victoria Visitor Centre and Greater Victoria Membership.

Marketing Examples



Destination Marketing Campaigns

In 2018, Destination Greater Victoria's marketing team continued its focus on key periods that drive shoulder and off-season travel as well as visitation in the spring and summer months. The marketing team shifted from individual campaign themes to a more inclusive strategy, delivering several successful consumer campaigns including TripAdvisor, Dine Around, Spring-Summer, Royal BC Museum Egypt exhibit promotion, Autumn and Winter (Holiday Season).

The spring marketing campaign – which was revived and extended into Autumn – highlighted the destination's unique combination of attractions and experiences, delivering on visitors' expectations and drawing them back time and time again. The spring initiative was extremely successful, driving 4,145 booking conversions; 71,740,293 impressions; 58,146 main landing page visits; and 158,343 ad clicks.

For the fifth year, Destination Greater Victoria commissioned an independent third-party research firm to assess the spring destination advertising campaign and measure its effectiveness. The report showed the campaign successfully moved Washington State consumers along the path to purchase. This increased visitation and economic impact for Greater Victoria:

- 59:1 return on investment (ROI) (industry norm is 20:1) for the spring marketing campaign in Seattle, WA. For every dollar invested, a return of \$59 was realized. This ratio was 56:1 in 2017. Notably, the campaign reached residents of Western Washington beyond Seattle. The ROI in Western Washington excluding Seattle was 70:1.
- When shown the Victoria spring creative imagery, aided recall was 52 per cent, up from 45 per cent last year and 26 per cent in the benchmark year (2014).
- The report showed that Destination Greater Victoria is successfully moving prospective consumers through the path to purchase. In 2018, 50 per cent were in the active planning mode (step three to seven), up from 41 per cent in 2014.
- Greater Victoria is becoming a focal point for regional trips. More visitors are combining a trip to Greater Victoria with a visit to the Gulf Islands and/or the Olympic Peninsula.
- The average total trip duration was 4.1 nights in 2018, up from 2.8 in 2014.
- The average trip duration in Victoria continues to be strong – now 2.7 nights, up from 1.9 in the benchmark year.

In addition to consumer or leisure travel marketing, the marketing team supported Business Events Victoria (BEV), Major Events and Conferences, and the Greater Victoria Sport Tourism Commission with social media marketing, advertising, creative design and several business-to-business (B2B) campaigns.

REGIONAL PARTNERSHIP - PACIFIC MARINE CIRCLE ROUTE

The Pacific Marine Circle Route (PMCR) project is a collaborative partnership between Destination Greater Victoria, Tourism Cowichan Society, Sidney Business Improvement Area Society and Destination British Columbia. 2018 was the second year of focused marketing efforts encompassing southern Vancouver Island. It encouraged the customer to explore beyond Greater Victoria, visit again and visit more frequently. The campaign activity also built on the previous year by delivering more detail to the consumer.

In addition to providing a description and overview of the PMCR, the landing page also served to entice visitors to explore activities and patronize businesses in the communities on the route. For example, each community had hyperlink buttons for "stay," "eat," "see" and "do."

Over the course of the campaign, there were over 63,000 landing page views including 84 per cent of users visiting the webpage for the first time. The campaign delivered 7,040 conversions – a conversion rate of 11.02 per cent.



20% AUDIENCE GROWTH
6% INCREASED ENGAGEMENT



8% AUDIENCE GROWTH
30% GROWTH IN REACH



4% AUDIENCE GROWTH
19% INCREASED
ENGAGEMENT PER POST



GOING LOCAL BLOG
97% INCREASED PAGEVIEWS
105% GROWTH IN PAGE VIEWS

Social Media and Content Marketing

Content Strategy

Destination Greater Victoria's content strategy aims to inspire travellers by publishing and promoting inspirational content about Greater Victoria that speaks to target travellers. The challenge is to shift travellers' thinking from "a place I'll go someday," to "I'm going to plan my next trip there."

Using search trends and learnings from the past year allowed Destination Greater Victoria to create and place the correct content in front of the correct audience at a key moment in the decision-making process, thus motivating and mobilizing potential travellers to visit our destination.

Social Media

KEY CHANNELS AND PERFORMANCE: CONSUMER-FACING

Destination Greater Victoria looked at audience growth and engagement as key indicators of performance on these social media channels. Through consistent posting of timely and informative content, Destination Greater Victoria saw growth across all audiences. Facebook's algorithm now prioritizes friends, family and groups. Destination Greater Victoria adapted its strategy to these changes to reach more people than ever. On Twitter, there was an increase of 30 per cent in total reach, of five per cent in followers, two per cent in overall engagement and improved engagement per post by 19 per cent.

Instagram continues to be the fastest-growing channel with a 20 per cent growth in audience and a six per cent increase in engagement over 2017, yielding a total of 331,674 engagements in 2018. In 2018 Destination Greater Victoria looked for ways to harness the power of Instagram stories as a tool to drive traffic to the organization's website. The result was an increase of 4,658 per cent in referrals and an increase of 177 per cent in conversions to www.tourismvictoria.com.

Going Local Blog

The Going Local blog serves as a platform to inspire and inform travellers about the range of activities available in Greater Victoria. Posts in 2018 were shared across social media channels to an audience of 140,000 and further promoted through the Visit Victoria eNewsletter. Blogs were further amplified by utilizing key partnerships with members, Destination Canada and Destination British Columbia.

In 2018, Destination Greater Victoria focused on data-driven content by analyzing search trends from 2017 and using this information to create appropriate content in a timely manner. The initiative yielded a 97 per cent increase in organic pageviews to the Going Local blog, from 120,182 pageviews in 2017 to 236,454 pageviews in 2018. Destination Greater Victoria also worked to refresh and publish blogs that had historically performed well. The most popular blog of the year generated nearly 14,000 views.

2018 was a year of steady growth. The brand refresh rolled out to the social media audience and the organization navigated changing algorithms, adapted strategies, leveraged key partnerships and focused on search trends that resulted in a greater reach of content.

Travel Trade

The strategic lens of travel trade focuses on long-term, sustainable growth for the destination. The sector drives measurable, incremental room nights and yield with a specific focus on need and shoulder season periods.

In 2018, Destination Greater Victoria shifted staff resources within this area, seeing the promotion of the Asia Pacific manager into a more globally focused role with oversight of a new specialist position. The shift has enabled the two travel trade professionals to work more cohesively and have greater oversight of the team's budgets. As an auxiliary function to the travel trade team, the FAM Coordinator role has a greater focus assisting this team.

The travel trade channel is a vital piece of the overall sales and marketing strategy, providing Greater Victoria with base business and increasing compression for the destination. Tour operators and receptive tour operators contract rates at least 12 to 18 months in advance. For the industry, a balanced portfolio of tour, leisure, corporate group and free independent traveler (FIT) minimizes risk and yields transient FIT and direct bookings.

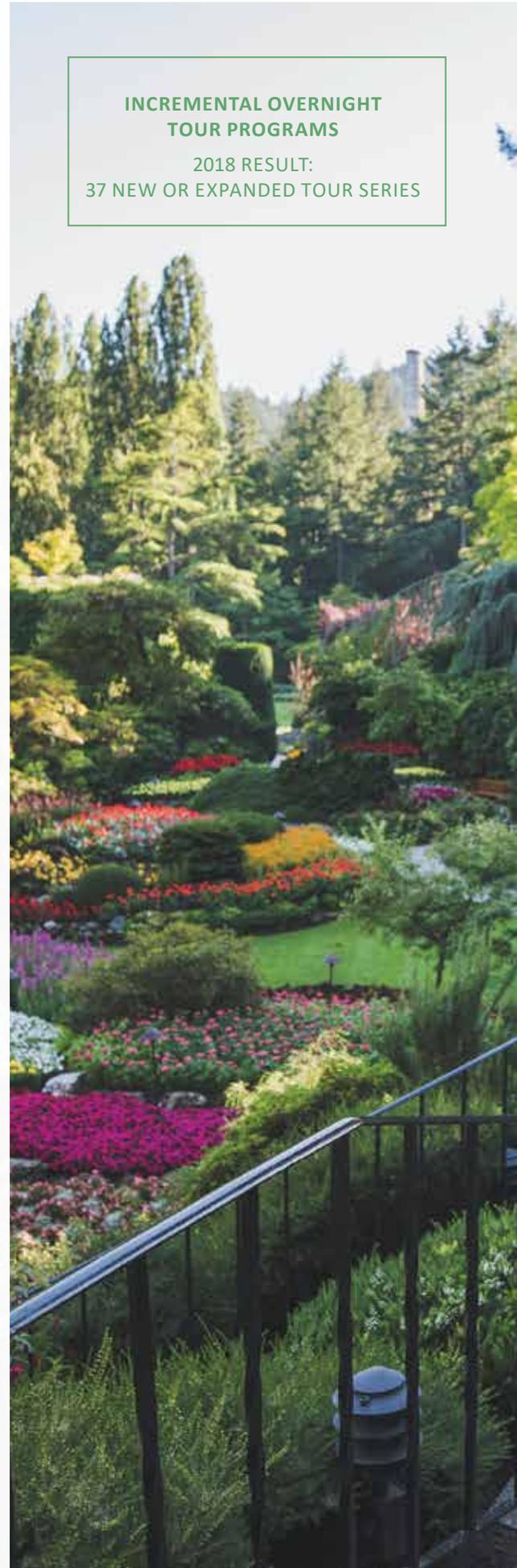
Destination Greater Victoria rolled out its Signature Travel Network (STN) partnership for a second year. STN is a retail consortium with 6,000 independent members, predominantly in the United States. For the first time, the partnership was funded by the Destination Marketing Fund. In December 2018, Destination Greater Victoria's trade team attended the STN annual conference, engaging with 2,700 of its members through group training sessions. The results year-over-year for STN have proven to be impressive. There was 33 per cent growth in revenue production and 37 per cent growth in room night production, spread across 25 hotels in the region.

The Greater Victoria region is blessed with international recognition and interest. The majority of our long-haul, international marketing efforts are led by our partners Destination BC and Destination Canada, which have in-market representation and strong, dedicated budgets. The Destination Greater Victoria travel trade team are focused on two geographical areas: Asia/Pacific and North America/Europe. Destination Greater Victoria has modeled its geographic approach based on achieving the best return on investment for the destination, long-term sustainability and consideration of how the markets align with Destination BC. The focus of the destination's international marketing efforts are Australia, China, Germany, Japan, Mexico, South Korea and the United States. The United States remains the largest international market based on proximity and intent to travel; however, we have seen growth from all identified international markets during 2018. We will monitor international relations between China and Canada and will follow any precedents made by Destination Canada and provincial partners.

Trade shows also provide a platform to meet travel product buyers and identify business needs for our destination. In 2018, we partnered with Destination BC and Destination Canada to attend Rendezvous Canada (held in Halifax), Showcase Asia (China) and Focus (S. Korea).

INCREMENTAL OVERNIGHT TOUR PROGRAMS

2018 RESULT:
37 NEW OR EXPANDED TOUR SERIES





Media & Influencer Relations

The role of the Travel Media team at Destination Greater Victoria is to achieve positive editorial and influencer coverage of the destination to drive visitation to the region. Influencer and Media Relations was refocused in 2018. The department had two vacancies from February through May. During this period, Destination Greater Victoria realigned the team, adding an Influencer and Media Relations Manager and Media Relations Specialist. Despite the team not being fully operational until October, they achieved a total of 328 placements, consisting of 227 traditional editorial channels and 101 influencer pieces. There was significant coverage through social media channels and an increase in influencer relationships with a dedicated resource to the influencer space.

TRAVEL MEDIA AND INFLUENCER EDITORIAL PLACEMENTS

2018 RESULT: 328

In May, Destination Greater Victoria hosted the Travel Media Association of Canada (TMAC) Conference. The event hosted 80 writers and journalists and more than 70 travel media professionals from across the country. The conference included an opening reception, a half-day of familiarization tours (FAMs) for all participants and a closing reception. The key piece to this event was developing and executing ten pre-FAMs for attendees. These pre-FAMs included a trip to the Gulf Islands, a journey on the Pacific Marine Circle Route, adventure tours, food and drink tours and city attraction itineraries. Destination BC provided funds and support for this event as well as significant member-partner support. In total, we saw 42 editorial placements as a result of TMAC, with further pieces expected to be published in 2019.

Strategically, the Travel Media team focused on the quality of coverage as well as alignment with the destination's brand. There was also greater alignment with marketing efforts, ensuring media support during key campaign timeframes, as well as focusing on campaign themes and marketing objectives. Specific attention was placed on the Pacific Marine Circle Route and product diversification. As well, the Travel Media team has been working more closely with the Travel Trade team to link coverage to our key international travel trade markets, providing insights and support to Destination BC and Destination Canada media visits.

Media highlights from 2018 include *WestJet Magazine*, which featured a six-page fashion shoot and editorial and a 24-page editorial feature in *Traveller* (South Korea) featuring Mr. Lee, a South Korean TV and film star. This piece was produced in collaboration with Destination Canada.

As we increased our media relations, we hosted *Field and Forest*, a prominent Vancouver-based influencer couple who completed an assignment traveling the Pacific Marine Circle Route, delivering a dedicated blog and social posts throughout their stay.

Major Events & Conferences

2018 saw the launch of two wholly-owned events: IMPACT Sustainability Travel & Tourism Conference (IMPACT) and Capital City Comic Con. Both were created to address seasonality and increase predictable business in the shoulder and off-peak seasons.

With the launch of the Major Events and Conferences platform and the business oversight required to ensure long-term financial viability, a Vice President was hired in February 2018. This platform was supported by other departments across the organization, including Marketing, Finance, Corporate Communications and others.

IMPACT SUSTAINABILITY TRAVEL & TOURISM



IMPACT

The inaugural IMPACT conference was held at Victoria Conference Centre (VCC) from January 21-24, 2018. This conference was held to address the desire for broader and deeper discussions about sustainable tourism in Canada. Powerful stories were told, creating conversations that inspired conference attendees. As a destination for global travelers who crave authentic, local experiences, Canada is in a unique position to lead the world in sustainable tourism. Municipal, provincial and federal representatives and government officials also attended, shared their vision and listened to industry regarding the opportunities and challenges tourism brings.

Although IMPACT was originally met with both support and hesitation from the tourism industry, the overall outcome and feedback was extremely positive and generated interest for future involvement and support. Greater Victoria recently won a bid to host the Global Travel and Tourism Research Association Conference in 2020 (TTRA) which is partly attributable to conversations the IMPACT conference has created within the industry.

Notable IMPACT Attendees

ELECTED OFFICIALS

Honorable Bardish Chagger, Minister of Small Business and Tourism, Leader of the Government in the House Commons and MP, Waterloo

Elizabeth May OC, Leader of the Green Party of Canada and MP, Saanich-Gulf Islands

Yvonne Jones, Parliamentary Secretary to the Minister of Indigenous and Northern Affairs and MP, Labrador

Gord Johns MP, Courtenay-Alberni

Lisa Helps, Mayor, City of Victoria

NON-ELECTED OFFICIALS

Nancy Guyon and Sebastian Charge, Government of Nunavut

Catherine Foskett, Director of Policy, Tourism Branch, Government of Canada

Andrew Little, Director, Intergovernmental Relations, BC Ministry of Tourism, Arts and Culture

CROWN CORPORATIONS & GOVERNMENT AGENCIES

Destinations Canada
Parks Canada
Destination BC

“Our best years are still to come. It is our job to encourage this growth and welcome more people to our beautiful country. But we must also be responsible in the way that we do it. We must be respectful and do it in a sustainable way.”

– HONORABLE BARDISH CHAGGER

MAJOR EVENTS
VICTORIA
& CONFERENCES



Capital City Comic Con

Capital City Comic Con is a three-day celebration of pop culture across virtually all genres, including: animation, anime/manga, toys, video games, fantasy, science fiction, television, movies, entertainment and comics. The inaugural Capital City Comic Con attracted more than 7,500 comic enthusiasts – with over 1,000 buying full 3-day passes and 599 family passes. Twenty-six per cent of attendees were from outside Greater Victoria.



Inaugural Capital City Comic Con: 7,500 ATTENDEES

1,000

Attendees purchased
3 day pass

599

Attendees purchased
Family Passes

88%

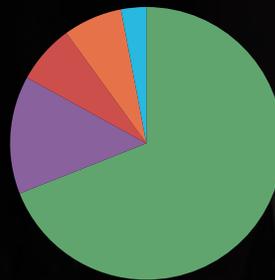
Were satisfied to very
satisfied with the inaugural
Capital City Comic Con

26%

Attendees were from
outside Greater Victoria

89%

Surveyed would
recommend
Capital City Comic Con



69% VICTORIA

14% NORTH VANCOUVER
ISLAND

7% GREATER VICTORIA

7% LOWER MAINLAND

3% CANADA AND
INTERNATIONAL

CELEBRITY GUESTS

Patrick Warburton, James Marsters, Bret "The Hitman" Hart, Graham McTavish, Jay Baruchel, Mike Quinn, Aaron Douglas, Leah Cairns, Erica Cerra

COMIC GUESTS

Fowl Language, Shen Comix, Awkward Yeti, Chapterhouse Comics, Fadi Hakim, Richard Comely, Tony White, J. Torres, Soo Lee, Ed Brisson, John Gallagher, Bob Hall, Ken Steacy



Business Events Victoria

As Business Events Victoria (BEV) completes its second full year following the merger of sales and marketing efforts with the Victoria Conference Centre and Destination Greater Victoria’s meeting sales teams in January 2017, the positive results of the merger continue to be evident. For example, the number of leads has nearly doubled from 2016 to 2017 and continued to grow steadily in 2018.



Halfway through 2018 BEV made changes to its in-market sellers, reducing the number from three in-market sellers to two in-market sellers and expanding the focus of the western in-market seller to encompass the entire western US market. BEV also added a coordinator to the team to help streamline the bid process.

2018 was a year where BEV attended many trade shows, partnering with hotels at top industry trade shows such as IMEX, Tete-a-Tete, CSAE, ASAE and IncentiveWorks, as well as attending new trade shows to increase BEV’s exposure in other key markets – Go West, AMC Institute and IMEX Frankfurt.



BEV continued GM Mission Client Events for a third year, adding two new key markets for 2018 – Montreal and San Francisco. In March, BEV, hotel partners and general managers headed to Toronto, Ottawa and Montreal for events showcasing Greater Victoria’s meetings and culinary scene with the slogan, “Taste of Victoria.” This work continued in October as BEV headed to San Francisco and Berkeley for similar events. BEV also held an event in Vancouver in November. All events were well attended, and each event produced new contacts and leads resulting in business for the destination.

2018 was a banner year for the BEV team, proudly hosting the Professional Conference Management Association (PCMA) Canadian Innovation Conference (CIC) at Victoria Conference Centre and Fairmont Empress. PCMA hosts CIC annually, but this was the first year that it was held in western Canada. CIC saw over 380 meeting and event professionals come to the destination for three days of education, networking and social activities. The closing party was held in at Crystal Garden and had rave reviews.

Spring 2018 started with the formation of a Customer Advisory Board (CAB). Twelve members were recruited: five Canadian associations, two US/International associations, one US corporate representative, two Canadian third-party planners and two US/International third-party planners. These individuals act as ambassadors for BEV within the business events market globally. CAB was constituted in late 2018 and its first short, introductory meeting was held in November to coincide with the PCMA CIC conference. CAB will be meeting once a year and participate in quarterly conference calls with the objective to inform BEV of any market intelligence, developing trends and to review strategic initiatives.



BEV marketing efforts received accolades as the Cities in Sync campaign won “Innovator of the Year” at the prestigious Tourism Industry Association of Canada National Awards.

This year marketing and BEV produced a new promotional video as well as a fall marketing campaign in line with refreshed branding. From September through November 2018, the marketing team ran a digital advertising campaign with the goal of generating interest in Greater Victoria as an ideal place for conferences, meetings and incentive travel; increasing the number of meetings requests for proposals (RFPs); and delivering converted meeting programs for 2019 and beyond. Tactics included LinkedIn and Facebook lead generation and display advertising aimed at meetings planners and business event professionals in British Columbia, Ontario and Washington State. With a modest budget, the campaign drove 3,602,289 impressions, 15,384 ad clicks and 53 leads.



	2018 GOALS	2018 Total	2017 Total	COMPARISON TO GOALS	COMPARISON TO LAST YEAR
Confirmed Room Nights	20,000	34,184	22,966	+14,184	+11,218
New Leads	200	266	221	+66	+45
Potential Room Nights	70,000	159,112*	77,263	+89,112	+81,849
VCC Delegate Days	109,000	121,430	108,836	+12,430	+12,594
VCC REVENUE	\$1,100,000	\$1,508,427	\$1,330,263	+37.1%	+13.4%

*27,656 potential room nights from one lead - North American Indigenous Games 2020 - July 2020

83%

SAID THAT THEY WOULD CONSIDER HOSTING A FUTURE MEETING IN VICTORIA

99%

SAID THAT THEY WOULD RECOMMEND VICTORIA AS A MEETING DESTINATION

87%

SAID THAT THEY WERE VERY SATISFIED WITH THEIR VICTORIA EXPERIENCE

CITYWIDE CONFERENCES

2017 = 31
2018 = 30

“Rocky Mountain Mineral Law Foundation recently held it 64th Annual Meeting in Victoria, and it was a roaring success! From start to finish, the Victoria Conference Centre, together with Tourism Victoria, provided us with a seamless and wonderful experience.

From touring Butchart Gardens to whale watching adventures to outdoor activities galore, we just knew our people would love it. Why Victoria? It just had a mystique about it. All the advantages of a big city, but so much more intimate. Incredible weather, friendly people, wildlife galore in the nearby waters, great food, flowers everywhere. Many of our delegates told us it was our best location by far, and asked when we were going back. Soon, I hope.”

BUSINESS EVENTS
VICTORIA

Greater Victoria Sport Tourism Commission

The Greater Victoria Sport Tourism Commission (GVSTC) was announced in February 2018 and launched in April 2018. Sport hosting was previously the responsibility of SportHost Victoria with Destination Greater Victoria often assisting in bid processes on an ad hoc basis. In 2017 a study was commissioned by the two organizations to see if there was a way to work in a more formal and collaborative manner. The report recommended the two bodies combine their expertise and the Greater Victoria Sport Tourism Commission was formed. The structure of the model is based on best practices learned from leading sport tourism destinations from around the world.

The GVSTC is a membership-driven organization relying on business and municipal support but is also a legal entity under Destination Greater Victoria. There are five levels of support for members featuring different partner benefits - applicable for every type of organization interested in benefiting from sporting events being held in this region. In 2018, GVSTC received membership support from over 50 organizations for over \$70,000.

The 2019 IIHF World Junior Hockey Championships was the most significant event on the 2018 sports calendar. The tournament was also one of the most successful sporting events ever hosted in Greater Victoria. Save-on-Foods Memorial Centre was filled to capacity for two exhibition games and 14 tournament games. In addition to the tournament being a wonderful event for the community and visiting hockey fans, the event contributed to Greater Victoria hotel occupancy reaching some of their highest-ever levels for the month of December.

The event would not have happened without a strategic \$150,000 investment by Destination Greater Victoria in partnership with the Victoria Hotel Destination Marketing Association. This successful tournament and the positive awareness it generated will help win future bids.

The following is a list of other GVSTC sponsored events in 2018:

- Rugby Canada Women's Sevens
- TC10K
- Bayview Place DC BANK Open
- China-Canada Pacific Rim Classic basketball
- GoodLife Fitness Victoria Marathon
- World Rowing Coastal Championship
- University Men's Rugby Championship

The GVSTC is continually bidding to host new sporting events. Greater Victoria can expect to see the sports calendar filled with new events across Greater Victoria in 2019 and 2020, such as the Pan Am Cross Country Cup and Major League Triathlon.



GREATER
VICTORIA
SPORT TOURISM COMMISSION

Visitor Services

Visitor Services' mission is to apply superior destination knowledge and outstanding customer service to provide visitor information and booking services, helping to create an unforgettable travel experience and extend length of stay.

Visitor Centre

The Greater Victoria Visitor Centre is the 'front desk' of the destination and gives Destination Greater Victoria a unique opportunity to engage with visitors. It provides excellent service and encourages visitors to extend their stay.

In late 2017, Destination Greater Victoria began discussions with the City of Victoria for major renovations to the Visitor Centre. The renovations were unfortunately put on hold. Destination Greater Victoria instead opted for small-scale changes, including a 'refreshed' look and feel. Destination Greater Victoria will revisit major renovations to the Visitor Centre in the future.

Focus on Improving Member Product Sales and Knowledge

Building on the success of previous years, Visitor Services continued to focus on informing travellers about products and services offered by Destination Greater Victoria members as well as selling tickets at the Visitor Centre. Destination Greater Victoria continued to place a strong emphasis on sales training and 'intimate' product knowledge, and added additional member products to the sales roster.

Sales of member products have grown from less than \$1 million in 2014 to nearly \$2 million in 2018. Building on this success, Destination Greater Victoria hired a General Manager of Visitor Services in late 2018. This position puts an increased focus on sales, driving business results and delivering increased revenue for Destination Greater Victoria member-businesses.

Volunteer Program

Destination Greater Victoria continued its volunteer program in 2018. More than 75 friendly and dedicated volunteers engaged over 100,000 visitors in downtown Victoria and at Ogden Point. In addition to greeting visitors and answering questions, volunteers took steps to pre-qualify customers for member products through the sales referral program.

Ogden Point Operations

Since 2015 Destination Greater Victoria has offered visitor services at the Ogden Point terminal. Working in partnership with the Greater Victoria Harbour Authority and Western Stevedoring, the Visitor Centre kiosk at Ogden Point provided an opportunity to offer general information to cruise visitors and refer them to Destination Greater Victoria member-businesses. This visitor service location also gave Destination Greater Victoria a platform to encourage visitors to learn more about the destination and inspire them to return for a land-based vacation.

2018 Performance Results



325,184
Foot Traffic Counter



195,110
Visitors Served



\$88.59
Average Sale



\$1,994,912
Ticket Sales



6.99%
Closing Ratio



Member Services

Member Services is a cornerstone of Destination Greater Victoria. The organization has approximately 1,000 members, each operating a unique business with specific needs. The purpose of Member Services team is to provide support to members across all platforms and channels.

Coffee Talks

Member Services organizes coffee talks throughout the year. Members come to the Destination Greater Victoria corporate office to discuss their business with Destination Greater Victoria employees. This interaction allows the businesses to educate Destination Greater Victoria so that it can be supported appropriately. Member Services organized 46 coffee talks in 2018.

Member Events

Member Services organizes monthly member mixers throughout the year, as well as the Destination Greater Victoria annual Open House and New Member Mixer. The total number of attendees for these events was 1,228 and the average attendance was 102.

Member Workshops

There were a series of member workshops held in spring and fall 2018 covering a variety of topics. Examples include "Preparing for the New Cannabis Legislation," "Working with Travel Trade" and "Best Practices in Digital Marketing." There were 139 total attendees and an average of 20 attendees per workshop.

Personal Business Visits

Member Services conducted regular visits to member businesses to ensure members are aware of benefits, events and opportunities.

GREATER
VICTORIA
MEMBERSHIP



DESTINATION GREATER
VICTORIA HAD 117 LOCAL
MEDIA PLACEMENTS IN 2018

**POLITICAL BRIEFINGS
OR OPPORTUNITIES**

2018 RESULT: 55



Corporate Communications and Destination Management

Destination Greater Victoria has a strong focus on corporate communications. The Greater Victoria tourism industry continues to grow: hotels, restaurants and attractions are increasingly popular. It is a positive story to tell the community, and an important one. Economic sectors do not operate in isolation. Rather, they conduct their business in an environment of public scrutiny and require support from the communities in which they operate. Tourism is like any other industry in this regard. Promoting the positive attributes of the sector requires relationships with local media, continual social media updates and close relationships with local stakeholders and associations.

Destination Greater Victoria enjoys close working relationships with the Greater Victoria Harbour Authority, the Greater Victoria Chamber of Commerce, Downtown Victoria Business Association, local governments and many others. Destination Greater Victoria also maintains a strong relationship with the Province through Destination BC (DBC). For example, there is ongoing work with DBC on a destination development strategy for Southern Vancouver Island.

Destination marketing organizations around the world are increasingly focused on destination management. Their core mandate is still to market the destination, but marketing is no longer their sole focus. They are taking a leadership role in creating, maintaining and advocating for their local tourism industry. Destination Greater Victoria has assumed a similar role, working on files such as Belleville Terminal, Ogden Point Master Plan, Chinook salmon enhancements and affordable housing.

Finance and Corporate Services

2018 was a tremendous year for the visitor economy in Greater Victoria. Building on five strong years, the first half of the year saw Municipal Regional District Tax (MRDT) revenue exceed Q1 and Q2 2017. Destination Greater Victoria management had conservative revenue projections for the first portion of the year, while monitoring MRDT lead indicators. As the year progressed funds were deployed in line with key strategic objectives: growing rate and volume and addressing seasonality.

Destination Greater Victoria's top line revenue increased 13.8 per cent – or \$1,128,206 – in 2018 from 2017. The increase was due to strong growth in MRDT and Destination Marketing Fund (DMF) revenue. Destination Greater Victoria receives MRDT revenue from the City of Victoria and District of Saanich. These funds form the majority of the destination marketing budget. As part of the agreement with the City of Victoria designating Destination Greater Victoria eligible entity status, the MRDT received by Destination Greater Victoria increased from 2 to 2.8 per cent.

It should be noted that prior to 2017, 30 per cent of each monthly amount was held by the City of Victoria (approximately \$596,000 in 2016) to market the Victoria Conference Centre. When Destination Greater Victoria assumed leadership of the Victoria Conference Centre from the City of Victoria in 2017, the 30 per cent monthly holdback ceased and flowed to Destination Greater Victoria instead.

In line with the increases to revenue Destination Greater Victoria's core marketing services were delivered throughout the year. Marketing services account for 75.4 per cent of the organization's total spend. This is an increase from 2017 when it was 69.7 per cent. It was a positive development given the large increase to Destination Greater Victoria's top line revenue that marketing services were provided at an increased percentage. This is a testament to the hard work of Destination Greater Victoria staff and their dedication to marketing Greater Victoria as a world-class destination.

Labour costs compared to revenue for the year were 32.4 per cent of Destination Greater Victoria's budget (2018 Target: 33 per cent). Going forward Destination Greater Victoria plan's to increase its labour budget to 35 per cent. Destination Greater Victoria needs a slightly higher labour cost percentage relative to the overall budget to be sustainable in the long term and continue to deliver strong results for our stakeholders.

Destination Greater Victoria's 2018 fiscal year reported a deficit of revenues over expenses of \$134,364. Destination Greater Victoria planned on reporting a deficit in 2018. Actively working towards a deficit of revenue over expenses might seem counter-intuitive to most businesses. However, looking at the financial history of Destination Greater Victoria the reasoning becomes apparent. Specifically, Destination Greater Victoria was required to reinvest a large surplus from 2017. Destination Greater Victoria is a not-for-profit organization and not in the business of generating unnecessary surpluses.

Destination Greater Victoria management are committed stewards of stakeholders' funds and spend only when it is appropriate and in line with the core mission and strategic objectives.

The Greater Victoria tourism economy is strong, but there have been cycles in the industry in the past. The organization must prepare for a potential downturn in the Greater Victoria tourism industry. \$50,000 will be transferred to the internally restricted reserve fund, which is in place to cover operating costs for up to six months in the event of a significant economic decline.

SIGNIFICANT IMPROVEMENT IN FINANCIAL MANAGEMENT PROCESSES
2017: Quarterly closing cycle - variable deadlines
2018: Monthly closing cycle - three working days

MUNICIPAL AND REGIONAL DISTRICT TAX

The purpose of the MRDT program is to assist designated recipients to fund tourism marketing, programs and projects.

The MRDT program is jointly administered by the Ministry of Finance, the Ministry of Jobs, Tourism and Skills Training, and Destination British Columbia. The MRDT program is one of a number of supports available to enhance tourism marketing in B.C.

The MRDT program is intended to help grow B.C. revenues, visitation and jobs, and amplify B.C.'s tourism marketing efforts in an increasingly competitive marketplace.

To promote a coordinated and efficient use of funds, the following MRDT program principles have been adopted:

- Effective tourism marketing, programs and projects
- Effective local-level stakeholder support and inter-community collaboration
- Marketing efforts that are coordinated and complementary to provincial marketing strategies and tactics
- Fiscal prudence and accountability.

From: Municipal and Regional District Program Requirements Fall 2015 (Government of British Columbia)

Management Financial Analysis

Revenues

MUNICIPAL AND REGIONAL DISTRICT TAX

Municipal Regional District Tax (MRDT) revenue increased by 10.6 per cent - from \$5,403,376 in 2017 to \$5,978,496 in 2018. Destination Greater Victoria receives MRDT from the City of Victoria and District of Saanich, and these funds form most of the destination marketing budget.

DESTINATION MARKETING FEE

Destination Marketing Fee (DMF) released revenue was \$1,525,137 in 2018, up from \$1,111,390 in 2017, representing a 37.2 per cent increase. It is important to note that Destination Greater Victoria can only record DMF funds provided there is a corresponding expense to which the revenue can be matched. If more DMF funds are received than are expensed in a period, then the excess funds are recorded as deferred revenue liability on the balance sheet. The amount of DMF funds recorded as deferred revenue increased by 8.5 per cent from \$587,536 (2017) to \$637,478 (2018).

The DMF is administered by the Victoria Hotel Destination Marketing Association (VHDMA) as a one per cent voluntary marketing fee applied to the hotel rate for guests. Approximately 20 hotels in Greater Victoria voluntarily joined the program, which began June 1, 2011. The funds generated from this fee go to Destination Greater Victoria exclusively for sales and marketing initiatives with the express purpose of generating room nights.

MEMBERSHIP SERVICES

Membership revenue includes fees for membership, advertising, events and retail sales. Revenues in 2018 increased by 11.6 per cent (\$141,802) compared to 2017. Most of this increase was due to the creation of the Greater Victoria Sports Tourism Commission. This is a separate member-based organization that operates within Destination Greater Victoria's legal structure and has its own membership revenue component.

TRAVEL AUCTION

Destination Greater Victoria hosts an online travel auction with donations from both members and non-members twice a year. In 2017, travel auctions generated \$32,919. That compares to \$32,163 in 2018. The net funds from these activities are primarily used for membership activities and initiatives. 2018 will be the final year of this initiative.

RESERVATION AND TICKET COMMISSIONS

Destination Greater Victoria sells members' tickets, bus passes, maps and special-event tickets at the Visitor Centre. In 2018, commissions on revenue from these activities increased by 6.5 per cent, or \$14,293 from 2017.

GRANTS

Grants were received from both the City of Victoria (\$10,000) and the District of Saanich (\$18,000) in 2018. The funding was used to support the operation of Destination Greater Victoria's Visitor Centre. Grant applications are submitted annually and are not guaranteed. In addition, the following municipalities also support Destination Greater Victoria through membership: City of Victoria, District of Saanich, District of Oak Bay, Township of Esquimalt, Town of Sidney and City of Langford.

A grant for \$120,000 was also received from Destination British Columbia to support the operation of the Visitor Centre. Destination British Columbia advised Destination Greater Victoria that this grant will not continue going forward.

Expenses

MARKETING SERVICES

Marketing services include activities that promote Greater Victoria as a destination, such as advertising, media relations, travel trade, business events, website activities and market research. There were increases in most categories of marketing services for 2018. The total cost was \$6,999,292 — up 23.2 per cent from \$5,680,689 in 2017. As a percentage of total revenue expense for Marketing Services increased to 75.4 per cent. This compares to 69.7 per cent in 2017.

The largest increase from 2017 to 2018 is in advertising and publications, with an increase of \$968,936. This is largely due to the increased costs associated with assuming leadership of sales and marketing of the Victoria Conference Centre.

GENERAL AND ADMINISTRATIVE

There was an overall increase in general and administrative expenses from 2017 to 2018. Most of this increase in 2018 is related to increasing capacity at Destination Greater Victoria to effectively manage the organization's revenue increase. In 2016 Destination Greater Victoria committed \$1,000,000 over ten years to the David Foster Pathway. In 2018 Destination Greater Victoria paid \$150,000 to this obligation, bringing the organization's total payment to \$300,000 by the end of 2018. A further general and administrative expense is Destination Greater Victoria's membership in the Tourism Industry Association of Canada. This membership allows exclusive access to federal decision-makers and influencers.

INFORMATION SERVICES

Visitor and Information expenses include all personnel and overhead costs associated with the Visitor Centre. Expenses increased by 6.3 per cent, or \$51,870, from 2017 to 2018. Most of this increase is a result of addressing deferred maintenance at the Visitor Centre. This included a new shelving system, security cameras and additional renovations. Some savings were realized through staff reorganization at the Visitor Centre as well.

MEMBERSHIP SERVICES

Membership Services expenses include all overhead costs associated with personnel who work in the Member Services area, as well as costs associated with member events, activities and initiatives. Expenses in 2018 were \$6,440 lower than in 2017. Decreases were due to general operating cost savings.

AMORTIZATION

Amortization expenses relate to the expensing of assets owned by Destination Greater Victoria, including furniture, computer equipment, significant marketing collateral and leasehold improvements. From 2017 to 2018, the amortization expenses increased by 12.1 per cent, primarily due to the amortization of the new office equipment and Visitor Centre improvements.





Major Events & Conferences



Risk Management

Destination Greater Victoria continues to actively monitor its operating environment for risks. Management assesses both the likelihood and potential impacts of each risk, and works to manage them down and mitigate effects. The following risks were identified in 2018.

Risk Level	Description
High	Very likely risk with highly significant or acute impacts financially and/or on ability to deliver strategy.
Medium-High	Likely risk with potentially significant impacts financially and/or on ability to deliver strategy.
Medium	Compromises finances or operations and places constraints or drag on ability to deliver strategy.
Low-Medium	Risk is present or likely but only moderately impacts ability to deliver strategy.
Low	Risk exists in the environment but is not materially impacting ability to deliver strategy.

Risk	Description	Current Assessment of Impact and Likelihood	Mitigation Strategy
Changes to BC MRDT Program	Historically BC's MRDT program has been a reliable source of funding for tourism marketing and promotion. The provincial government has changed the program to allow MRDT from Airbnb (and probably similar platforms eventually) to be used for affordable housing.	Medium likelihood (changes are in place) and impact, given that Destination Greater Victoria has an eligible entity contract with the City of Victoria until 2021. Will start work towards reducing possible longer-term impacts.	Monitor impacts of the program changes on the tourism industry and take proactive strategic steps to strengthen or implement new agreements with municipalities. Continue to deliver high returns on tourism marketing funds, add value for business partners and promote tourism's many socio-economic benefits.
Managing Disruptive Tourism Industry Risks	The growing tourism industry is subject to ongoing disruptions and shocks from macro-level external economic, political, and societal forces.	Medium likelihood and impact. In 2015 tourism was disrupted by volatile stocks and reduced consumer confidence, slowing global growth, terrorism and potentially fewer visitors from Seattle. Although these factors have had less impact into 2018 and some have been mitigated, it remains prudent to continue focusing on this risk. Main risks for 2019 include the erosion of consumer confidence together with an increased tax burden.	Continue building a solid tourism brand via promotional efforts to ensure Greater Victoria remains desirable to visit, irrespective of external conditions. Adhering to sound protocols for managing issues and communications. Ensuring strong relationships are maintained with industry partners.
Impacts of the Sharing Economy	Ongoing growth of the sharing economy could impact tourism adversely from overcrowding, loss of social license, uneven playing fields, and inequitable socio-economic contributions. Growth of sharing economy tours and activities (Airbnb Experiences) and effects on visitor experiences will be a main concern going forward.	Medium likelihood and impact given increasing recognition of the socio-economic effects of the sharing economy as well as recent developments securing regulation and taxation. Over the short to medium term the primary concern will be risks from the expansion of sharing economy tours or experiences.	Continue to engage with diverse stakeholders to better understand and address the sharing economy, and work in partnership with key stakeholders and government to develop effective solutions. Build knowledge base about statutory, licensing and safety requirements for operators of activities offered as tours or experiences.

Risk	Description	Current Assessment of Impact and Likelihood	Mitigation Strategy
Visitor–Resident Interface	Although Destination Greater Victoria is focused on sustainability and yield rather than a high volume strategy, calls of over-tourism are increasing in Canada and could eventually surface in Victoria. Tourism’s impact on residents must be constantly monitored, the interface must be very well understood, and it is critical to address issues and concerns effectively to avoid loss of social license.	Although there is currently a low likelihood of this being a concern in Victoria, primarily due to Destination Greater Victoria’s focus on sustainable tourism and sound decisions on carrying capacity, this could have high impact on tourism business if it became an issue for local communities. There will almost certainly be more scrutiny on good stewardship going forward.	Destination Greater Victoria will continue to focus on doing, and being seen to do, the right thing from a social impact perspective. A community first approach will be used when formulating strategy to ensure social license is maintained and carrying capacity stays healthy. Destination Greater Victoria will also pursue dispersion strategies in Greater Victoria and southern Vancouver Island, and will work increasingly candidly with partner agencies.
Increased Scrutiny	When membership-based and non-profit organizations gain increased funding there is often a need for greater transparency when accounting for how funds are used as well as returns on investment. Examples include the recent introduction of per diems for meals for staff and greater analysis of balanced scorecard results. There is the risk the organization may lack sufficient performance tracking and/or evaluation systems.	Medium likelihood but with low impact given Destination Greater Victoria’s systems and mitigation. The organization operates on the basis that growth in funding increases accountability and comes with greater scrutiny by members and government.	Destination Greater Victoria is a Balanced Scorecard organization tracking robust performance measures across all channels. Activities not supporting execution of Destination Greater Victoria’s strategy or business plan are not pursued. Destination Greater Victoria has increased its capacity in governance and evaluation to unlock the full potential of Balanced Scorecard.
Business Events Strategy Failure	New lines of business may be vulnerable to changes in the market, unanticipated forces, or learning curves while rolling out. There is a risk outcomes might not match expected returns on investment.	Low likelihood and low impact given growth and success of this evolving line of business. Destination Greater Victoria’s strategy for business events is investing in and helping to develop major events and/or conferences in order to build visitation across the shoulder season. Although this is still a relatively new business line for Destination Greater Victoria that carries the risk of one or some events and conferences not being as fully successful as anticipated, proof of concept has been achieved. Although IMPACT and Comic Con are viable, it is still necessary to improve performance and ROI while also developing further events and conferences.	Clearly defined benchmarks for success are in place and being tracked. If this line of business is not successful over the medium term there is scope for selective strategic divestitures. Experience to date suggests positive progress and results, with strong business going forward. The risk has been further mitigated through hiring a Vice President, Major Events and Conferences with accountability for profit and loss performance.

Balanced Scorecard

2018 was the fourth full year that Destination Greater Victoria deployed the Balanced Scorecard performance management framework. The Balanced Scorecard provides a clear and concise framework for implementing and tracking targets across multiple dimensions focused on each pillar of strategy. Below are targets and results for the 2015 to 2018 Balanced Scorecards as well as targets for 2019, including some new or amended measures for 2019.

GREATER VICTORIA TOURISM INDUSTRY INDICATORS ¹						
Measure	Unit	2015 Result	2016 Result	2017 Result	2018 Result	2019 Target
Accommodation Occupancy Rate	%	70.2	74.2	73.4	76.4	74.2 ²
Average Daily Room Rate	\$	147.74	159.55	169.19	184.20	171.00 ²
RevPAR	\$	103.65	118.43	124.21	140.77	129.00 ²
Conference Centre Delegate Days	#	96,590	106,808	108,836	121,430	110,000
YYJ Airport Arrivals	#	1,710,825	1,856,421	1,934,842	2,048,627	---

DESTINATION GREATER VICTORIA PERFORMANCE MEASURES

1. FINANCIAL PERSPECTIVE

Measure	Unit	2015		2016		2017		2018		2019
		Target	Result	Target	Result	Target	Result	Target	Result	Target
Marketing Campaign ROI	ratio	20:1	78:1	30:1	58:1	30:1	56:1	30:1	59:1	36:1
Business Events Confirmed Room Nights	#	11,000	12,788	11,500	12,169	13,000	22,966	20,000	34,184	23,500
Victoria Conference Centre Revenue	\$	N/A	949,501	N/A	1,132,846	995,000	1,330,263	1,100,000	1,508,427	1,200,000
Visitor Centre Ticket Sales	\$	1,250,000	1,555,786	1,650,000	1,595,939	1,675,000	1,855,703	1,800,000	1,994,912	2,500,000
Gross DGV Membership Services Revenue	\$	978,050	995,100	1,016,350	1,096,784	1,041,100	1,095,378	1,200,000	1,124,832	1,200,000
Gross GVSTC Membership Revenue	\$	---	---	---	---	---	---	---	121,879 ³	100,000
Room Nights Attributable to Sport Tourism	#	---	---	---	---	---	---	---	---	8,000
Room Nights Attributable to Major Events & Conferences	#	---	---	---	---	---	---	---	---	3,000
Major Events & Conferences Attendees	#	---	---	---	---	---	---	---	---	12,000
Major Events & Conferences Portfolio Net Revenue	\$	---	---	---	---	---	---	---	---	15,000
Proportion of Gross Revenue Allocated to Labour	%	39.0	35.7	38.3	35.8	31.3	29.8	33.0	32.4	35.0

2. CUSTOMER PERSPECTIVE

Measure	Unit	2015		2016		2017		2018		2019
		Target	Result	Target	Result	Target	Result	Target	Result	Target
Sessions on TourismVictoria.com – Total Digital Platform	#	N/A	1,858,674	N/A	2,133,963	2,000,000	1,836,529	2,000,000	1,942,040	2,000,000
Travel Media and Influencer Editorial Placements	#	275	350	300	319	325	329	325	328 ⁴	250
New Business Leads for Members (BEV and Leisure)	#	200	307	300	328	375	484	375	516	400
Incremental Overnight Tour Programs	#	10	23	15	16	18	12	20	37 ⁵	20
Travel Trade Cooperative Programs ROI	ratio	N/A	N/A	N/A	N/A	N/A	N/A	5:1	5:1	5:1
Business Events Potential Room Nights	#	43,000	42,040	45,000	56,058	50,000	77,263	70,000	159,112 ⁶	80,000
Sport Tourism Potential Room Nights	#	---	---	---	---	---	---	---	---	30,000

DESTINATION GREATER VICTORIA PERFORMANCE MEASURES

3. INTERNAL PROCESS PERSPECTIVE

Measure	Unit	2015		2016		2017		2018		2019
		Target	Result	Target	Result	Target	Result	Target	Result	Target
Annual Savings Attributable to Process Efficiencies	\$	25,000	26,950	10,000	16,389	10,000	18,950	7,500	40,000	10,000
Visitor Centre Plan for Renovations	---	N/A	N/A	N/A	Scoped	Commence	Architect drawings completed	Plan approved and work underway	Not proceeding ⁷	N/A
Brand Refresh and Update	---	N/A	N/A	N/A	N/A	N/A	N/A	Completed and rolled out	Completed and rolled out	N/A
Accuracy of Quarterly Financial Forecasts	%	---	---	---	---	---	---	---	---	Within 5%
Cascading Balanced Scorecard	---	---	---	---	---	---	---	---	---	Complete

4. LEARNING & GROWTH PERSPECTIVE

Measure	Unit	2015		2016		2017		2018		2019
		Target	Result	Target	Result	Target	Result	Target	Result	Target
Employee Engagement Composite Measure	%	Benchmark	Underway	65.0	63.3	65.0	65.7	68.0	68.6	70.0
Median Years of Employee Tenure	#	---	---	---	---	---	---	---	---	2.3
Staff Undertaking Professional Development	%	---	---	---	---	---	---	---	---	100
Organizational Continuity Program	---	---	---	---	---	---	---	---	---	Underway

5. FOUNDATION

Measure	Unit	2015		2016		2017		2018		2019
		Target	Result	Target	Result	Target	Result	Target	Result	Target
Member Satisfaction Rate (Satisfied or Neutral)	%	90	97	90	97	90	90	90	90	90
Board and Committee Meetings Participation	%	---	---	---	---	---	---	---	---	80
Local Media Placements	#	75	130	115	134	115	118	115	117	115
Political Briefings or Opportunities	#	20	40	35	40	35	41	40	55	45
Community Support for Tourism	---	N/A	N/A	N/A	N/A	N/A	N/A	Benchmark	98% Positive	Monitor

¹ Source: Chemistry Consulting Group.

² Source: Chemistry Consulting Group. Final Report - Greater Victoria Occupancy, APR and RevPAR Research Findings 2017.

³ This includes \$95,586 transferred from SportHost Victoria to the GVSTC, which represents 2018 carryover SportHost Victoria memberships as well as transition costs to the GVSTC.

⁴ This result comprises 227 editorial placements as well as 101 influencer articles and also reflects a greater focus on quality rather than quantity of articles.

⁵ Includes 14 new tour programs.

⁶ Includes 27,656 potential room nights for the 2020 North American Indigenous Games.

⁷ After scoping the project and securing quantitative surveys the cost of a major renovation of the Visitor Centre was deemed not to be a priority. Hence, a series of minor improvements will take place instead.



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INDEPENDENT AUDITORS' REPORT

To the Members of Greater Victoria Visitors & Convention Bureau

Report on the Financial Statements

Opinion

We have audited the financial statements of Greater Victoria Visitors & Convention Bureau (the Entity), which comprise:

- the statement of financial position as at December 31, 2018
- the statement of operations for the year then ended
- the statement of changes in net assets for the year then ended
- the statement of cash flows for the year then ended
- and notes to the financial statements, including a summary of significant accounting policies

(Hereinafter referred to as the "financial statements").

In our opinion, the accompanying financial statements, present fairly, in all material respects, the financial position of the Entity as at December 31, 2018, and its results of operations and its cash flows for the year then ended in accordance with Canadian Accounting standards for not-for-profit organizations.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the "***Auditors' Responsibilities for the Audit of the Financial Statements***" section of our auditors' report.

We are independent of the Entity in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada and we have fulfilled our other ethical responsibilities in accordance with these requirements.

We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian accounting standards for not-for-profit organizations, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Entity's ability to continue as a going concern, disclosing as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Entity or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Entity's financial reporting process.

Auditors' Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditors' report that includes our 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 the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of the financial statements.

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

We 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 our opinion.

The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.

- 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 the Entity'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 the Entity's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditors' report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditors' report. However, future events or conditions may cause the Entity 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.
- 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 we identify during our audit.

Report on Other Legal and Regulatory Requirements

As required by the Societies Act (British Columbia), we report that, in our opinion, the accounting policies applied in preparing and presenting the financial statements in accordance with Canadian accounting standards for not-for-profit organizations have been applied on a basis consistent with that of the preceding period.

Chartered Professional Accountants

Victoria, Canada
February 22, 2019

GREATER VICTORIA VISITORS & CONVENTION BUREAU

Statement of Financial Position

December 31, 2018, with comparative information for 2017

	2018	2017
Assets		
Current assets:		
Cash and cash equivalents	\$ 1,543,531	\$ 1,542,163
Short-term deposits	-	632,880
Accounts receivable	1,512,654	1,139,783
Inventories	13,386	4,211
Prepaid expenses	273,960	124,616
	3,343,531	3,443,653
Capital assets (note 2)	201,101	247,768
Investments (note 7)	778,252	-
	\$ 4,322,884	\$ 3,691,421

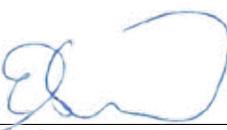
Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 3)	\$ 1,089,720	\$ 785,721
Deferred revenue (note 4)	960,680	521,700
Deferred destination marketing fees (note 5)	637,478	587,536
	2,687,878	1,894,957
Leasehold inducements	121,199	156,671
Accumulated equity loss in Canadian Tourism Legacy Conferences Ltd (note 6)	8,378	-
Net assets:		
Internally restricted reserve fund (note 7)	778,252	617,076
Unrestricted	727,177	1,022,717
	1,505,429	1,639,793
Commitments (note 8)		
	\$ 4,322,884	\$ 3,691,421

See accompanying notes to financial statements.

On behalf of the Board:


Starr McMichael - Director


Erika Stenson - Director

GREATER VICTORIA VISITORS & CONVENTION BUREAU

Statement of Operations

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Revenues:		
Municipal regional district tax	\$ 5,978,496	\$ 5,403,376
Destination marketing fee (note 5)	1,525,137	1,111,390
Membership services:		
Membership fees	609,022	490,794
Advertising fees	611,587	604,584
Retail sales	74,332	71,187
Sundry	39,677	34,543
Events	26,102	17,810
	1,360,720	1,218,918
Travel auction	32,163	32,919
Government grants:		
Municipal	28,000	44,000
Visitor services	120,000	120,000
Reservation and ticket commissions	233,051	218,758
	9,277,567	8,149,361
Expenses:		
Marketing services (note 9)		
Advertising and publications	3,469,129	2,500,193
Media relations	519,350	523,091
Travel trade	692,291	765,743
Research	208,139	133,018
Business events	1,696,333	1,508,453
Web marketing	414,050	250,191
	6,999,292	5,680,689
General and administrative	1,192,069	895,277
Information services	869,194	817,324
Membership services	252,509	258,949
Amortization	90,489	80,750
Equity loss in Canadian Tourism Legacy Conferences Ltd (note 6)	8,378	-
	9,411,931	7,732,989
Excess (deficiency) of revenues over expenses	\$ (134,364)	\$ 416,372

See accompanying notes to financial statements.

GREATER VICTORIA VISITORS & CONVENTION BUREAU

Statement of Changes in Net Assets

Year ended December 31, 2018, with comparative information for 2017

	Internally Restricted Reserve Fund	Unrestricted	Total
Balance, December 31, 2016	\$ 429,076	\$ 794,345	\$ 1,223,421
Excess of revenues over expenses	-	416,372	416,372
Transfer to reserve fund	188,000	(188,000)	-
Balance, December 31, 2017	617,076	1,022,717	1,639,793
Deficiency of revenues over expenses	1,176	(135,540)	(134,364)
Transfer to reserve fund	160,000	(160,000)	-
Balance, December 31, 2018	\$ 778,252	\$ 727,177	\$ 1,505,429

See accompanying notes to financial statements.

GREATER VICTORIA VISITORS & CONVENTION BUREAU

Statement of Cash Flows

Year ended December 31, 2018, with comparative information for 2017

	2018	2017
Cash provided by (used in):		
Operations:		
Excess (deficiency) of revenues over expenses	\$ (134,364)	\$ 416,372
Items not involving cash:		
Amortization of capital assets	90,489	80,750
Amortization of leasehold inducements	(35,472)	(30,376)
Equity losses in related parties	8,378	-
	(70,969)	466,746
Changes in non-cash operating working capital:		
Accounts receivable	(372,871)	115,991
Inventories	(9,175)	1,447
Prepaid expenses	(149,344)	417
Accounts payable and accrued liabilities	303,999	306,717
Deferred destination marketing fees	49,942	244,789
Deferred revenue	438,980	(60,924)
	190,562	1,075,183
Investing:		
Purchase of capital assets	(43,822)	(130,151)
Increase in investments	(778,252)	-
Decrease (increase) in short-term deposits	632,880	(192,849)
	(189,194)	(323,000)
Increase in cash and cash equivalents	1,368	752,183
Cash and cash equivalents, beginning of year	1,542,163	789,980
Cash and cash equivalents, end of year	\$ 1,543,531	\$ 1,542,163

See accompanying notes to financial statements.

GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements

Year ended December 31, 2018

Nature of operations:

Greater Victoria Visitors & Convention Bureau (the "Bureau") is incorporated under the Society Act (British Columbia) as a non-profit organization as described in paragraph 149(1) of the Income Tax Act. The Bureau is exempt from income taxation. Its principal business activity is the promotion of tourism in the Greater Victoria area. On November 22, 2018 the Bureau transitioned to the new Societies Act (British Columbia).

1. Significant accounting policies:

These financial statements are prepared in accordance with Canadian accounting standards for Not-For-Profit Organizations in Part III of the CPA Handbook. The Bureau's significant accounting policies are as follows:

(a) Revenue recognition:

The Bureau follows the deferral method of accounting for contributions. Unrestricted contributions are recognized as revenue in the year received or receivable if the amount can be reasonably estimated and collection is reasonably assured. Revenue from membership dues is recognized on a straight-line basis over the term of the membership. Revenue from advertising spaces is recognized on a straight-line basis over the term of the contract. Government grants are recorded as revenue on a straight-line basis over the term of the grant. Reservation and ticket sales are collected on behalf of members and the net commissions are recognized as revenue when a service has been rendered for which a fee is chargeable. The municipal regional district tax revenue is recognized in the period in which the related room sales occur. Destination marketing fees are recorded as revenue in the period in which the related expenses have occurred.

(b) Capital assets:

Capital assets are recorded at cost, less accumulated amortization. Amortization is provided using the following methods and annual rates:

Asset	Basis	Rate
Office furniture and equipment	Straight-line	5 years
Computer equipment	Straight-line	3 years
Leasehold improvements	Straight-line	remaining lease term
Tradeshaw equipment	Straight-line	3 years
Computer software	Straight-line	3 years
Website development costs	Straight-line	3 years

When a capital asset no longer has any long-term service potential to the Bureau, the excess of its net carrying amount over any residual value is recognized as an expense in the statement of operations.

GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2018

1. Significant accounting policies (continued):

(c) Leasehold inducements:

Leasehold inducements are recorded at the cost of leasehold improvements paid for by the landlord and are amortized on a straight-line basis over the lease term.

(d) Financial instruments:

Financial instruments are recorded at fair value on initial recognition and are subsequently recorded at cost or amortized cost, unless management has elected to carry the instruments at fair value. The Bureau has not elected to carry any such financial instruments at fair value. Financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

(e) Significantly influenced profit-oriented enterprises:

The Bureau accounts for its significantly influenced profit-oriented enterprise using the equity method. Under the equity method, the Bureau records its investment initially at cost and the carrying amount is adjusted thereafter to include the Bureau's pro rata share of post-acquisition earnings of the investee, computed by the consolidation method. The adjustments are included in the determination of net income by the Bureau, and the investment accounts of the Bureau are also increased or decreased to reflect the Bureau's share of capital transactions and changes in accounting policies and corrections of errors relating to prior period financial statements applicable to post-acquisition periods. Profit distributions received or receivable from investees reduce the carrying amounts of the investments. Unrealized inter-entity gains or losses are eliminated.

(f) Inventories:

Inventories are recorded at the lower of actual cost and net realizable value.

(g) Use of estimates:

The preparation of the financial statements in conformity with Canadian accounting standards for not-for-profit organizations 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 financial statements and the reported amounts of revenue and expenses during the year. Significant items subject to such estimates and assumptions include the amortization period and rates for capital assets and provisions for impairment of accounts receivable.

GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2018

2. Capital assets:

	2018		
	Cost	Accumulated amortization	Net book value
Office furniture and equipment	\$ 107,880	\$ 89,163	\$ 18,717
Computer equipment	65,044	61,348	3,696
Leasehold improvements	287,433	174,605	112,828
Tradeshaw Equipment	22,112	12,452	9,660
	482,469	337,568	144,901
Website development costs	127,200	71,000	56,200
	\$ 609,669	\$ 408,568	\$ 201,101

	2017		
	Cost	Accumulated amortization	Net book value
Office furniture and equipment	\$ 90,121	\$ 81,293	\$ 8,828
Computer equipment	61,960	55,383	6,577
Leasehold improvements	272,062	144,939	127,123
Tradeshaw equipment	14,504	7,864	6,640
	438,647	289,479	149,168
Website development costs	127,200	28,600	98,600
	\$ 565,847	\$ 318,079	\$ 247,768

3. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$13,328 (2017 - \$19,624), which includes amounts payable for payroll remittances, sales tax and workers' safety insurance.

GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2018

4. Deferred revenue:

	2018	2017
Membership dues	\$ 531,837	\$ 149,931
Advertising fees and listing revenue	184,908	140,552
Deferred vacation guide advertising	243,935	231,217
	<u>\$ 960,680</u>	<u>\$ 521,700</u>

5. Deferred Destination Marketing fees:

The Bureau has entered into an agreement with the Victoria Hotel Destination Marketing Association ("VHDMA") to conduct destination marketing funded by destination marketing fees collected from member hotels. The continuity of these revenues is as follows:

	2018	2017
Balance, beginning of year	\$ 587,536	\$ 342,747
Amounts received	1,292,524	1,106,096
Amounts receivable	282,555	250,083
	<u>2,162,615</u>	<u>1,698,926</u>
Revenue recognized	1,525,137	1,111,390
Balance, end of year	<u>\$ 637,478</u>	<u>\$ 587,536</u>

GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2018

6. Related parties:

(a) Canadian Tourism Legacy Conferences Ltd:

The Bureau has a 25% equity interest in the above for-profit company, which is accounted for using the equity method. The purpose of the company is to create a high quality conference (IMPACT Sustainability Travel & Tourism) that focuses on innovation, sustainability and creating a lasting legacy in the tourism industry.

The negative carrying value of \$8,378 (2017 - nil) represents the Bureau's share of accumulated losses to date.

During 2018, the Bureau contributed \$27,093 (2017 - \$22,389) to the company as sponsorship and support. Additionally, the Bureau contributed staff time, effort and expertise which are not recorded in these financial statements.

(b) Capital City Comic Enthusiasts Society:

The Bureau is one of three not-for-profit partners in the above society. The purpose of the society being to provide and support comic and gaming activities in the greater Victoria region. Most notably through the management of the annual Victoria Capital City Comic Convention.

During 2018, the Bureau contributed \$106,102 (2017 - \$15,735) to the society as 'seed' money and support. The intention being that \$100,000 will be repaid to the Bureau over the next 3-4 years. Additionally, the Bureau contributed staff time, effort and expertise which are not recorded in these financial statements.

7. Internally restricted reserve:

To maintain Destination Greater Victoria's financial stability, an internally restricted reserve has been designated to provide for operating costs, for a period of up to six months, in the event of a significant economic decline. These internally restricted funds are available only at the approval of the Board of Directors.

As at December 31, 2018, the amount accumulated in the internally restricted reserve was \$778,252 (2017 - \$617,076). Since December 2018, the Bureau has segregated the investments relating to the internally restricted reserve in a separate investment account. The account contains low-risk medium-term investments, which is accordance with the Bureau's Investment Strategy Statement.

The Internally restricted reserve investments are measured at fair value at each reporting date with all changes in fair value included in net income in the period in which they arise.

GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2018

8. Commitments:

(a) Leases:

The Bureau leases the premises it occupies. The lease at Suite 200 - 737 Yates Street is for the period June 1, 2012 to May 31, 2022. The Bureau secured additional space at 737 Yates Street for the period March 16, 2017 to May 31, 2022. The lease for the Visitor Centre on Wharf Street is for the period January 1, 2016 to December 31, 2025. Minimum future lease payments over the next five years are as follows:

	Yates Street	Visitor Center	Total
2019	\$ 170,150	\$ 78,238	\$ 248,388
2020	170,150	78,238	248,388
2021	170,150	78,238	248,388
2022	80,958	81,457	162,415
Thereafter	-	244,371	244,371

(b) David Foster Harbour Pathway:

The Bureau entered into an agreement in 2016 to contribute one million dollars to the building of the David Foster Harbour Pathway ("DFHP"). Payment will be made to the City of Victoria by December 1st of each year in the amount indicated in the following schedule.

During 2018, the Bureau contributed \$150,000 to the City of Victoria for the DFHP (cumulative contributions to December 31, 2018 are \$300,000). The contribution is included on the statement of operations in general and administrative expenses.

These payments are firm and will not be adjusted with inflation:

	DFHP Contributions	Accumulated Contributions
2019	\$ 95,000	\$ 395,000
2020	95,000	490,000
2021	100,000	590,000
2022	100,000	690,000
2023	105,000	795,000
2024	105,000	900,000
2025	100,000	1,000,000

GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2018

9. Allocated expenses:

The Bureau classifies expenses on the statement of operations by function. The Bureau allocates certain general and administrative support expenses to departments by identifying the appropriate basis of allocating and applying that basis consistently each year. Support salaries and benefits are allocated proportionately on the basis of activity in the department. Support expenses are allocated proportionately based on the square footage of office space in each department. The allocations are as follows:

	2018	2017
Advertising and publications	\$ 218,920	\$ 189,383
Media relations	159,369	159,422
Travel trade	184,385	188,784
Research	45,819	34,992
Business events	184,212	188,623
Web marketing	59,038	65,498
	<u>\$ 851,743</u>	<u>\$ 826,702</u>

10. Financial risks and concentration of risk:

The Bureau believes that it is not exposed to significant interest rate or cash flow risk arising from its financial instruments. Liquidity risk is limited as all investments are held in instruments that are highly liquid and can be disposed of to settle commitments. The Bureau also maintains a line of credit arrangement to enable short term borrowing if needed.

Credit risk refers to the risk that a counterparty may default on its contractual obligations resulting in a financial loss. The Bureau limits its exposure to credit risk on cash and cash equivalents and short-term deposits by investing in instruments issued by high credit quality financial institutions. The Bureau is also exposed to credit risk with respect to accounts receivable. The risks are minimal as the most significant receivables relate to amounts due from various governments. The Bureau monitors member and other receivables to ensure amounts remain current. Historically, the extent of receivables not recovered has not been significant.

The Bureau is exposed to interest rate risk on its fixed interest rate medium term deposits however all such investments are generally held to maturity as the Bureau does not trade in such securities.

The Bureau is exposed to financial risk as a result of exchange rate fluctuations and the volatility of these rates.

GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2018

11. Societies Act remuneration disclosure:

In 2018, the bureau paid 6 individuals with remuneration of \$75,000 or greater, and the total remuneration paid to these individuals was \$708,983 (2017 - \$664,058). No amounts were paid to directors as remuneration during 2018 or 2017.

2018 Board of Directors

Officers



CHAIR
Starr McMichael
President, Starrboard Enterprises Inc.
Director at Large



FIRST VICE CHAIR
Kimberley Hughes
Chair, Sales and Marketing Committee
General Manager, Delta Hotels by Marriott Victoria
Ocean Pointe Resort
Accommodation – More than 149 Rooms



VICE CHAIR
Darlene Hollstein
Chair, Governance, Human Resources and Risk
Committee
General Manager, The Bay Centre
Retail and Restaurants



VICE CHAIR
Erika Stenson
Chair, Finance and Membership Committee
Head of Marketing, Sales and Business Development,
Royal BC Museum
Arts, Culture and Societies



VICE CHAIR
Suzanne Gatrell
Chair, Transportation and Destination Management
Committee
General Manager, The Oswego Hotel
Accommodation – From 26 to 149 Rooms



PAST CHAIR
Bill Lewis
General Manager, The Magnolia Hotel & Spa

Directors



Geoff Dickson
President and CEO, Victoria Airport Authority
Transportation and Sightseeing



Christine Willow
Partner, Chemistry Consulting Group and GT Hiring
Solutions
Director at Large



Allison Fairhurst
General Manager, Abigail's Hotel
Accommodation – 25 Rooms or Fewer



Brett Soberg
Owner / Operator, Eagle Wing Whale & Wildlife Tours
Recreation and Outdoor Adventure



Tom Benson
Chief Experience Officer, WildPlay Element Parks
Attractions



Indu Brar
General Manager, Fairmont Empress
Director at Large



Janet Docherty
President, Merridale Cidery and Distillery
Tourism Vancouver Island Appointee



Moira Hauk
Regional Manager, South Vancouver Island, Coastal
Community Credit Union
Greater Victoria Chamber of Commerce Appointee



Geoff Young
Councillor, City of Victoria
City of Victoria Appointee



Judy Brownoff
Councillor, District of Saanich
District of Saanich Appointee



Robert Bettauer
Chief Executive Officer, Pacific Institute for Sport
Excellence
Greater Victoria Sport Tourism Commission Appointee

DESTINATION GREATER
VICTORIA

