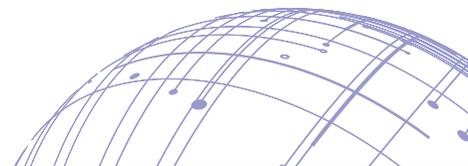


TOURISM  
VICTORIA

**TOURISM VICTORIA  
2016 ANNUAL REPORT**

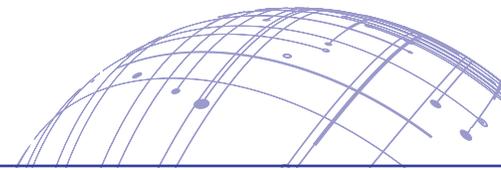
*Taking it to the Next Level*

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# Message from the Chair



Greater Victoria's tourism sector is flourishing. Statistical indicators are up across the board, with average occupancy reaching 74.2 per cent in 2016 compared to 70.2 per cent in 2015. Room rate was also significantly higher in 2016, averaging \$159.55 compared to \$147.74 the previous year. These are remarkable numbers considering that, only four years earlier, our average occupancy was 62.1 per cent while average room rate was \$120.61.

Yes, there is much to celebrate as we build on the momentum of 2016 and look ahead to another great year. And while there were many milestones worth celebrating in 2016, I think the most inspiring accomplishment is also the most humbling.

There is a real spirit of collaboration in this city among the many diverse organizations working to make Greater Victoria an even better place to call home.

This speaks to exceptional leadership and vision. It takes courage to look beyond the pressing demands of our immediate mandates and see the big picture. There is truth to the saying that a rising tide lifts all boats, and we are seeing it for ourselves among all the stakeholders invested in our tourism economy.

This bodes well for our near future and for the long-term, as Tourism Victoria is now able to build on its strategic plan to keep our industry sustainable over time.

In the years ahead, we will look back at 2016 – and the signing of a new funding arrangement with the Province of B.C. and City of Victoria – as a paradigm shift for Tourism Victoria as our region's Destination Marketing and Management Organization. On July 7, 2016, city council voted unanimously to recommend to the provincial government that Tourism Victoria be granted eligible entity status under the terms of the Municipal and Regional District Tax program. The province formally granted its approval on Dec. 1, 2016, enabling Tourism Victoria to embark on its most ambitious business plan to date.

Under terms of the new deal, Tourism Victoria has taken on the sales and marketing role for the Victoria Conference Centre (VCC). This has proven to be a fruitful agreement that has benefited from the support and stewardship of Tourism Victoria's Board of Directors and a myriad of community partners.

The City of Victoria and staff at the VCC have embraced the change, and businesses that supply and service the conference centre have all fully come onboard.

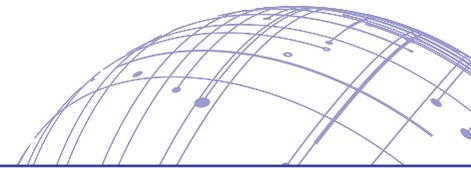
I would like to thank Tourism Victoria's Board of Directors who provide excellent oversight and value-add, as this important initiative went from idea to framework agreement to executed deal.

Tourism Victoria has had a great year in terms of business results, but we could not enjoy the success we are having without our strong relationships with the Greater Victoria Harbour Authority, the Downtown Victoria Business Association, the Greater Victoria Chamber of Commerce, the Hotel Association of Greater Victoria and, importantly, our members.

With all of these organizations firing on the same cylinder, I am confident that 2017 will mark another terrific year of growth and prosperity for Greater Victoria's economy.

Bill Lewis  
Chair, Board of Directors

# Message from the President and CEO



Completing an Annual Report is one of the most fulfilling tasks a President and CEO can accomplish, especially in a year as special as 2016. It offers a short break from constantly driving the business forward and affords a few moments to look back on the accomplishments of our team over what was a truly memorable year.

As President and CEO, my priority is the high performance of our Tourism Victoria team. I am pleased to report – while the Board of Directors and President and CEO were very focused on completing our renewed resourcing agreement and working with the City of Victoria to bring Tourism Victoria and the Victoria Conference Centre business together into one unit – the professional staff at Tourism Victoria remained focused on their day-to-day deliverables and executed aggressively against their Balanced Scorecard key metrics. The result was solid performance across the organization. The attributable results on our Balanced Scorecard demonstrate our team’s dedication to generating positive exposure to our industry.



Moreover, 2016 was a year of ongoing innovation and modernization at Tourism Victoria. Notably, the Travel Trade team was completely reborn, with a new results-oriented focus on building shelf-space, a new team and strong initial results. There were ongoing improvements in our Meetings and Events sales process, and significant steps forward with regards to content marketing and the use of dynamic new social-tools such as Snapchat. Our engagement increased substantially by 210 per cent on Facebook and by an incredible 286 per cent on Instagram. As well, our highly read blog series, “Going Local,” featured dozens of member businesses.

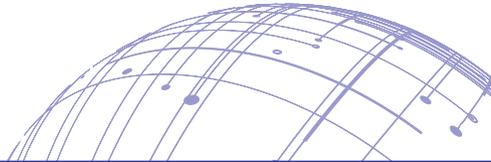
In 2016, we had very high occupancy, strong average daily rate for our hoteliers, record numbers at Victoria International Airport and passenger volumes on B.C. Ferries not seen in decades. Major hotel renovations continued, as did investments in new ferry services. Phase One of Belleville Terminal improvements were largely completed and plans are well underway for Phases Two and Three.

In conclusion, 2016 was a year the tourism industry in Greater Victoria will not soon forget. As an industry, we clearly demonstrated that we are on the march and contributing significantly to the economy, vitality and amenity of Greater Victoria.

Looking forward to a great 2017!

Onward and upward,

Paul Nursey  
President and CEO



# Our Mission and Vision

## Our Mission

We inspire the world to experience our destination.

## Our Vision

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

## Brand Promise

Victoria is where old-world tradition meets new-world experiences. Our guests are rejuvenated by fresh ocean air and are inspired by our warm, island welcome and year-round, natural beauty.

## Brand Definition: Full of Life

Few places on earth are as full of life — on every level — as Victoria. From wildlife to plant life, to arts and cultural life, our fair city offers a complete experience that is rejuvenating, fun filled and inspiring.

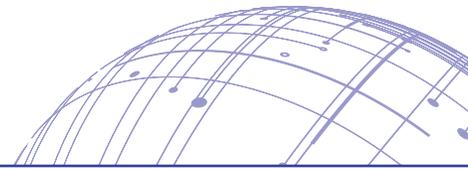
Full of life is exactly what and who we are. This moves the needle forward for Victoria and puts to rest, once and for all, the tired old definitions of us. Full of life personifies Victoria in a positive and true fashion.

## Brand Portfolio

The Greater Victoria Brand Portfolio is a marketing tool developed in 2013 to help simplify and explain our diverse offering to ourselves so we can, in turn, effectively communicate to our potential visitors. Showing potential visitors a consolidated destination with a wide variety of diverse experiences that are easy to categorize and understand allows us to be more competitive while maximizing economic impact throughout our region.



# Giving Back to the Community



## Tourism Victoria Staff Initiatives

Tourism Victoria staff support our community by participating in a wide variety of charitable and social programs:

- B.C. Hospitality Foundation
- Jeans Day (B.C. Children's Hospital)
- Bike to Work Week
- Festival of Trees

Every year, Tourism Victoria employees take part in the annual Greater Victoria Bike to Work Week. Our team was one of 5,300 in B.C. to participate in 2016.

Tourism Victoria was also proud to be a bronze level supporter of the 2016 Festival of Trees, which raises money in support of B.C. Children's Hospital. In November, our team of employees diligently designed and decorated a tree for display at The Bay Centre.

In September, Tourism Victoria held our annual charity golf tournament in conjunction with our official charitable partner, the British Columbia Hospitality Foundation (BCHF). The tournament was held at the Westin Bear Mountain Golf Resort, and brought together people from across our industry.



## Official Charity

The golf tournament is just one way Tourism Victoria supports the BCHF. We also provide access to various marketing channels to help the BCHF enhance its profile within the hospitality industry. We are pleased to support an organization deeply involved in our industry, while spreading the word about the important work being done. The BCHF helps people in the hospitality community who are coping with financial crises arising from health or medical conditions.

The tourism sector creates 22,000 jobs in Greater Victoria and our partnership with the BCHF shows our support to everyone dedicated to the hospitality industry.

## About the BCHF

The B.C. Hospitality Foundation's mission is to offer financial assistance, beyond traditional medical benefits and insurances, to individuals within the hospitality community during times of financial need. As well, it is committed to supporting the industry's next generation by providing scholarships to selected students enrolled in hospitality, culinary and wine programs in B.C.



## 2016 DESTINATION RECOGNITION

### #6 Best Islands in the World

- Condé Nast Traveler Readers' Choice Survey

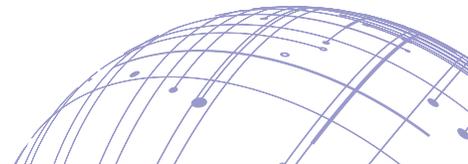
### #7 Top 25 Best Cities in the World

- Condé Nast Traveler Readers' Choice Survey

### Top City to Be a Woman in Canada

- Canadian Centre for Policy Alternatives





The purpose of the business discussion and analysis is to provide, through management’s eyes, the state of industry performance, and to provide context and clear disclosure of material items affecting Tourism Victoria’s ability to execute on its mission and strategy.

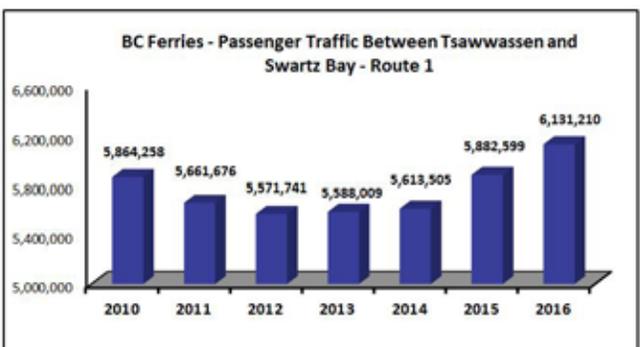
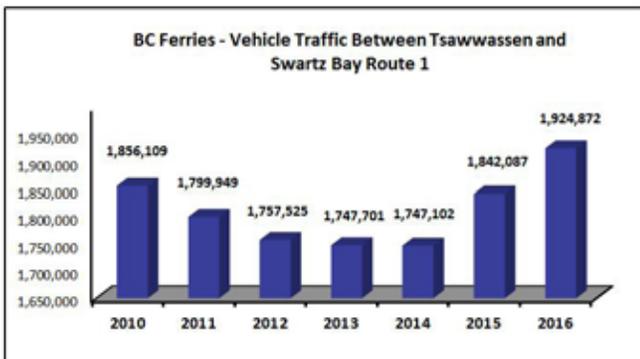
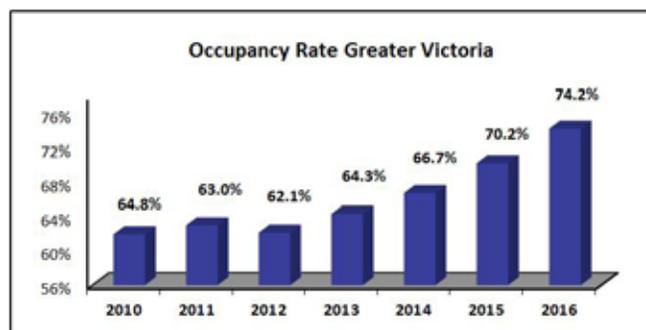
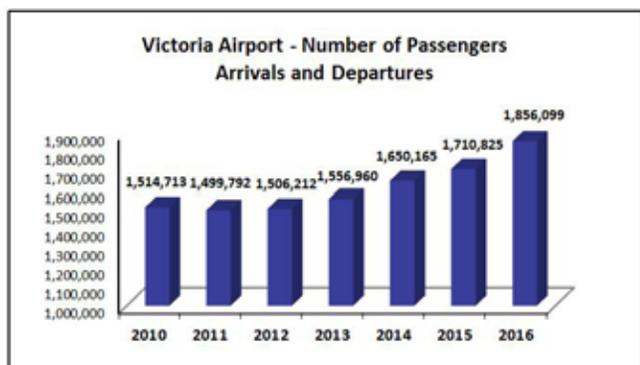
## Operating Context and Industry Performance

2016 was a very strong year for the tourism industry. Indicators across all transportation and accommodation sectors were very robust. As outlined in the graphs below, the trend lines are all pointed in a positive direction.

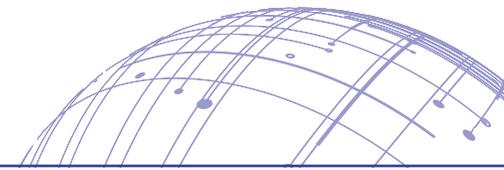
Key transportation access points are growing with strong increases at Victoria International Airport and B.C. Ferries.

Accommodation indicators are very robust with healthy accommodation performance and robust growth in average daily rate.

*All graphs courtesy Chemistry Consulting*



While the tourism industry has performed very well, Tourism Victoria is behaving conservatively by building its contingency reserves and budgeting modest growth on an annual basis. Tourism Victoria management is cognizant that the industry is prone to fluctuations.



## Ability to Remain a Going Concern

Tourism Victoria must constantly work on resourcing. It has been consistently stated through the organization's past strategic plans and annual reports that funding for Tourism Victoria is short term and variable. In 2016, Tourism Victoria moved from an annual renewal cycle with the City of Victoria to a five-year renewal cycle. Now that some core resourcing is secured through 2021, Tourism Victoria is able to plan to a medium-term time horizon. However, Tourism Victoria will continue to work with the same degree of urgency to deliver superior outcomes and keep all of our members and funding partners satisfied with their partnership.

## Focus on Executing Strategy

As Tourism Victoria grows and becomes a more complex organization, remaining focused on executing our strategy and business plan is more important than ever. Tourism Victoria has increased its focus on using Balanced Scorecard and the principles of being a strategy-focused organization to ensure that all activities are aligned and delivering well against our goals.

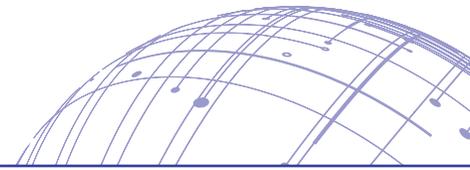
## A Focus on People:

Destination Marketing is by definition a business driven by knowledge, skill and people. Without the right people and the right culture, Tourism Victoria will not be as successful as it can be. The best way to inspire ongoing support is by delivering exceptional business results. With this in mind, 2016 marked

year one of delivering on a comprehensive Human Resources Strategy, including:

- Clear communications around performance expectations and Key Performance Indicators per individual through individual Balanced Scorecards
- A clear philosophy regarding the type of organization we aim to be, and the type of employees we want as part of our group. Tourism Victoria is a fast-paced and dynamic organization and we aim to have an "A-player" in every seat
- A philosophy that, when there is turnover, it represents the opportunity to become leaner or to add depth and experience with new hires
- A strategy and a philosophy that clearly defines acceptable labour to programing ratios, which is benchmarked against the Destination Marketing Association of Canada
- An approach that links compensation to data-driven industry metrics and compensation changes directly to industry, organizational, team and individual performance
- A training and development plan that supports skills development in the right areas to drive the business forward and execute our strategy.

# Leveraging Partnerships

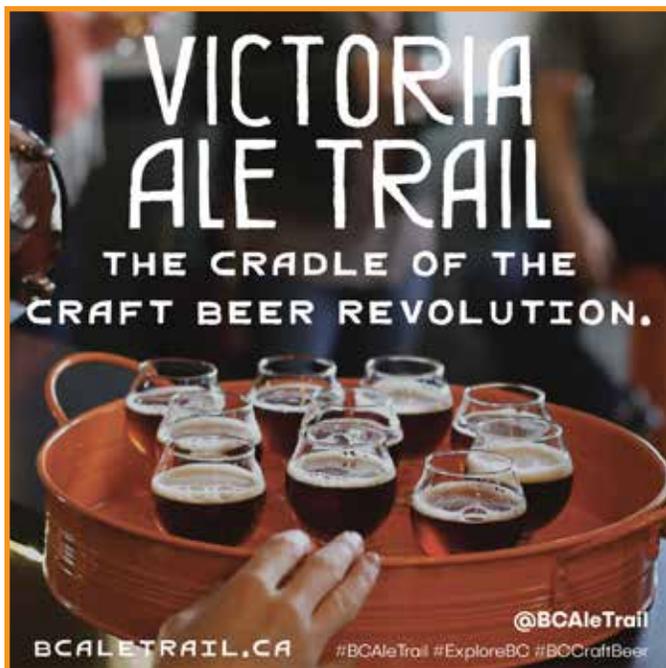


**T**ourism Victoria places a high value on partnering with other organizations in order to leverage resources. By working together – when and where it makes sense – we create bigger impacts and stronger outcomes. This creates more value for our shared stakeholders.

Partnership is at the core of what we do. We work with other organizations every day to host familiarization tours and media as well as to welcome clients undertaking site-inspections. However, we also have more complex sponsorships that drive notable outcomes.

## B.C. Ale Trail

Under the leadership of the B.C. Craft Brewers Guild, and supported by Destination British Columbia co-operative marketing resources, Tourism Victoria joined the B.C. Ale Trail program as one of seven destination partners. The creative assets produced for the product was highly engaging and it was a very strong brand message that cemented Victoria’s reputation as the cradle of the craft beer revolution.



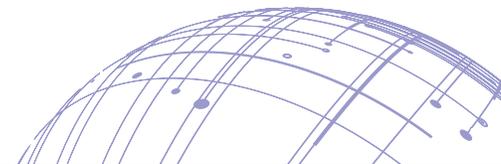
Partnerships with City of Victoria, Victoria Hotel Destination Marketing Association, Downtown Victoria Business Association and others animate the destination.

Tourism Victoria has a strategy of attracting visitors during shoulder and off-peak seasons with creative campaigns that inspire “reasons to come.”

Many of our marketing campaigns are themed around the destination’s strengths, such as romance for Valentine’s Day in February, autumn activities for Halloween in October, history for Remembrance Day in November and holiday-themed events for Christmas and the New Year in December and January.



Tourism Victoria is grateful for the partnership and resource contributions of the City of Victoria, the Downtown Victoria Business Association and the Victoria Hotel Destination Marketing Association that allowed us to truly deliver on the promises of these campaigns. Tourism Victoria is also grateful for all of our members who aligned product offerings and special offers to support the themes of these campaigns. This helped us truly deliver on promises being communicated to prospective customers.

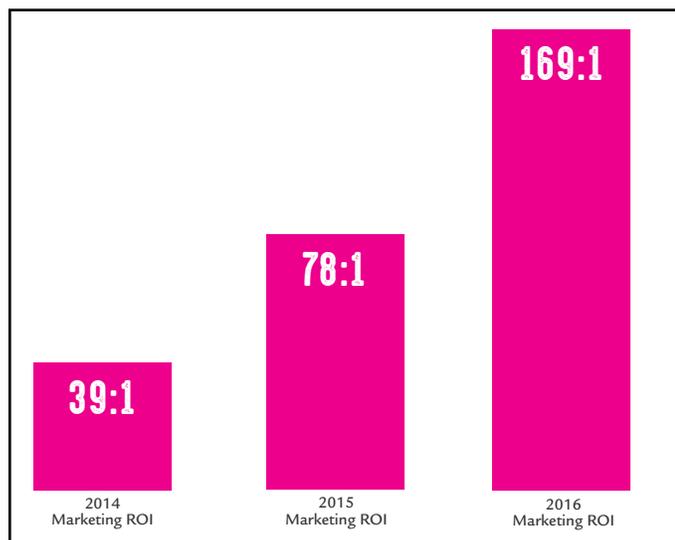


**MISSION: Market Greater Victoria as a destination to consumers and maintain brand integrity throughout all Tourism Victoria communications.**

In 2016, Tourism Victoria's Destination Marketing department continued to focus on key periods that drove shoulder and off-season travel as well as bolstering our spring and summer seasons. For the third year, Tourism Victoria commissioned an independent research firm to conduct an assessment of the spring campaign to measure the effectiveness of its destination advertising program. The research showed that "*Victoria Beyond Words*" successfully moved Seattle consumers along the path to purchase.

This increased visitation and economic impact for Victoria:

- 169:1 ROI (industry norm is approximately 20:1)
- A larger campaign budget provided excellent payback since every converted traveller spent \$86 for each \$1 of campaign spend
- Compared to 2015, awareness of the spring campaign was twice as high (39 per cent recall vs. 20 per cent last year)
- The number of converted travellers was virtually three times as high (35,000 vs. 13,000 last year)



Source: Insignia Research Ad Tracking and Conversion Studies 2014, 2015, 2016

## Romance

To drive visitation for late January and February, Tourism Victoria reinforced Victoria's growing reputation as Canada's Most Romantic City, as voted by Amazon.ca and USA Today. This new campaign positions Victoria as the perfect

romantic getaway, with messages including, "Cozy up with the Plethoric Romanticism of Victoria," and, "A Valentine's Day beyond words."

## Victoria Beyond Words

In 2016, we leveraged the *Victoria Beyond Words* creative concept for a second year, taking those exceptional Victoria experiences and giving them distinct language such as Extreme Hogfestation to describe our local culinary scene and Splasheriffic Gawkerism for viewing our marine wildlife. However, we reimagined our creative, building content from a local blogger's perspective. These first-person experiences helped make the campaign more relatable.

## Halloween - Fangtastisic Thrillerism

To drive visitation for the month of October, Tourism Victoria again played up the cachet this destination has around Halloween. In 2016, we expanded on the haunted downtown theme with flying bats in Trounce Alley and Centennial Square, the Bat Centre (Bay Centre), Market Scare (Market Square) and bat benches throughout downtown. These installations generated even more coverage as visitors shared photos using #VictoriaBOO. This is year three of a multi-year plan to make October a key travel time.

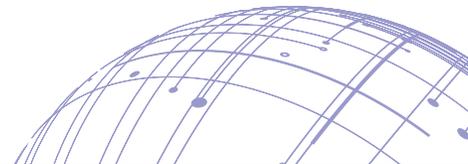


## LGBTQ - Love Is Welcome Here

The new "*Love is Welcome Here*" campaign in 2016 was a huge success, with humorous and inclusive creative speaking to different LGBTQ audiences in Vancouver and Seattle.

## Christmas - Christmassive Joyification

After five years of consistent promotion, Tourism Victoria has cemented our city's reputation as a favourite Christmas destination. Since this strategy was implemented, occupancy is up 19 per cent and RevPAR is up 36 per cent in December.



**Mission: Create, curate and share Greater Victoria content daily on relevant platforms.**

## Content Strategy

Our content strategy consists of two parts. We must inspire travellers to visit Victoria, and we must move them down the path to actively planning a trip here. This challenge requires us to encourage travellers to change their thinking from: “Victoria sounds like a great place to visit – I’ll go there someday,” to “Victoria sounds amazing! It speaks to me – I’m going to plan my next trip there.”

As we integrated a Brand Journalism approach into our marketing mix over the course of 2016, the core of our content strategy has shifted toward the publishing and distribution of inspirational content. By placing the right content in front of the right audiences at the right times, through our key distribution channels, we are able to motivate and mobilize travellers to visit our destination.

## Social Media

### Key Channels and Performance

We continued to grow our audiences across key channels including Facebook, Twitter and Instagram, with a focus on engagement as our primary KPI. Through consistent posting and targeted “likes” campaigns, we grew our Facebook audience from 32,507 to 46,855 and increased engagement up more than 200 per cent from the previous year. On Twitter, we grew our following from 24,505 to 33,340, and increased engagement 57 per cent year over year. The growth in audiences exceeded our target of 25 per cent increased engagement for both Facebook and Twitter.\*

Our Instagram account continues to be our fastest-growing channel, with a 127 per cent increase in followers in 2016 (11,232 to 25,534). Daily engagements on this channel averaged 797 per post, yielding a total of 256,000 engagements throughout 2016.

## Blog

Our Going Local blog allowed us to inspire and inform travellers about the range of activities available to them during their visit to Victoria. Our weekly posts focused on current events, festivals and seasonal activities that are of interest to our target audiences. The posts were shared across our social channels and further leveraged through our Visit Victoria email newsletters (approximately 35,000 subscribers).

In 2016, we also focused on content amplification, successfully increasing our average blog views from about 1,000 to 3,000 per post. Destination B.C. has also shifted its content strategy toward Brand Journalism. We plan to continue this approach with a focus on storytelling, rather than the traditional approach of simply offering information related to travel planning. Our blog continues to be an integral platform for this inspirational content strategy.

## 2016 HIGHLIGHTS

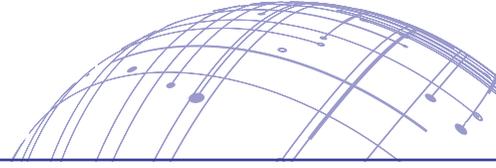
**In 2016, Tourism Victoria’s engagement increased by 210 per cent on Facebook and by 286 per cent on Instagram.**

## Social Media Engagement\*\*

	2015	Target Increase	Target 2016	Actual Increase	2016 Results
<b>Facebook</b>	89,000	25%	111,000	210%	187,112
<b>Twitter</b>	47,000	25%	58,750	57%	73,929
<b>Instagram</b>	72,000	200%	144,600	286%	205,747

\* “Likes” refers to audience size and/or followers

\*\* “Engagement” refers to actions taken on social posts such as likes, shares, comments, retweets, etc.



# Media Relations

**MISSION:** Promote Greater Victoria to travel media to achieve positive editorial coverage of the destination.

**2016 HIGHLIGHTS**  
The Media Relations team set a new high, in terms of coverage, with 319 placements.

A surprise Royal visit in the fall from the Duke and Duchess of Cambridge, better known as Will and Kate, and their two children, Prince George and Princess Charlotte, presented an opportunity to showcase Victoria to the world. The Royal Family came at the invitation of Prime Minister Justin Trudeau, who also brought his star power to our destination and helped drive extensive international coverage.

Media Relations also continued to offer creative approaches to initiatives that supported Tourism Victoria’s marketing calendar and reinforced campaign themes. These efforts helped solidify our position as a world-class destination, with 32 pieces of coverage around Christmas, 17 for Halloween and six for our Romance campaign.



## Assisted Placements

### Canada

#### Toronto Star

*Victoria day trip teaches people to catch, kill and cook crab* – August 2016  
Audience: 15 million unique views per Month (UV/M), 361,000 circulation)

### US

#### Boston Globe

*At Sooke Harbour House, the flavour of Vancouver Island* – January 2016  
6.7 million UV/M

#### GQ

*How to experience Canada: Ask a local* – October 2016  
13 million UV/M

#### Vogue.com

*Why Victoria, B.C., is the perfect weekend getaway* – April 2016  
Audience: 12 million UV/M

### International

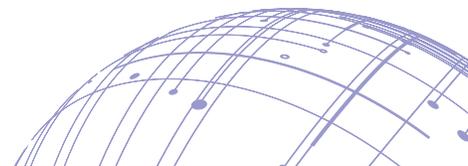
#### Better Homes and Gardens

*Jason’s amazing Canadian adventure* – March 2016  
Audience: 3.6 million UV/M

#### Sunday Telegraph Sydney

*The two worlds of Vancouver Island* – May 2016  
Audience: 439,000 circulation





**MISSION: Promote Greater Victoria to tour operators, receptive tour operators and travel agents to develop and increase itineraries to the destination.**

The travel trade department at Tourism Victoria underwent a period of transition and innovation in 2016. Tourism Victoria identified an opportunity to thoroughly examine its travel trade business, leading to the implementation of a modern, more effective travel-trade strategy. This analysis and strategic-planning process allowed us to look deeply at how the leisure-travel department conducts its business, on a day-to-day basis, in support of the key functions of a Destination Marketing Organization.

As a result, we adjusted our strategy and our team in order to support this new approach. These changes were a fundamental shift in the sales mandate and philosophy of the department. New goals and targets were created, such as a focus on shelf-space, new tour-series and distribution, while providing leads to members remained a key metric. In 2016, we increased our attention and pressure on our important United States source market and continued to work to capitalize on the increasing number of opportunities in Asia/Pacific.

From a tactical perspective, in 2016 we achieved results by focusing on a mix of in-market sales calls, key trade-show participation, familiarization tours (Fams) and select sales-missions involving member businesses. We led export-ready members on an increased number of tactical sales-missions into U.S. cities where there are multiple key-intermediaries. With a focus on pitching product and closing deals, we worked with members to help them capture business that resulted in increased economic impact for the destination.

*“Just a quick follow up to your California Sales Mission. Looks like we have a deal already with Destination America! Very nice ROI thanks to you.”*

Mark Paul – Chateau Victoria

From a trade-show perspective, the travel trade department participated in several key appointment-based trade shows throughout 2016. Major North American initiatives included Rendezvous Canada, Canada’s West Marketplace and multiple U.S.-based trade shows such as Go West, Active America China and USTOA. We also attended three shows overseas in conjunction with Destination Canada: Corroboree in Australia, Showcase Canada in China and Focus Japan.

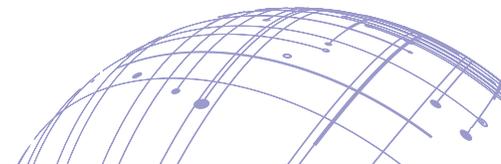
One highlight was our travel trade team securing 105 appointments over four days at Showcase Canada in Nanjing, China. From these appointments, we were able to secure 76 specific product leads for local member businesses.

Additionally, long-haul sales efforts were conducted in conjunction with trade-show activities in the UK, China and Japan. The travel-trade team continued to focus on Asia as a key volume-driver to our destination, and successfully organized a Chinese market sales-mission to support our strategy. This initiative included targeted sales calls to key tour-operators with six local members. Tourism Victoria coordinated all arrangements, from sales-call scheduling to hotel and transportation requirements. Our team delivered more than 35 successful meetings with some of China’s largest tour operators in Shanghai, Hangzhou, Shenzhen and Hong Kong.

In 2016, we also utilized strategic familiarization tours as another channel for showcasing the destination and educating product and itinerary managers. As market conditions and occupancy remained high over the year, we did reduce our execution of non-key-market FAMs in favour of growth markets and in-market sales calls. As such, the travel trade team welcomed more than 35 FAM tours from multiple geographic markets.

Adding to strides made in 2015, the travel-trade team maintained its focus on building shelf-space and distribution and delivering new business leads through the travel trade channel. In 2016, the travel-trade team was successful in developing 16 new tour-operator programs that included member products. A total of 328 leads were generated for more than 280 member businesses.

Travel Trade Activity Report	2014	2015	2016
Member Leads	153	307	328
New Programs by Tour Operators	7	23	16



**MISSION: Promote Greater Victoria to meeting planners to bring meetings, conferences and incentive travel to the Victoria Conference Centre and meetings hotels in the destination.**

## 2016 HIGHLIGHTS

- 140 RFPs
- 56,100 potential room nights
- 12,169 confirmed room nights

It was a transformational year for this department. Our new General Sales Agents were in market, gathering leads for our locally based Manager of Business Events Victoria. The sales team focused on developing and defining Tourism Victoria's approach to the meetings marketplace with a strong focus on converting corporate and association meetings business.

Opportunities opened for us through in-market sales calls conducted in key markets of Vancouver, Calgary, Toronto, Ottawa, Seattle, Portland, San Francisco and Dallas. As well, we extended our reach through participation in prominent trade shows, including Smart Meetings, Connect Pacific Northwest, PCMA, CSAE, Incentiveworks, Tête-à-Tête, IMEX and BEC Events.

We also focused on integrating into our key markets by attending local chapter events for key industry organizations – MPI, PCMA, SITE and CSAE – in Vancouver, Calgary, San Francisco and Dallas.

This was the first year Tourism Victoria partnered with the Victoria Conference Optimization Network (VCON) to have GM Mission Client Events in Ottawa and Toronto. This provided a great opportunity for the GMs of our key conference hotels, along with representatives of the Victoria Conference Centre and Tourism Victoria, to showcase Victoria to our clients as an innovative "Idea Capital," reinforcing efforts made the previous year to position our destination. We ended the year with a successful client event in Vancouver, again showcasing Victoria as "The Idea Capital."

A new marketing campaign, "Let's Bring It," was launched in 2016 as BEV's local host program, designed to encourage and support individuals to champion Victoria as a conference, meetings or business-event destination within their organizations, associations and networks. This campaign was activated locally through sponsorship at this year's VIATEC Awards Gala.

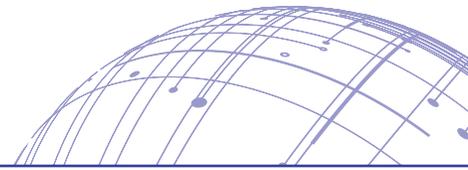
In the Seattle market, we raised our sales activities through increased sales calls, partnering with Business Events Canada on a client reception. We also formed a partnership with the Consulate General of Canada to sponsor a Canada Day event as well as hosting clients at a Mariners vs. Blue Jays game.

We made a significant improvement to our operations by utilizing Simpleview, our CRM, to enable our hotel partners to respond to business opportunities through an extranet. This provided a cohesive communication portal allowing us to send business opportunities to our hotel partners and then create streamlined response for the client. This increases our chances of confirming business for our destination

Throughout the year, we hosted various site visits and familiarization trips for clients who represented potential meetings and conferences for our cities. By partnering with industry on these opportunities, we were able to convert these visits into confirmed business for our city. The following testimonial is from a client we hosted:

*"This tour was incredibly well organized and our hosts — Kristel, Miranda and Gayle — were extremely knowledgeable about the city and surrounding area. Having coordinated many events in the Lower Mainland, this trip was a chance for me to see what was available to offer my clients just a short float plane or ferry ride away. It had been years since I last visited Victoria and in the span of three days, we were able to see and experience so many wonderful venues, restaurants and activities. Rarely able to get away from my office, this FAM allowed me to make very efficient use of my time. The days were full and very fun! Most surprising was the walkability of the city and all the investments in the various event venues. So many of the properties have recently been renovated or are in the process of updating their hotel rooms and meeting space. They have taken into careful consideration what the business traveller is looking for. After experiencing such warm and welcoming hospitality, I have no doubt that some of my clients will feel the same way. From the food to the incredible views, this was the perfect reminder that Victoria offers a spectacular backdrop for any event and there truly is something for everyone. I look forward to hosting my first conference in Victoria — hopefully in the very near future."*

Sherryl Parsons – Owner, Lead Planner  
Rare Affairs Meeting & Event Planning Services



Sport tourism in Greater Victoria accounts for an average of \$117.5 million annually in direct spending in our community. Visitors who come here for sports events spend millions on accommodation, rental vehicles, fuel, restaurants, meals, tourism products, facilities, catering, clothing and audio-visual services.

In 2016, Tourism Victoria continued our support of sport tourism across our region. As a founding member of Sportshost Victoria, we continued to invest more than \$100,000 in sport events and activity in the region over the past year.

Our focus remained on strategic sports events and activities that offered high-profile exposure for our destination and helped fill rooms during the shoulder season.

We saw several big wins and achievements from 2016 that lined up with our strategy:

- 2019 IIHF World Junior Hockey Championships
- 2016 PGA Champions Tour Bear Mountain Championship
- 2016 HSBC Sevens Series World Women's Rugby Championships
- 2017 Canadian Junior Men's and Women's Curling Championships.

Sports events remain important to our community partners in Saanich and the West Shore, and, in 2016, Tourism Victoria continued working to support our regional approach. In addition to the events listed above, Tourism Victoria also committed to a multi-year partnership at Saanich Commonwealth Place with the Canadian National Swimming Trials, starting in 2017.

All of this investment has been crucial to attracting events, programs and world-class athletes to Greater Victoria.



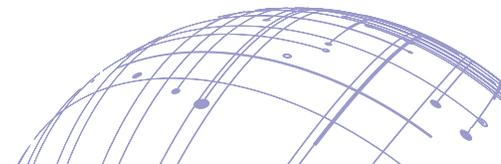
As a result, our region is now the proud home of eight national sport centres of excellence.

The \$117.5 million in revenue estimated to be generated every year is a direct result of Greater Victoria annually hosting more than 100 major regional, provincial, national and international sports-related events..

## 2016 HIGHLIGHTS

Tourism Victoria was a major driving force in bidding for, and winning, the 2019 IIHF World Junior Hockey Championship





**MISSION:** Apply superior destination knowledge and outstanding customer service to provide visitor information and booking services that help create an unforgettable travel experience and extend length of stay.

## Key Strategic Asset

Since the 1970s, Tourism Victoria has operated Visitor Services from our strategic location at 812 Wharf Street, in the heart of the Inner Harbour. The staff and volunteers at the Visitor Centre provide high-quality service by answering questions face to face, booking tickets and tours, offering knowledge and ideas over the phone, through e-mail and via social media platforms. As our destination continues to become more active, the Visitor Centre will become evermore important. Our professional staff help visitors discover things to see and do, ensuring they have a great vacation experience in Greater Victoria and are inspired to return.

## Focus on Improving Member Product Sales and Knowledge

Building on the success of the past two years, Visitor Services continued its focus on informing visitors about products and services offered by our members, and completing sales of the same. We continued to place a strong emphasis on both direct sales training and member product knowledge in 2016, and we added further member products to our sales roster. Sales of member product have grown from less than \$1 million in 2014 to almost \$1.6 million in 2016.

In April 2017, Tourism Victoria implemented a new point of sale system that will help identify the type of visitor that comes to the centre. The information will be used to help

drive the future direction of the Visitor Centre and make it a more effective, efficient and focused business unit that will better service the needs of our visitors.

## Visitor Centre

As referenced in the 2015 Annual Report, Tourism Victoria was able to complete negotiations on a long-term 10-year lease with the City of Victoria that has two-additional five-year renewal options. Beginning in late 2017, Tourism Victoria, in partnership with the City of Victoria, intends to carry out renovations at the Visitor Centre that will include both aesthetic and technical improvements.

## Ogden Point Operations

In 2016, Tourism Victoria continued its operations at Ogden Point Cruise ship terminal that began in 2015. Working in partnership with Greater Victoria Harbour Authority and Western Stevedoring, the Visitor Centre kiosk provided an opportunity to offer both general information to cruise visitors and make referrals to member businesses while in port. It also gave us a platform to encourage visitors to learn more about Greater Victoria and encourage them to return for a land-based vacation.

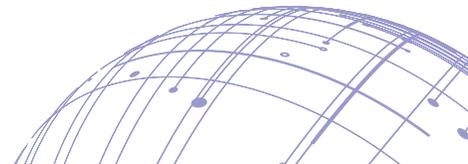
## Volunteer Program

In 2016, Tourism Victoria once again conducted its volunteer program with more than 70 friendly and dedicated volunteers who roamed throughout downtown and Ogden Point. Aside from greeting visitors and answering questions, volunteers were encouraged to pre-qualify customers for member products through a sales referral program. In 2016, more than 500 sales referrals were completed resulting in significant incremental sales results.

## 2016 Performance Results

	2014	2015	2016
<b>Visitor Parties Serviced</b>	46,146	48,654	41,934
<b>Visitors Serviced</b>	95,557	109,151	94,740
<b>Ticket Sales</b>	\$1,033,631	\$1,555,786	\$1,595,939
<b>Volunteer Sales Referrals</b>	N/A	476	505
<b>Foot Traffic Counter</b>	293,483	340,300	337,413

# Member Services



Members are the foundation of Tourism Victoria. In 2016, Tourism Victoria ended the year with 952 membership listings. That's up from 905 at the end of 2015.

Tourism Victoria deployed a comprehensive survey of member satisfaction that showed 97 per cent of respondents were positively disposed to their relationship with Tourism Victoria.

## Member Education Series

A key priority for our Member Services team is providing learning environments for our members to improve their competitiveness. In 2016, the Member Services team provided five member workshops. Topics ranged from how to maximize membership value, to online reputation management, to strategies for avoiding scams as a small business.

## Member Events

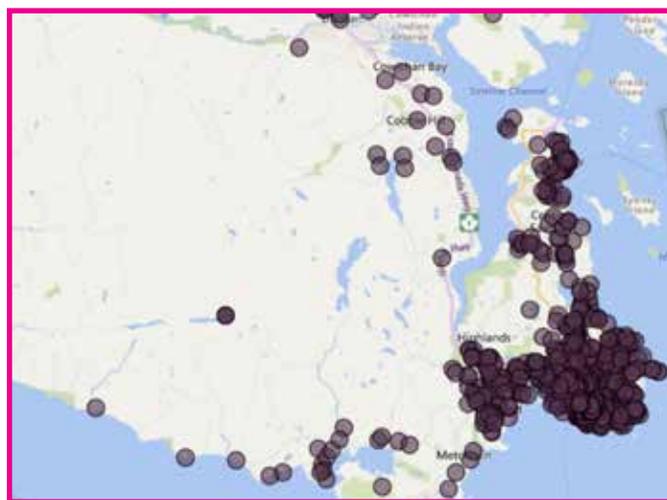
Tourism Victoria continued our popular monthly mixers for members. Mixers were held in unique, tourism-related venues across Greater Victoria. In total, we had 1,091 members attend our mixers in 2016.



Other major events included our Annual General Meeting, Open House and Christmas Luncheon. All were very well-received and well attended — in fact, our Christmas Luncheon was oversold creating a highly festive atmosphere.

## Membership Drive and New Member Orientation

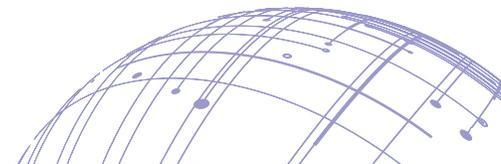
Tourism Victoria continued with our second consecutive membership drive in October 2016. We had more than 20 new members sign up immediately as a result of the membership drive, which allowed sufficient time for the new members to be activated and oriented in time to see the value of their membership by early 2017. A corresponding new member orientation was held in the spring of 2017 at the B.C. Maritime Museum.



*952 Member businesses from across the region*



# Risk Management



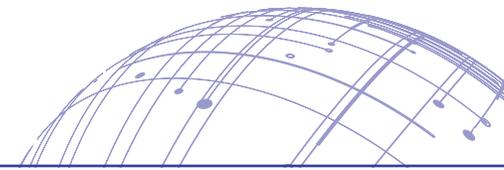
Tourism Victoria actively monitors and assesses its risk environment and works to manage down each inherent risk and mitigate its effects. The following risks were identified during 2016.

Risk	Description	Current Assessment of Impact and Likelihood	Mitigation Strategy
Inherent Risk: Ability to Scale	Organizations growing rapidly in operations or outputs risk out-pacing available resources and not being able to match required resources to activities. Not-for-profit societies are generally not designed to scale as rapidly or extensively as currently the case for Tourism Victoria.	Medium likelihood and impact. Tourism Victoria is pursuing its most aggressive and extensive business plan to date, and therefore its budget and scope of responsibilities have grown. There is a risk the organization might not be able to allocate optimal resources to tasks and deliverables in all instances.	Because destination management and marketing is people driven, mitigation is focused on executing Tourism Victoria's human resources strategy. Supported by Engaged HR, Tourism Victoria is committed to recruiting and retaining the best talent, and has improved onboarding processes. The staff Engagement and Events Committee will monitor and feedback the pulse of the organization in conjunction with senior management. Tourism Victoria has increased its project management capacity with a resource in place to manage key initiatives across the organization.
Managing Disruptive Tourism Industry Risks	The growing tourism industry is subject to ongoing disruptions or shocks from external, macro-level economic, political and societal forces.	This was assessed as a medium risk in impact and likelihood in 2014. In 2015 the tourism industry experienced disruption through volatile stock markets affecting consumer confidence, slow global growth, terrorism events and, locally, the threat of less visitation from Seattle due to the sewage treatment file moving too slowly for stakeholders. Although these factors have had less impact in 2016, it is prudent to keep focus on this risk during 2016.	Mitigation of this risk is threefold: <ul style="list-style-type: none"> <li>• Continue building a solid tourism brand via promotional efforts to ensure Greater Victoria remains a desirable destination to visit, irrespective of the external conditions.</li> <li>• Implementing and adhering to sound protocols for issues management and corporate communications.</li> <li>• Ensuring strong relationships with industry partners.</li> </ul>
Increased Scrutiny	When member-based non-profit organizations gain increased funding there is often a need for greater transparency when accounting for how funds are used and returns on investment. There may be a risk the organization is lacking sufficient performance tracking and evaluation systems.	High likelihood but low impact given Tourism Victoria's systems and mitigation strategy. The organization operates on the basis that more funding will increase accountability and come with greater scrutiny by members and government.	Tourism Victoria is a Balanced Scorecard organization tracking robust KPIs across all channels of operation. Activities that do not support execution of Tourism Victoria's strategy or business plan are not pursued. Tourism Victoria has increased investments in its governance and evaluation capacity 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, and learning curves as they roll out. There is a risk that outcomes will not match expected returns on investment.	Medium impact but with low likelihood. Tourism Victoria's strategy for Business Events is investing in, and also starting to help develop, major events and conferences to increase visitation over shoulder season. This is a new business line for Tourism Victoria, which carries a risk that one or some of these events and conferences might not be as successful as anticipated.	Medium impact but with low likelihood. Tourism Victoria's strategy for Business Events is investing in, and also starting to help develop, major events and conferences to increase visitation over shoulder season. This is a new business line for Tourism Victoria, which carries a risk that one or some of these events and conferences might not be as successful as anticipated
Organizations and/or Individuals Seeking Non-Strategic Asks	Organizations that are highly productive and successful are at risk of attempted exploitation by others, in ways that do not contribute to, or align with, strategic objectives and goals.	Medium likelihood but low impact. Although Tourism Victoria is highly strategic and performance-focused, there are still those who view the organization as merely a wallet to fund their ideas or ventures with personal benefits for them, all loosely in the name of being "good for tourism."	Continuing to apply a strong ROI filter to all partnership asks and being very rigorous in relation to monitoring, reporting, evaluation and follow-up. Making difficult decisions to suspend, reduce, or withdraw support for legacy programs no longer delivering ROI and/or where there is insufficient information for sound decisions.

In summary, Tourism Victoria is managing its risk-profile prudently and effectively, continues to monitor risk horizons, and will develop and implement mitigation strategies where possible.

<b>Colour Code</b>	<b>Risk Level</b>	<b>Description</b>
	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.

# Balanced Scorecard



2016 marked the second full year that Tourism Victoria deployed the Balanced Scorecard performance management framework. The Balanced Scorecard provides a clear and simple framework for implementing and tracking targets across multiple dimensions to ensure the organization is healthy and in balance, focusing attention on each pillar of strategy. Below you will see the targets and results from the 2016 Enterprise Balanced Scorecard.

## 2017 Enterprise Balanced Scorecard

Measure	Unit	2012		2013		2014		2015		2016		2017	
		Result	Result	Result	Result	Result	Result	Result	Result	Target	Target		
<b>Greater Victoria Tourism Industry Indicators (Source: Chemistry Consulting Group)</b>													
Tourism Economic Impact	\$	1.915 billion <sup>1</sup>	N/A	N/A	N/A	N/A	Scope	Deferred					
Accommodation Occupancy Rate	%	62.25	64.33	66.66	70.16	74.23							
RevPAR	\$	74.80	82.44	89.87	103.65	118.43							
Conference Centre Delegate Days	#	94,529	104,613	98,235	96,590	104,973							108,000
YYJ Airport Arrivals	#	1,506,212	1,556,960	1,650,165	1,710,825	1,856,099							
Measure	Unit	2012		2013		2014		2015		2016		2017	
		Target	Result	Target	Result	Target	Result	Target	Result	Target	Result	Target	Result
<b>Tourism Victoria Performance Measures</b>													
<b>1. Financial Perspective</b>													
Marketing Campaign ROI	ratio	N/A	N/A	N/A	N/A	N/A	39:1	20:1 <sup>2</sup>	78:1	30:1	169:1	TBD	
Business Events Confirmed Room Nights	#	N/A	N/A	N/A	9,371	No Target <sup>3</sup>	9,371	11,000	12,788 <sup>4</sup>	11,500	12,169	13,000	
Economic Contribution of Tourism Victoria's BEV Program	\$	N/A	N/A	N/A	4,216,950	N/A	4,216,950	4,950,000	4,914,000	5,175,000	6,675,750	TBD	
Visitor Centre Ticket Sales	\$	N/A	N/A	N/A	724,072	1,050,000	1,033,631	1,250,000	1,555,786	1,650,000	1,595,939	1,675,000	
Gross Membership Service Revenue	\$	N/A	771,020	N/A	910,578 <sup>5</sup>	976,327	966,592	978,050	995,100	1,016,350	1,096,784	1,041,100	
Proportion of Gross Revenue Allocated to Labour	%	N/A	43.6	N/A	40.1	N/A	39.8	39.0	35.7	38.3	35.8	31.3	
<b>2. Customer Perspective</b>													
Sessions on TourismVictoria.com - Desktop	#	N/A	N/A	N/A	1,198,942	1,378,783	1,385,584	1,250,000	1,522,940	1,500,000	1,590,449	N/A	
Sessions on TourismVictoria.com - Mobile	#	N/A	N/A	N/A	16,642	N/A	46,856	N/A	335,734	N/A	543,514	N/A	
Sessions on TourismVictoria.com - Total Digital Platform	#	N/A	N/A	N/A	1,215,584	N/A	1,432,440	N/A	1,858,674	N/A	2,133,963	2,000,000 <sup>6</sup>	
Travel & Lifestyle Media Editorial Placements	#	N/A	147	N/A	245	268	311	275	350 <sup>7</sup>	300	319	325	
Total Engagement on Social Channels - Facebook	#	N/A	N/A	N/A	N/A	N/A	N/A	N/A	89,000	111,000	187,112	233,890	
Total Engagement on Social Channels - Twitter	#	N/A	N/A	N/A	N/A	N/A	N/A	N/A	47,000	58,750	73,929	92,411	
Total Engagement on Social Channels - Instagram	#	N/A	N/A	N/A	N/A	N/A	N/A	N/A	72,000	144,600	205,747	411,494	
Total Engagement on Social Channels - Pinterest	#	N/A	N/A	N/A	N/A	N/A	N/A	N/A	550	690	2,400	3,000	
New Business Leads for Members	#	N/A	N/A	N/A	N/A	N/A	153	200	307	300	328	375	
New Programs by Tour Operators	#	N/A	N/A	N/A	8	8	7	10	23	15	16	18	
Travel Trade Member Contracts - Sales Blitzes	#	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	30	
Travel Trade Digital Shelf Space - Top 16 Accounts	%	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	8	
Business Events Potential Room Nights	#	N/A	N/A	N/A	41,671	41,700	56,784	43,000	42,040	45,000	56,100	50,000	
<b>3. Internal Process Perspective</b>													
Annual Savings in Overhead	\$	Not Prioritized	Not Prioritized	Not Prioritized	Not Prioritized	Not Prioritized	Not Prioritized	Not Prioritized	25,000	26,950	10,000	16,389	10,000
Scope and Develop Robust Festivals & Events Strategy		N/A	N/A	N/A	N/A	N/A	N/A	Yes / No	No	Underway	Completed	Deliver strategy	
Website Platform		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Underway	On time within budget	
Visitor Centre Plan for Renovations		N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	N/A	Scoped	Commence	
<b>4. Learning &amp; Growth Perspective</b>													
Employee Engagement Index	%	N/A	N/A	N/A	N/A	N/A	TBD	Benchmark	Underway	65.0	63.3	65.0	
<b>5. Foundation</b>													
Member Satisfaction Rate (Satisfied or Neutral)	%	N/A	89	N/A	89	70	95	90	97	90	97	90	
Local Media Placements	#	N/A	N/A	N/A	N/A	75 YTD <sup>8</sup>	TBD	75	130	115	134	115	
Political Briefings or Opportunities per Year	#	Not Tracked	Not Tracked	Not Tracked	Not Tracked	35 YTD <sup>9</sup>	TBD	20	40	35	40	35	

<sup>1</sup> Grant Thornton Report.

<sup>2</sup> 60% higher than industry average.

<sup>3</sup> From 2015 moved from potential to confirmed room nights.

<sup>4</sup> SV actual result 10,920 confirmed room nights plus CWM confirmed for minimum 1,660 nights but not yet contracted = 12,580 nights.

<sup>5</sup> In 2013 there was a change in membership structure and revenue categorization.

<sup>6</sup> Desktop and mobile will merge and not be tracked separately with the new digital platform from 2017.

<sup>7</sup> Whole footage that went viral accounted for 62 placements, without this footage placements are 288.

<sup>8</sup> Skewed high with January 2014 arrival of new President & CEO.

<sup>9</sup> Skewed high with January 2014 arrival of new President & CEO and election year.

# Corporate Communications and Public Affairs

**Mission: Ensure better communication of the tourism industry's position and articulate how the tourism industry supports community well-being and economic vitality.**

In 2016, Tourism Victoria worked diligently with Greater Victoria media to ensure our industry and our organization were well represented. Tourism Victoria saw an increase over previous years in the number of stories that appeared in local print and broadcast media reporting on our industry.

Broad themes of coverage were informing Greater Victoria businesses and residents about significant changes to Tourism Victoria, and about how supporting a sustainable industry benefits the economy overall.

Our local media strategy included actively speaking about the ongoing growth of tourism, and best practices for ensuring long-range strategic planning.

Our Corporate Communications and Public Affairs efforts will continue to tell the tourism sector's story, as well as advancing our industry's public policy agenda and ensuring we support our members on key public affairs priorities.

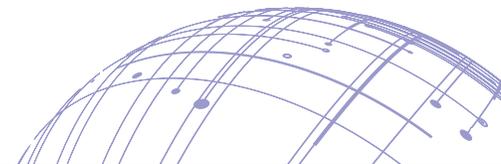
In 2016, our Corporate Communications and Public Affairs function also administered Tourism Victoria's Major Events Partnership Investment Program, along with handling local media requests and public affairs opportunities.

Greater Victoria is coming into its own as a true world-class city. It is important for our residents as well as policy makers and investors to understand that our hometown is viewed as an exciting destination in the international marketplace.



## 2016 HIGHLIGHTS

- 134 Local Media Placements
- 40 Political Briefings and Opportunities



The tourism industry in Greater Victoria experienced another strong year in 2016. The volatility of Municipal and Regional District Tax revenue experienced in 2014 led Tourism Victoria management to remain conservative and prudent in its budgeting, spending and procurement for 2016.

Tourism Victoria's 2016 fiscal year reported a net operating surplus of \$326,691. Up to 50 per cent of that total will be transferred to the internally restricted reserve fund, in place to cover operating costs for up to six months, in the event of a significant economic decline.

The majority of the surplus is the result of decisions by management, supported by our board, to delay spending funds until 2017 on some major projects and initiatives originally slated for 2016. As well, Tourism Victoria continued to take a disciplined approach to adhere to its annual budgets. During the course of the year, we chose to delay the following major projects until 2017: a complete redesign of our website and online presence, Visitor Centre renovations and the implementation of a new point-of-sale system. All of these projects will be executed in 2017.

Total revenue increased by 14 per cent, or \$726,168, from 2015. The increase was primarily due to increases in the Municipal Regional District tax and Destination Marketing Fee (DMF) revenue provided by the Victoria Hotel Destination Marketing Association (VHDMA). Proportionately smaller increases were seen in revenues from the ticket centre and retail sales at the Visitor Centre as well as membership-related activities. These smaller increases were partially offset by decreases in grant funds received.

Total expenditures increased by 17.4 per cent, or \$825,570, compared to 2015. This was due to notable planned increases in all marketing and sales based initiatives with much smaller increases noted in general and administrative as well as membership-services expenses. These increases were partially offset by decreases in expenses associated with Visitor Centre services.

*Further details and explanation of revenues and expenses are in the Management Financial Analysis section.*

Tourism Victoria is a not-for-profit, member-based organization. All received funding was variable and vulnerable in 2016. However, the organization has now been named the eligible entity for the City of Victoria by the Provincial Government, with full support from our industry and government partners. The new agreement will provide

longer-term funding stability for Tourism Victoria's sales and marketing efforts. The nature of our organization's revenues will continue to show variations from internal forecasts and they will continue to be monitored on a monthly basis, allowing as much time as possible for corrective action to be implemented.

## 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)



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## INDEPENDENT AUDITORS' REPORT

To the Members of Greater Victoria Visitors & Convention Bureau

### Report on the Financial Statements

We have audited the accompanying financial statements of the Greater Victoria Visitors & Convention Bureau, which comprise the statement of financial position as at December 31, 2016, the statements of operations, changes in net assets and cash flows for the year then ended, and notes, comprising a summary of significant accounting policies and other explanatory information.

#### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation and fair presentation of these 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.

#### *Auditors' Responsibility*

Our responsibility is to express an opinion on these financial statements based on our audit. We conducted our audit in accordance with Canadian generally accepted auditing standards. Those standards require that we comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on our judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, we consider internal control relevant to the entity's preparation and fair presentation of the financial statements 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. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

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



### Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Greater Victoria Visitors & Convention Bureau as at December 31, 2016, 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.

### 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 by the Greater Victoria Visitors and Convention Bureau 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 year.

A handwritten signature in black ink that reads 'KPMG LLP'. The signature is written in a cursive, slightly slanted style. Below the signature is a horizontal line that starts under the 'K' and ends under the 'P'.

Chartered Professional Accountants

April 5, 2017  
Victoria, Canada

# GREATER VICTORIA VISITORS & CONVENTION BUREAU

## Statement of Financial Position

December 31, 2016, with comparative information for 2015

	2016	2015
<b>Assets</b>		
Current assets:		
Cash and cash equivalents	\$ 789,980	\$ 784,956
Short-term deposits (note 2)	440,031	286,736
Accounts receivable	1,255,774	984,992
Inventories	5,658	2,601
Prepaid expenses	125,033	105,495
	2,616,476	2,164,780
Capital assets (note 3)	198,367	229,874
	\$ 2,814,843	\$ 2,394,654

## Liabilities and Net Assets

Current liabilities:		
Accounts payable and accrued liabilities (note 4)	\$ 479,004	\$ 453,020
Deferred revenue (note 5)	582,624	554,262
Deferred destination marketing fees (note 6)	342,747	282,902
	1,404,375	1,290,184
Leasehold inducements	187,047	207,740
Net assets:		
Internally restricted reserve fund (note 7)	429,076	279,076
Unrestricted	794,345	617,654
	1,223,421	896,730
Lease commitment (note 8)		
	\$ 2,814,843	\$ 2,394,654

See accompanying notes to financial statements.

On behalf of the Board:

  
\_\_\_\_\_  
Director

  
\_\_\_\_\_  
Director

# GREATER VICTORIA VISITORS & CONVENTION BUREAU

## Statement of Operations

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
<b>Revenues:</b>		
Municipal regional district tax (note 11)	\$ 3,056,580	\$ 2,680,912
Destination marketing fee (note 6)	1,229,103	881,998
<b>Membership services:</b>		
Membership fees	465,615	441,188
Advertising fees	631,169	559,397
Retail sales	61,167	81,054
Sundry	41,573	94,599
Events	22,763	18,856
	1,222,287	1,195,094
Travel auction	25,614	35,758
<b>Government grants:</b>		
Municipal	49,000	83,500
Visitor services	122,700	120,000
Reservation and ticket commissions	194,141	175,995
	5,899,425	5,173,257
<b>Expenses:</b>		
<b>Marketing services (note 9)</b>		
Advertising and publications	1,850,763	1,510,392
Media relations	418,375	392,460
Travel trade	657,243	461,407
Research	211,930	108,309
Business events	664,879	457,340
Web marketing	260,073	237,779
	4,063,263	3,167,687
General and administrative	626,044	605,233
Information services	638,704	714,470
Membership services	176,692	160,494
Amortization	68,031	99,280
	5,572,734	4,747,164
<b>Excess of revenues over expenses</b>	<b>\$ 326,691</b>	<b>\$ 426,093</b>

See accompanying notes to financial statements.

# GREATER VICTORIA VISITORS & CONVENTION BUREAU

## Statement of Changes in Net Assets

Year ended December 31, 2016, with comparative information for 2015 and 2014

	Internally Restricted Reserve Fund	Unrestricted	Total
Balance, December 31, 2014	263,676	206,961	470,637
Excess of revenue over expenses	-	426,093	426,093
Transfer to reserve fund	15,400	(15,400)	-
Balance, December 31, 2015	279,076	617,654	896,730
Excess of revenue over expenses	-	326,691	326,691
Transfer to reserve fund	150,000	(150,000)	-
Balance, December 31, 2016	\$ 429,076	\$ 794,345	\$ 1,223,421

See accompanying notes to financial statements.

# GREATER VICTORIA VISITORS & CONVENTION BUREAU

## Statement of Cash Flows

Year ended December 31, 2016, with comparative information for 2015

	2016	2015
Cash provided by (used in):		
Operations:		
Excess of revenues over expenses	\$ 326,691	\$ 426,093
Items not involving cash:		
Amortization of capital assets	68,031	99,280
Amortization of leasehold inducements	(20,693)	(17,125)
	374,029	508,248
Change in non-cash operating working capital:		
Accounts receivable	(270,782)	(47,264)
Inventories	(3,057)	945
Prepaid expenses	(19,538)	(63,127)
Accounts payable and accrued liabilities	25,984	9,319
Deferred destination marketing fees	59,845	95,084
Deferred revenue	28,362	125,147
	194,843	628,352
Investing:		
Purchase of capital assets	(36,524)	(8,598)
Decrease in short-term deposits	(153,295)	(18,519)
	(189,819)	(27,117)
Increase in cash and cash equivalents	5,024	601,235
Cash and cash equivalents, beginning of year	784,956	183,721
Cash and cash equivalents, end of year	\$789,980	\$ 784,956

See accompanying notes to financial statements.

# GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements

Year ended December 31, 2016

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## **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.

## **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.

# GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 1. Significant accounting policies (continued):

### (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
Tradeshow 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.

### (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) Inventories:

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

# GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 1. Significant accounting policies (continued):

### (f) 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.

## 2. Short-term deposits:

Short-term deposits consist of guaranteed investment certificates bearing interest of 1.04% and 0.81% (2015 - 0.97%) per annum.

## 3. Capital assets:

	2016		
	Cost	Accumulated amortization	Net book value
Office furniture and equipment	\$ 90,121	\$ 68,920	\$ 21,201
Computer equipment	61,960	43,947	18,013
Leasehold improvements	256,872	117,733	139,139
Tradeshow equipment	4,544	3,029	1,515
	413,497	233,629	179,868
Computer software	-	-	-
Website development costs	22,199	3,700	18,499
	\$ 435,696	\$ 237,329	\$ 198,367

# GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2016

### 3. Capital assets (continued):

			2015
	Cost	Accumulated amortization	Net book value
Office furniture and equipment	\$ 116,405	\$ 75,647	\$ 40,758
Computer equipment	129,271	108,011	21,260
Leasehold improvements	300,392	135,565	164,827
Tradeshow equipment	7,093	4,064	3,029
	553,161	323,287	229,874
Computer software	48,334	48,334	-
Website development costs	89,053	89,053	-
	\$ 690,548	\$ 460,674	\$ 229,874

### 4. Accounts payable and accrued liabilities:

Included in accounts payable and accrued liabilities are government remittances payable of \$17,440 (2015 - \$19,083), which includes amounts payable for payroll remittances, sales tax and workers' safety insurance.

### 5. Deferred revenue:

	2016	2015
Membership dues	\$ 205,394	\$ 175,819
Advertising fees and listing revenue	159,215	175,512
Deferred vacation guide advertising	218,015	202,931
	\$ 582,624	\$ 554,262

# GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 6. 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:

	2016	2015
Balance, beginning of year	\$ 282,902	\$ 187,819
Amounts received	900,852	800,580
Amounts receivable	388,095	176,501
	1,571,850	1,164,900
Revenue recognized	1,229,103	881,998
Balance, end of year	\$ 342,747	\$ 282,902

## 7. Internally restricted reserve:

To maintain Tourism 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. This reserve is funded by short-term deposits.

# GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 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
2017	\$ 161,172	\$ 73,361	\$ 234,533
2018	170,150	73,361	243,511
2019	170,150	78,238	248,388
2020	170,150	78,238	248,388
2021	170,150	78,238	248,388
2022 and thereafter	80,958	325,828	406,786

### (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 1<sup>st</sup> of each year in the amount indicated in the following schedule. These payments are firm and will not be adjusted with inflation:

	DFHP Contributions	Accumulated Contributions
2017	\$ 95,000	\$ 95,000
2018	95,000	190,000
2019	95,000	285,000
2020	95,000	380,000
2021	100,000	480,000
2022	100,000	580,000
2023	105,000	685,000
2024	105,000	790,000
2025	105,000	895,000
2026	105,000	1,000,000

# GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 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:

	2016	2015
Advertising and publications	\$ 170,004	\$ 115,725
Media relations	142,637	116,816
Travel trade	171,854	127,155
Research	33,006	2,383
Business events	171,709	127,055
Web marketing	57,553	73,276
	<u>\$ 746,763</u>	<u>\$ 562,410</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 short 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.

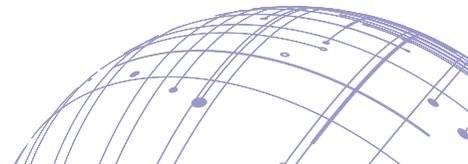
# GREATER VICTORIA VISITORS & CONVENTION BUREAU

Notes to Financial Statements (continued)

Year ended December 31, 2016

## 11. Schedule of Municipal Regional District Tax and Destination Marketing Expenses:

	2016	2015
Total municipal regional district tax revenues were:		
City of Victoria	\$ 3,480,870	\$ 3,132,948
District of Saanich	171,530	136,720
	<u>3,652,400</u>	<u>3,269,668</u>
Retained by the City of Victoria for the Victoria Conference Centre	(595,820)	(588,756)
	<u>3,056,580</u>	<u>2,680,912</u>
Destination marketing fee	1,229,103	881,998
Sundry	-	55,620
	<u>4,285,683</u>	<u>3,618,530</u>
Marketing services:		
Advertising and publications	1,850,763	1,510,392
Media relations	418,375	392,460
Travel trade	657,243	461,407
Research	211,930	108,309
Business events	664,879	457,339
Web marketing	260,073	237,779
	<u>4,063,263</u>	<u>3,167,686</u>
Visitor information services	191,611	214,341
Amortization	45,515	59,306
	<u>4,300,389</u>	<u>3,441,333</u>
Excess (deficiency) of revenue over expenses	\$ (14,706)	\$ 177,197



**T**ourism Victoria is a not-for-profit, member-based organization. Visitor Services and Member Services are funded mainly by membership fees, member-exclusive advertising opportunities on Tourism Victoria's website as well as in print publications and at the Visitor Centre. Revenue is also generated from member events.

## REVENUES

### Municipal and Regional District Tax

Municipal Regional District Tax (MRDT) revenue increased by 14.0 per cent, from \$2,680,912 in 2015, to \$3,056,580 in 2016. Tourism Victoria receives MRDT from the City of Victoria and District of Saanich and these funds form the majority of the destination marketing budget. In 2016, the MRDT represented 46.9 per cent of Tourism Victoria's total revenue, compared to 51.8 per cent in 2015. Fluctuation in the amount of annual revenues is subject to industry-related risks, such as timing in relation to Ministry of Finance reporting, and variations from expected revenues when correlated to industry provided data.

### Destination Marketing Fee

Destination Marketing Fee (DMF) revenue was \$1,229,103 in 2016, up from \$881,998 in 2015, representing a 39.4 per cent increase year over year. It is important to note that Tourism 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 21.2 per cent from \$282,902 (2015) to \$342,747 (2016). Tourism Victoria received a total of \$1,288,948 in 2016, compared to \$977,082 in 2015, in order to deliver initiatives that drive hotel room stays.

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 downtown Victoria voluntarily joined the program, which began June 1, 2011. The funds generated from this fee go to Tourism Victoria exclusively for sales and marketing initiatives with the express purpose of generating room nights.

### Membership Services

Membership services revenue includes fees for membership, advertising and events and retail sales. In aggregate, revenues increased slightly by 2.3 per cent (\$27,193) compared to 2015. Of note, the increase in the number of members in 2016 led to a 5.5 per cent increase in membership fees from \$441,188 (2015) to \$465,615 (2016). Advertising revenue also increased by \$71,772, or 16.3 per cent, from \$559,397 in 2015, to \$631,169 in 2016.

### Travel Auction

Twice annually, Tourism Victoria hosts an online travel auction with donations from both members and non-members. In 2016, travel auctions generated \$25,614. That compares to \$35,758 in 2015. The net funds from these activities are primarily put toward membership activities and initiatives.

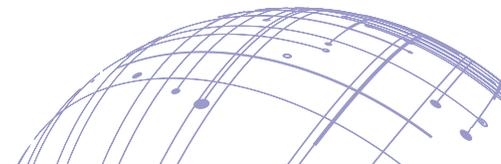
### Reservation and Ticket Commissions

Along with providing guidance and answering questions to increase visitor length of stay, Tourism Victoria sells member's tickets, bus passes, maps and special-event tickets at the Visitor Centre. In 2016, commission revenue from these activities increased by 10.3 per cent or \$18,147 from 2015.

### Grants

Grants were received from both the City of Victoria and the District of Saanich in 2016, and the funding was used to support the operation of Tourism Victoria's Visitor Centre. Grant applications are submitted annually and are not guaranteed. In addition, the following municipalities also support our organization through their membership: City of Victoria, District of Saanich, District of Oak Bay, Township of Esquimalt, Town of Sidney and City of Langford.

A grant was also received from Destination British Columbia to support the operation of the Visitor Centre. The grant amount from Destination British Columbia remained the same between 2016 and 2015, whereas grants from the City of Victoria and the District of Saanich in aggregate declined by 41.5 per cent.



## EXPENSES

### Marketing Services

Marketing Services include activities that promote Greater Victoria as a destination, including advertising, media relations, travel trade, business events, website activities and market research.

There were increases in all categories of marketing services for 2016 that had a total cost of \$4,063,263 — up 28.3 per cent from \$3,167,687 in 2015. Total increase from 2015 to 2016 was \$895,576 with 38.8 per cent coming from increased expenditures associated with DMF revenue.

The largest increase in expenses in 2016 from the 2015 levels were for advertising and publications (\$340,371), business events (\$207,539), travel trade (\$195,836) and research (\$103,621). Smaller increases were seen in media relations (\$25,915) and website activities (\$22,294).

### General and Administrative

There was a slight overall increase in general and administrative expenses of 3.4 per cent, or \$20,811, between 2015 and 2016. Notable increases between 2015 and 2016 were seen in professional services (legal, consulting and insurance) in the amount of \$116,990, office lease costs of \$22,173, and operating supplies of \$10,742. These increases were offset by a decrease in communication expenses by \$6,312, general travel (including conferences) by \$3,521, corporate membership events by \$14,364, foreign exchange costs by \$29,320 and bank charges by \$3,459.

### Visitor Information Services

Visitor and Information expenses include all personnel and overhead costs associated with the Visitor Centre. Expenses were noted to decrease by 10.6 per cent, or \$75,766, from 2015 to 2016, of which more than 65 per cent is directly attributable to the tenant improvement allocations associated with the signing of a long-term lease at 812 Wharf St. The savings will be utilized on improvements in late 2017. There was also an 8.8 per cent (\$33,100) savings in labour costs for 2016 compared to 2015 and smaller savings found in IT and communications. These savings were partially offset by the one-time professional service fees associated with the Visitor Centre renovations report and smaller increases in other Visitor Centre activities, including those at Ogden Point.

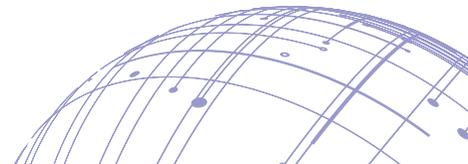
### Membership Services

Membership services expenses include all overhead costs associated with personnel who are associated with membership, as well as costs associated with membership events, activities and initiatives. Expenses between 2016 and 2015 were higher by \$16,198. Increases were associated with operating costs, including membership events and development costs, which were partially offset in the reduction in overhead associated with personnel.

### Amortization

Amortization expenses relate to the expensing of assets owned by Tourism Victoria, including furniture, computer equipment, significant marketing collateral and leasehold improvements. Between 2016 and 2015, the expense decreased by 31.5 per cent primarily due to complete amortization of a number of existing assets, and offset slightly by the purchase of additional assets in the year.

# 2017 Board of Directors



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*The Magnolia Hotel & Spa*

*Member at Large*

### First Vice Chair

Chair, Transportation Committee

Starr McMichael

*Starrboard Enterprises Inc.*

*Member at Large*

### Vice Chair

Chair, Sales & Marketing Committee

Kimberley Hughes

*Delta Victoria Ocean Pointe Resort and Spa*

*Accommodation - More than 149 Rooms*

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*Retail and Restaurants*

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*Royal B.C. Museum*

*Arts, Culture & Societies Sector*

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*Chemistry Consulting*

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*Accommodation - 25 Rooms or Fewer*

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*Oswego Hotel*

*Accommodation - From 26 to 149 Rooms*

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*Sport & Outdoor Adventure Sector*

### Director

Mark Mawhinney

*Odium Brown Limited*

*Greater Victoria Chamber of Commerce Appointee*

### Director

Councillor Chris Coleman

*City of Victoria*

*City of Victoria Appointee*

### Director

Councillor Judy Brownoff

*District of Saanich*

*District of Saanich Appointee*



# TOURISM VICTORIA

*Marketing our favourite destination*

Tourism Victoria  
Greater Victoria Visitors & Convention Bureau  
200 – 737 Yates Street  
Victoria, B.C. V8W 1L6