

MINISTRY OF JOBS, TOURISM AND SKILLS TRAINING
AND MINISTER RESPONSIBLE FOR LABOUR
INFORMATION NOTE

Cliff #: 109660

Date: June 11, 2015

PREPARED FOR: Honourable Shirley Bond, Minister

ISSUE: Ontario's new Immigration Act (May 28, 2015)

BACKGROUND:

- On May 28th, 2015 Ontario passed the *Ontario Immigration Act* (the Act) which is a key lever in the government's public immigration strategy to help maximize the economic benefits of immigration in the province.
- The Ontario Ministry of Citizenship, Immigration and International Trade announced that the legislation will:
 - Facilitate Ontario's work with the federal government on the recruitment, selection and admission of skilled immigrants,
 - Strengthen the province's ongoing efforts to reduce fraud by protecting the integrity of Ontario's immigrant selection program and improve accountability, and
 - Increase transparency and information-sharing with the province's immigration partners.
- The enabling legislation provides the Minister responsible for immigration in Ontario (or delegate) to do the following:
 - Make regulations establishing an employer registry (similar to Manitoba's legislation) for those who hire foreign workers from overseas, including creating an inspection, investigation and enforcement function.
 - Establish a recruiter registry and penalties for violating registry conditions, which could include a fine, jail time and performance bond as well as a public ban for a period of time.
 - Establish and govern selection programs (e.g. the Ontario Provincial Nominee Program) that would set out a process for selecting foreign nationals for admission to Canada as either permanent immigrants or as temporary residents. These programs can only be established if the Governments of Ontario and Canada have an agreement that authorizes the program.
 - Make orders establishing or continuing funding programs to promote the settlement and integration of immigrants
 - Impose administrative penalties of up to \$150K for each contravention of the Act.

- Ontario is the fourth province to introduce legislation to ensure greater employer compliance and TFW protections. To date, Manitoba (2009), Nova Scotia (2011,2013) and Saskatchewan (2013) have introduced similar changes regarding employer treatment of foreign workers.

DISCUSSION:

- Legislation is not the only tool under which greater involvement in immigration matters can be attained in the provinces. Bi-lateral immigration agreements provide provincial governments with the primary means to develop and implement administrative policy. Most of the provinces have immigration agreements with the Government of Canada except Ontario (the Canada-Ontario Immigration Agreement expired in 2011).
- Even though Ontario's new legislation establishes the ability for Ontario to introduce immigration selection programs and apply selection criteria that will benefit the Province, Ontario can only do this within the confines of their immigration agreement with the federal government. The same holds for BC, such that similar immigration legislation would not further enable greater authority over immigration selection; but can strengthen integrity and operations of existing selection mechanisms (such as the Provincial Nominee Program).
- BC does not have specific legislation for foreign worker protections. All workers in BC, including foreign workers, are covered under the *Employment Standards Act*.
- BC has decided that it is not necessary to create a recruiter or employer registry via legislation or other means because the information provided through such registries is available through information sharing agreements with the federal government; creating provincial registries would be a duplication of resources.

SUMMARY:

- Although Ontario has introduced enabling legislation to have some provincial impact on the selection of economic immigrants, there is very little the Ontario Government can do without obtaining Canada's agreement.
- BC has just successfully negotiated a new immigration agreement with CIC and continues to work closely with the federal government on key priorities such as enhancing TFW protections under the Foreign Worker Annex.

Contact: Scott MacDonald, ADM, Labour Market and Immigration Division
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Reviewed by				
Dir:	ED: KG	ADM: DSM	DM:	MIN:

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MINISTRY OF JOBS, TOURISM AND SKILLS TRAINING
AND MINISTER RESPONSIBLE FOR LABOUR
MEETING NOTE

Cliff #: 109617

Date: June 19, 2015

PREPARED FOR:

Honourable Shirley Bond, Minister and Honourable Naomi Yamamoto, Minister

DATE AND TIME OF MEETING: June 25, 2015, 2:00 to 4:00 p.m., Boardroom 1, PVO

ATTENDEES:

Destination BC: Andrea Shaw, Chair, Board of Directors
Marsha Walden, Chief Executive Officer

JTST: Athana Mentzelopoulos, Deputy Minister
Kaaren Lewis, ADM, Tourism and Small Business Division

ISSUE(S): Quarterly meeting with Destination British Columbia (DBC)

BACKGROUND: The Taxpayer Accountability Principles (TAP) initiative, released on June 11, 2014, placed a substantial focus on strengthening two-way communication between government and provincial public sector entities through, among other things, quarterly meetings between Ministers and Crown Board Chairs and executive. This quarterly meeting with DBC is consistent with Ministers' and Crowns' obligations under TAP.

A proposed agenda is attached as Appendix 1. DBC will primarily update Ministers on:

1. key initiatives under DBC's three-year Corporate Strategy and Marketing Plan;
2. actions to fulfil 2015/16 Mandate Letter directives and other Government priorities; and
3. the year-to-date status of economic performance of BC's tourism sector.

There is also time on the proposed agenda for Ministers to communicate updates on Government priorities to DBC, if they so choose.

DISCUSSION:

1. DBC Corporate Strategy and Marketing Plan

a) Brand Roll-out/Marketing Highlights

DBC is expecting to update Ministers on its wide-ranging marketing initiatives, including the roll-out of the revitalized Super, Natural British Columbia tourism brand. Since its launch in November 2104, the brand message was incorporated in to the 2015 Winter/Ski campaign, and DBC's print, web, social media and other campaigns in priority markets such as BC, Ontario, California and Alberta. DBC has made good progress in working with the Regional Destination Marketing Organizations (RDMOs) to align provincial and regional marketing using the brand and has connected with the travel trade to share brand imagery and logos.

As its next steps, DBC is reaching out to engage BC's tourism industry, including Community Destination Marketing Organizations (CDMOs), to encourage them to align their marketing materials with the brand message. As of the week of June 15, DBC and RDMOs will meet with small groups of stakeholders in each region to educate them on the brand message and explore opportunities to inspire uptake by tourism businesses and sector/community organizations. At a later date, DBC may also try to connect in the same way with provincial government agencies responsible for tourism-related assets; e.g. BC Parks, Pavco, and BC Ferries.

DBC has made great progress with their brand development and roll-out strategy and, if successful, their efforts will align BC's tourism marketing system.

b) Visitor Servicing

- i. Visitor Centre Base Funding Adjustment - DBC is expected to update Ministers on action it has taken to respond to concerns raised by representatives of the Lumby and Armstrong community visitor centres. To ensure an equitable and fair approach is taken with all community visitor centres with characteristics similar to those of Lumby and Armstrong, DBC has increased the base fee-for-service for 17 centres across the province. The total incremental cost is approximately \$54,000 for 2015/16, and will be absorbed within DBC's overall budget.
- ii. BC Visitor Centre (BCVC) Status Update – DBC continues to explore transition business cases for each of the five remaining BCVCs to identify business and cost efficiencies, while still ensuring visitors have access to high-quality travel information whenever and wherever they need it. As

directed by Minister Bond, each transition business case will be brought forward for Ministers' review before any steps are taken. At this meeting, DBC is expected to advise the first transition business case, for the BCVC at Mt. Robson, will be ready for review by mid to late July, following consultations with local government representatives and tourism stakeholders in the Valemount area. DBC may ask to reserve time in the Ministers' calendars for a briefing during that timeframe.

c) Cooperative Marketing Program

The Cooperative Marketing Program is DBC's main vehicle to provide financial support for community and sector tourism marketing. Consistent with direction in its 2015/16 Mandate letter and the principles in its Corporate Strategy, DBC has been working on significant changes to its cooperative marketing programs to incent greater alignment between community/sector and DBC marketing strategies, and more effective use of marketing funds.

A pilot version of the program was launched in the Vancouver Coast Mountains region in April 2015, with plans to incorporate lessons learned into a final program model to be rolled out through the rest of the province in 2016/17. Since then, the province-wide program guidelines have been revised and reviewed with DBC's Tourism Marketing Committee and Board of Directors. DBC plans to post the province-wide guidelines and solicit applications for 2016/17 funding on June 30, 2015.

d) Remarkable Experiences Program Pilots

DBC has been refining its suite of supports for tourism business development, which include access to consumer intelligence, market research, and training materials, delivered through downloadable guides, webinars and facilitated workshops. As part of this program, DBC will be launching pilot workshops for the Remarkable Experiences program in five communities within the next few months. At this meeting, DBC is expected to provide Ministers with an overview of the purpose and goals of these workshops, and how they will support tourism industry development.

2. Performance Reporting

a) Actions to fulfil 2015/16 Mandate Letter priorities, and progress to date against DBC's 2015/16 Service Plan performance measures

Through the 2015/16 Mandate Letter, Government directed DBC to focus on four specific priorities. DBC's planned actions are outlined under Goals 1 to 3 in its 2015/16 Service Plan, released with Balanced Budget 2015 on February 17, 2015.

15/16 Mandate Letter Priority	DBC 15/16 Service Plan Goal
Enhance marketing efforts	Goal 1: Lead Canada in growth of overnight visitor expenditures
Deliver world-class visitor experiences	Goal 2: Remarkable Guest Experiences
Improve marketing alignment; Expand BC's tourism offerings, businesses and jobs	Goal 3: Create a powerful marketing network

At this meeting, DBC is expected speak in greater detail about the actions it has taken and plans to take, to meet the direction in its 2015/16 Mandate Letter, and to update Ministers, where possible, on year-to-date results against its 2015/16 Service Plan performance measures. As of June 18, 2015, the Tourism Policy Branch had not yet received a copy of the materials that will be presented to Ministers, but note that DBC's report may be minimal at this point, as most of the data it requires to evaluate its performance is only available on an annual basis. It is believed that DBC intends to demonstrate its commitment to a performance-based approach by maintaining this as a standing item on all future quarterly meeting agendas.

b) Industry Performance Update

DBC is expected to demonstrate that tourism industry performance continues on its upward trend, using data that is already in the public realm (e.g. 2013 revenue, GDP and jobs data). DBC may also highlight new information; for example, April 2015 international visitor arrival results, which show overall international overnight entries to British Columbia increased:

- 5.5 percent in April 2015 over April 2014, and

- 7.6 percent year-to-date (January – April 2015) over the same period in 2014.

Arrivals from some priority markets were also up:

Market	% Increases in Overnight Entries	
	April 2015 over April 2014	Year to Date (January–April 2015 over 2014)
United States	+ 9.7	+ 9.0
China	+ 10.6	+ 11.0
South Korea	+ 3.6	+ 5.9

Other key indicators of 2015 industry performance also reflect a continued upward trend. There have been positive increases in provincial accommodation occupancy rates, provincial restaurant receipts, and YVR and BC passenger volumes. The only performance indicator to show negative growth is the number of travel parties to visitor centres between January-April 2015, which fell by 9.3% compared to the same time period in 2014.

3. Next Steps/Other Items

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SUGGESTED RESPONSE/KEY MESSAGING:

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ATTACHMENTS:

Appendix 1: Proposed Agenda

Contact: Kaaren Lewis, ADM, Tourism and Small Business Division, JTST
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Prepared by: Katherine Rowe, Director, Governance and Legislation, Tourism Branch
Telephone: 250-356-1489

Reviewed by			
ED: AB	ADM:	DM:	MIN:

PROPOSED AGENDA

Ministers' Quarterly Meeting with Destination BC

2:00 – 4:00 p.m., June 25, 2015
Boardroom #1, 999 Canada Place, Vancouver

Attendees

Ministers	Destination BC	JTST
Hon. Shirley Bond Hon. Naomi Yamamoto	Andrea Shaw Marsha Walden	Athana Mentzelopoulos Kaaren Lewis

Purpose of the meeting: To update Ministers on Destination BC's priority initiatives and partnerships

1. Minister / Deputy Minister update on Government priorities (as applicable)

2. Status Reports:

a) DBC Corporate Strategy and Marketing Plan

- Brand Rollout/Marketing Highlights
- Visitor Servicing
 - Visitor Centre Base Funding Adjustment
 - BCVC Status Update
- Cooperative Marketing Partnership Program
- Remarkable Experiences Program Pilots

b) Performance Reporting

- Actions to fulfil 15/16 Mandate Letter Priorities
- 15/16 Service Plan Performance Measures
- Tourism Industry Performance

3. Next Steps/Other Topics

MINISTRY OF JOBS, TOURISM AND SKILLS TRAINING
AND MINISTER RESPONSIBLE FOR LABOUR
DECISION NOTE

Cliff #: 109548

X Ref: 109547

Date: June 11, 2015

PREPARED FOR: Minister of Jobs, Tourism and Skills Training and Minister Responsible for Labour

ISSUE: Minister approval of 2014/15 Trades Training Consortium of BC (TTCBC) Annual Service Plan Report is required by June 19, 2015.

BACKGROUND: As government organizations within the Government Reporting Entity, Crown corporations are subject to the *Budget Transparency and Accountability Act* (BTAA) and are required to prepare annual service plan reports to be made public by the responsible Minister no later than August 31, 2015 or the end of five months after the end of the preceding fiscal year of the government organization.

While government is working with TTCBC to complete the required steps to proceed with its dissolution as a not-for-profit society (consistent with recommendation #10 of the McDonald Report), TTCBC is nonetheless required to report out on its progress towards achieving the goals set out in its 2014/15 Service Plan.

After the 2014/15 TTCBC Annual Service Plan Report (ASPR) is approved by its Board of Directors and Minister responsible, it will be returned to Corporate Planning and Priorities (CPP), Management Services Division. CPP is responsible for working with the Crown Agency Resource Office (CARO) to support tabling the report and having it published on the BC government and Crown websites. Submission of approved ASPR to the CARO is required by June 19, 2015.

DISCUSSION: CARO developed Crown corporation Annual Service Plan Report Guidelines and Templates to support transparency, consistency and accountability across Crown corporations reporting. The following requirements are new for 2014/15 annual service plan reports and reflect similar changes introduced for Ministry and Crown corporation Service Plans tabled on February 17, 2015, including:

- Limit of 15 pages (excluding title page, table of contents, financial reporting, and appendices);
- Use of hyperlinks to reference existing documents;
- Elimination of photos and graphics;
- Requirement to identify and report on implementation of government direction, per the Government Letters of Expectations (GLE) and the Taxpayer Accountability Principles Addendum to the 2014 GLE;

- Financial information is to be presented in bullet form or in footnotes; and,
- Focus is on information pertinent to performance management and planning.

Ministry staff provided guidance and assistance to TTCBC staff towards finalizing the accompanying annual service plan report. The Assistant Deputy Minister, Labour Market and Immigration, reviewed and approved the 2014/15 TTCBC ASPR.

Management Services Division, CARO and Treasury Board Staff provided a further level of review to confirm consistency with:

- BTAA requirements;
- Cabinet direction through the 2014 GLE and the Taxpayer Accountability Principles;
- Government expenditures; and,
- CARO's Crown Corporation Annual Service Plan Report Guidelines.

The TTCBC Board of Directors approved the 2014/15 TTCBC Annual Service Plan Report.

OPTIONS:

1. Approve 2014/15 Trades Training Consortium of BC Annual Service Plan Report
2. Approve 2014/15 Trades Training Consortium of BC Annual Service Plan Report with changes

RECOMMENDATION: Option 1

ATTACHMENT: 2014/15 Trades Training Consortium of BC Annual Service Plan Report

Approved / Not Approved	Date:
Comments:	

Contact: Amie Foster, Manager Policy and Review, Management Services Division
Telephone: (250) 356-2036

Reviewed by			
Dir:	ED:	ADM: DSM	DM: AM

Trades Training Consortium of British Columbia

**2014/15 – 2016/17
ANNUAL SERVICE PLAN REPORT**



For more information on the Trades Training Consortium of BC (TTBC) visit our website at:


www.tradetrainingbc.ca

Board Chair's Message and Accountability Statement

On behalf of the Directors, I am pleased to present the Trades Training Consortium of British Columbia's (TTBC) Annual Service Plan Report for the 2014/15 fiscal year.

Over the past 12 months TTBC has worked closely with the 14 trades training institutions and Government in order to meet the performance goals outlined in the Service Plan.

The Trades Training Consortium of BC's *2014/15 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2014/15 - 2016/17 Service Plan*. As the Board Chair, I am accountable for, and attest to the results as reported.



Signature

Kathy Kinloch, TTBC Board Chair

Purpose of the Organization

TTBC's primary purpose is to help coordinate the development of the annual public post-secondary trades training plan for BC, and to serve as a forum by which the training leaders, primarily post-secondary institutional Presidents and Trades Deans, share information on emerging issues or requirements of the public training system. TTBC also develops strategies that align public post-secondary institutional capacity with the demand for trades training in BC. The strategies include providing advice to the Government and industry on the forecasted skills and trades training required, thereby directly supporting the economic growth of the province.

Strategic Direction and Context

Strategic Direction

The Consortium was directed to take the following specific actions:

1. Continue to work collaboratively with the Ministry of Jobs, Tourism and Skills Training to clarify the priorities, role, mandate and capacity of the Consortium, based on the outcomes of the fall 2013 review of the role and function of the Industry Training Authority (ITA).
2. Continue to support Government priorities related to trades training in the province, including actions consistent with the British Columbia Skills and Training Plan and the Minister of Jobs, Tourism and Skills Training June 2013 mandate letter.

Strategic Context

The review of the Industry Training Authority (the McDonald Report), released on April 29, 2014 recommended that the Trades Training Consortium of BC no longer be designated as a Crown Agency.

To this end, as part of the requirement to remove the designation, the TTBC Board made a decision to dissolve as a not-for profit Society and it is expected that the final steps necessary to wrap-up the requirements as a Crown will be completed by mid-June, 2015. TTBC will maintain their name and will continue to serve as a forum of trades training delivery leaders, but as an ad hoc consortium and non-registered entity. At the April 13th Meeting of the Members, the Board approved new terms of reference for the Consortium that will serve to guide their organizational priorities through 2015/16.

Report on Performance

TTBC's priority throughout 2014/15 was to address recommendation #10 of the McDonald Report and undertake the steps required to remove the status as a Government Reporting Entity. Despite this shift in focus, the following previously established performance measures were achieved.

Goal 1: To coordinate the development of a system-wide public training plan that aligns capacity with labour market demand.

Strategies

- Facilitate collaboration and coordination with public trades training institutions
- Align supply of training with labour market requirements
- Raise awareness of public trades training available for the BC labour market

Performance Measure	2014/15 Target	2014/15 Results
Completion of an annual system-wide Training Plan.	Plan completed as set by the ITA	Plan completed – Target Achieved
Completion of tradetrainingbc.ca website upgrade	Complete by September 2014	Completed – Target Achieved
Meeting Target System Utilization rates for Apprentices and Foundation Seats	TBD by ITA	ITA confirms system target achieved

Goal 2: Continue to support Government priorities related to trades training in the province, specifically in regards to the British Columbia Skills and Training Plans of Action

Strategies

- Promote and profile today's training options for tomorrow's careers in skilled trades and technical fields through a Youth Engagement Strategy (Discover Skills BC).
- Work with the Public Post-Secondary Trades Training providers and the ITA to help ensure the right mix and quality of trades and technical programs are available to British Columbians throughout the province.

Performance Measure	2014/15 Target	2014/15 Results
Annual marketing and promotion engagement activities are successful	March 2015	Achieved Target – 66,000 portal visitors, 47 student produced videos, 32 Discover trades videos
Operational and planning report to TTBC Board	February 2015	Completed – included dissolution plan
Hold regular meetings with Deans of Trades and with key stakeholders	Throughout 2014/15	Completed 3 meetings with Deans of Trades and over 20 meetings with other stakeholders

There were no other goals, objectives or performance measures identified in the 2014/15 Service Plan, recognizing that the focus was to maintain operations while wrapping up TTBC status as a Crown Agency as recommended in the McDonald Report.

Financial Report

Financial Statements of

**TRADES TRAINING CONSORTIUM
OF BRITISH COLUMBIA**

Year ended March 31, 2015

DRAFT - May 14, 2015

INDEPENDENT AUDITORS' REPORT

To the Members of Trades Training Consortium of British Columbia

Report on the Financial Statements

We have audited the accompanying financial statements of Trades Training Consortium of British Columbia, which comprise the statement of financial position as at March 31, 2015, the statements of operations and accumulated surplus, changes in net financial assets and cash flows for the year then ended, and notes, 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 public sector accounting standards, 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 an 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 the auditor's 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, the auditor considers 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 is sufficient and appropriate to provide a basis for our audit opinion.

DRAFT - May 14, 2015



Opinion

In our opinion, the financial statements present fairly, in all material respects, the financial position of the Trades Training Consortium of British Columbia as at March 31, 2015 and its results of operations, changes in net financial assets and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Report on Other Legal and Regulatory Requirements

As required by the Society Act (British Columbia), we report that, in our opinion, the accounting principles in the Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Chartered Accountants

_____, 2015

Burnaby, Canada

DRAFT - May 14, 2015

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Statement of Financial Position

March 31, 2015, with comparative information for 2014

	2015	2014
Financial assets:		
Cash	\$ 16,505	\$ 94,975
Investment (note 3)	500,000	700,000
Accounts receivable	8,523	68,753
	525,028	863,728
Liabilities:		
Accounts payable and accrued liabilities	70,373	36,019
Deferred contributions (note 4)	353,011	713,510
	423,383	749,529
Net financial assets and accumulated surplus	\$ 101,645	\$ 114,199

See accompanying notes to financial statements.

Approved on behalf of the Board:

Director

Director

DRAFT - May 14, 2015

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Statement of Operations and Accumulated Surplus

Year ended March 31, 2015, with comparative information for 2014

	Budget (note 7)	2015	2014
Revenue:			
Grants and contributions (note 4)	\$ 348,518	\$ 385,499	\$ 304,620
Membership dues	100,000	100,000	100,000
Interest	8,000	6,252	7,532
Other income	-	506	17,509
	456,518	492,257	429,661
Expenses:			
Administration	81,620	119,312	79,304
Trades training development projects	374,898	385,499	304,620
	456,518	504,811	383,924
Annual surplus (deficit)	-	(12,554)	45,737
Accumulated surplus, beginning of year	114,199	114,199	68,462
Accumulated surplus, end of year	\$ 114,199	\$ 101,645	\$ 114,199

See accompanying notes to financial statements.

DRAFT - May 14, 2015

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Statement of Changes in Net Financial Assets

Year ended March 31, 2015, with comparative information for 2014

	Budget	2015	2014
Annual surplus (deficit)	\$ -	\$ (12,554)	\$ 45,737
Increase (decrease) in net financial assets	-	(12,554)	45,737
Net financial assets, beginning of year	114,199	114,199	68,462
Net financial assets, end of year	\$ 114,199	\$ 101,645	\$ 114,199

See accompanying notes to financial statements.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Statement of Cash Flows

Year ended March 31, 2015, with comparative information for 2014

	2015	2014
Cash provided by (used in):		
Operating:		
Annual surplus (deficit)	\$ (12,554)	\$ 45,737
Non-cash item:		
Restricted contributions spent and recognized as revenue	(385,499)	(304,620)
Changes in non-cash working capital:		
Decrease (increase) in accounts receivable	60,230	(23,529)
Increase (decrease) in accounts payable and accrued liabilities	34,353	(32,346)
Deferred contributions received	25,000	150,000
	(278,470)	(164,758)
Investments:		
Redemption of investment	200,000	100,000
	200,000	100,000
Decrease in cash	(78,470)	(64,758)
Cash, beginning of year	94,975	159,733
Cash, end of year	\$ 16,505	\$ 94,975

See accompanying notes to financial statements.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements

Year ended March 31, 2015

1. Operations:

The Trades Training Consortium of British Columbia (the "Consortium") was incorporated on September 8, 2005 under the Society Act (British Columbia). The purpose of the Consortium is to promote trades training in British Columbia through encouraging and supporting communication and co-ordination among British Columbia educational institutions and businesses. The Consortium members are comprised of fifteen educational institutions in British Columbia that offer trades training programs. The Consortium is exempt from income taxes.

2. Significant accounting policies:

These financial statements have been prepared in accordance with Canadian public sector accounting standards as prescribed by the Public Sector Accounting Board of the Chartered Professional Accountants Canada. The significant accounting policies are as follows:

(a) Revenue recognition:

Government transfers and externally restricted contributions are deferred and recognized as revenue when the associated stipulations per the agreements are met. Unrestricted contributions are recognized as revenue when received or receivable if the amount to be received can be reasonably estimated and collection is reasonably assured.

(b) Investment:

Investment consists of a guaranteed investment certificate (GIC) and is recorded at amortized cost.

(c) Non-financial assets:

Non-financial assets are not available to discharge existing liabilities and are held for use in the provision of services. They have useful lives that may extend beyond the current year and are not intended for sale in the ordinary course of operations.

(d) Contributed services:

Employees from member educational institutions contribute time to the Consortium each year. Any donated services are not recognized in the financial statements. Any services provided under a contract are recorded based on the values agreed to in the contract.

(e) Use of estimates:

In preparing the financial statements, management makes 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. Actual results could differ from those estimates.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2015

2. Significant accounting policies (continued):

(f) Financial instruments:

Financial instruments are recorded at fair value on initial recognition. Derivative instruments that are quoted in an active market are reported at fair value. All other financial instruments are subsequently recorded at cost or amortized cost unless management has elected to carry the instruments at fair value.

Unrealized changes in fair value are not recognized until they are realized, when they are recorded in the statement of operations and accumulated surplus.

Transaction costs incurred on the acquisition of financial instruments measured subsequently at fair value are expensed as incurred. All other financial instruments are adjusted by transaction costs incurred on acquisition and financing costs, which are amortized using the straight-line method.

All financial assets are assessed for impairment on an annual basis. When a decline is determined to be other than temporary, the amount of the loss is reported in the statement of operations.

The Consortium does not have any financial instruments that are required or elected to be recorded at fair value. The Consortium has not entered into any derivative contracts or identified any embedded derivatives.

(g) Segmented reporting and functional presentation:

The operations of the Consortium are comprised of a single function, promoting trades training. As a result, expenses are presented by object on the statement of operations and accumulated surplus and there are no additional segmented disclosures.

3. Investment:

Investment consists of a guaranteed investment certificate with a maturity date within the next fiscal year. The interest rate on the investment is 1.0% (2014 - 1.0%). The fair value of the investment approximates book value due to its short-term nature.

4. Deferred contributions:

Deferred contributions represent externally restricted contributions received by the Consortium for specific projects and programs. The amounts are recognized as revenue when spent on the specified projects or programs. Changes in deferred contributions are as follows:

	2015	2014
Balance, beginning of year	\$ 713,510	\$ 868,130
Amounts received during the year	25,000	150,000
Recognized as revenue in the year	(385,499)	(304,620)
Balance, end of year	\$ 353,011	\$ 713,510

DRAFT - May 14, 2015

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2015

5. Fair value of financial instruments and related financial risks:

The Consortium's financial instruments consist of cash, investment, accounts receivable, and accounts payable and accrued liabilities. The fair values of these financial instruments approximate their carrying values due to their short maturities.

The Consortium is exposed to interest rate risk on its fixed rate investment certificate which subjects the Consortium to fair value risks related to this instrument. The risk is not considered significant due to the short term to maturity of the investment certificate.

The Consortium believes that it is not exposed to significant foreign currency, credit or liquidity risks arising from its financial instruments.

6. Related party transactions:

During the year, the Consortium had the following related party transactions:

	2015	2014
Management services	\$ 70,725	\$ 70,043
Administrative services	31,583	32,722
Training plan contracted services	35,000	-

As at March 31, 2015, the Consortium had a balance owing to related parties for transactions included above of \$9,111 (2014 - \$10,022). During the year, the Consortium paid \$102,308 (2014 - \$102,765) for management and administrative services to a company that in turn contracts the services of the Secretary of the Consortium. The transactions are considered to be in the normal course of operations and are measured at the exchange amount, which is the amount of consideration established and agreed to by the related parties.

In addition, \$35,000 was paid during the year to a member of the Consortium for training plan contracted services.

7. Budget data:

The budget data presented in these financial statements is based on the 2015 operating budget approved by the Board of Directors on January 13, 2014.

TRADES TRAINING CONSORTIUM OF BRITISH COLUMBIA

Notes to Financial Statements (continued)

Year ended March 31, 2015

8. Expenses by object:

The following is a summary of expenses by object:

	2015	2014
Administration	\$ 12,284	\$ 6,444
Bank charges	109	109
InSPIRE project	160,000	101,409
Professional fees	138,745	144,773
Training plan contracted services	193,673	131,189
Total expenses	\$ 504,811	\$ 383,924

DRAFT - May 14, 2015

Closing Remarks

A dissolution and transition plan is in place to be executed towards a May 20, 2015 target end date. All requisite authorities for the society's members have been secured. An agreement has been established between TTBC and BCIT which authorizes the transfer of remaining funds and other assets to BCIT, who will manage the funds and assets within the defined mandate going forward. A formal submission to the Registrar of Companies was submitted on May 11, 2015, and it is expected that formal confirmation on the dissolution will be provided from the Registrar by mid June 2015.

MINISTRY OF JOBS, TOURISM AND SKILLS TRAINING
AND MINISTER RESPONSIBLE FOR LABOUR
DECISION NOTE

Cliff #: 109546

Date: June 15, 2015

PREPARED FOR: Honourable Shirley Bond, Minister of Jobs, Tourism and Skills Training and Minister Responsible for Labour

ISSUE: Minister approval of 2014/15 Destination BC (DBC) Annual Service Plan Report is required by June 19, 2015.

BACKGROUND: As government organizations within the Government Reporting Entity, Crown corporations are subject to the *Budget Transparency and Accountability Act* (BTAA) and are required to prepare annual service plan reports to be made public by the responsible Minister no later than August 31, 2015 the end of five months after the end of the preceding fiscal year of the government organization.

After the 2014/15 DBC Annual Service Plan Report (ASPR) is approved by its Board of Directors and Minister responsible, it will be returned to Corporate Planning and Priorities (CPP), Management Services Division. CPP is responsible for working with the Crown Agency Resource Office (CARO) to support tabling the report and having it published on the BC government and Crown websites. Submission of the approved ASPR to the CARO is required by June 19, 2015.

DISCUSSION: CARO developed Crown corporation Annual Service Plan Report Guidelines and Templates to support transparency, consistency and accountability across Crown corporations reporting. The following requirements are new for 2014/15 annual service plan reports and reflect similar changes introduced for Ministry and Crown corporation Service Plans tabled on February 17, 2015, including:

- Limit of 15 pages (excluding title page, table of contents, financial reporting, and appendices);
- Use of hyperlinks to reference existing documents;
- Elimination of photos and graphics;
- Requirement to identify and report on implementation of government direction, per the Government Letters of Expectations (GLE) and the Taxpayer Accountability Principles Addendum to the 2014 GLE;
- Financial information is to be presented in bullet form or in footnotes; and,
- Focus is on information pertinent to performance management and planning.

JTST staff provided guidance and assistance to DBC staff towards finalizing the accompanying annual service plan report. The Assistant Deputy Minister, Tourism and Small Business, reviewed and approved the 2014/15 DBC ASPR.

Management Services Division, CARO and Treasury Board Staff provide a further level of review to confirm consistency with:

- BTAA requirements;
- Cabinet direction through the 2014 GLE and the Taxpayer Accountability Principles;
- Government expenditures; and,
- CARO's Crown corporation Annual Service Plan Report Guidelines.

OPTIONS:

1. Approve 2014/15 Destination BC Annual Service Plan Report
2. Approve 2014/15 Destination BC Annual Service Plan Report with changes

RECOMMENDATION: Option 1

ATTACHMENT: 2014/15 Destination BC Annual Service Plan Report

Approved / Not Approved	Date:
Comments:	

Contact: Amie Foster, Manager Policy and Review, Management Services
 Telephone: (250)356-2036 (778) 677-4473

Reviewed by			
Dir:	ED:	ADM: KL	DM: AM

Destination British Columbia

2014/15 ANNUAL SERVICE PLAN REPORT



For more information on Destination BC contact:

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www.DestinationBC.ca

Board Chair's Message and Accountability Statement



On behalf of the Board of Directors of Destination British Columbia (Destination BC), I am pleased to present our *2014/15 Annual Service Plan Report* that reflects Destination BC's performance for the 12 months ended March 31, 2015. The content of this report was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act* and the *BC Reporting Principles*. During this performance period, the Corporation's operations have been consistent with the Taxpayer Accountability Principles.

British Columbia's tourism industry experienced another year of strong growth in 2014, with a 5.3 per cent increase in international visitor arrivals and increases in accommodation occupancy and daily accommodation room rates across most of the province. Destination BC played an important role in this success, marketing British Columbia domestically and internationally as a coveted tourist destination while promoting the development, enhancement and growth of the tourism industry throughout the province.

Destination BC is focused on achieving results: growing the tourism sector through high impact, innovative and creative marketing, enhancing the visitor experience, developing and maintaining strong collaborative relationships with tourism industry, communities, First Nations and cross-government partners, and managing the Corporation with accountability, efficiency and effectiveness. One of Destination BC's key achievements, in our second year of operation, was the launch of our new Corporate Strategy and Marketing Plan and the revitalized *Super, Natural British Columbia®* brand, providing a consistent marketing platform for BC's tourism system to rally behind. Our revitalised brand received world-wide attention, culminating in our brand video taking first prize at the 14th Annual International Tourism Film, Print and Multimedia competition at the March 2015 ITB (Internationale Tourismus-Börse) Travel Trade Show in Berlin, the world's leading travel trade show. Other highlights of the past year are outlined in the Report on Performance section of this report.

Destination BC's financial position is sound, with an operating surplus of \$101,000 in 2014/15. Provincial government funding of \$50.974 million was supplemented by \$3.256 million in revenue generated by the Corporation. Revenue generated by Destination BC exceeded forecasts, largely due to the sale of BC Magazine, and was reinvested into strategic marketing initiatives.

On behalf of the Board of Directors, I would like to thank management and staff for their dedication and contribution to the organization and its success. I would also like to thank the Minister of Jobs, Tourism and Skills Training and the Minister of State for Small Business and Tourism, along with their staff, for their on-going support to our organization during 2014/15.

The Destination BC *2014/15 Annual Service Plan Report* compares the Corporation's actual results to the expected results identified in the *2014/15 - 2016/17 Service Plan*. I am accountable for those results as reported.

A handwritten signature in dark ink, appearing to read 'Andrea Shaw'.

Andrea Shaw
Board Chair

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Purpose of the Organization

Tourism is a critical sector within BC's economy. In 2013, the tourism industry generated \$13.9 billion in revenue, an increase of 3.6 per cent over 2012 and a 44 per cent increase since 2003. In addition, tourism contributed \$7.3 billion to provincial GDP and employed over 132,000 people. The tourism industry also generates social and cultural benefits for all British Columbians.

The tourism sector is comprised of thousands of businesses hosting millions of consumers, some of whom only visit once, while others visit many times. Destination BC, operating under the *Destination BC Corp. Act*, plays a critical role in:

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

Gaining the Edge, a Five-year Strategy for Tourism in British Columbia 2012-2016, the tourism sector's strategy for *Canada Starts Here: the BC Jobs Plan*, gave the context for Destination BC's new *Corporate Strategy and Marketing Plan* and the revitalized *Super, Natural British Columbia®* brand which were released on November 4, 2014.

Strategic Direction and Context

Strategic Direction

Destination BC's strategy aligns with the Corporation's mandate, articulated in the *Destination BC Corp. Act*, and with its *2014/15 Government Letter of Expectations*, which outlined direction that reinforced the Corporation's mandate and identified strategic priorities for 2014/15.

Additionally, provincial public sector organizations in BC, including Destination BC, operate under the government's new *Taxpayer Accountability Principles* which strengthen accountability, promote cost control and ensure the organizations operate in the best interest of taxpayers.

Strategic Context

In 2014/15 Destination BC made a number of organizational changes in order to better focus resources on its core mandate. These included selling BC Magazine to a private sector publisher, transitioning visitor services at the Vancouver International Airport to the Airport Authority, and winding down Destination BC's accommodation inspections and reservations programs.

The divestiture of these activities in 2014/15 will free-up resources for marketing the province domestically and internationally as a tourist destination and promoting the development and growth of the tourism industry in British Columbia in 2015/16 and beyond. In addition, Destination BC developed new opportunities for collaboration with Destination Canada (formerly known as the Canadian Tourism Commission) and Travel Alberta, and began the work

of refining the role of BC's Regional Destination Marketing Organizations.

Over the long run, the growth of the tourism industry is the key indicator of success of the Province's tourism strategy and Destination BC. However, year to year, many factors, both positive and negative, may affect the industry's performance. In 2014/15 these included the

- depreciation of the Canadian dollar against the US dollar, which made BC more attractively priced for American visitors but increased the cost of advertising in the US;
- fall in the price of oil which decreases the cost of travel to BC but negatively impacted Alberta, one of our largest markets;
- increase in air capacity from Japan, which led to increased visitation from this market and demonstrates the importance of adequate air access; and
- poor snow conditions at many ski resorts around the province, which adversely affected industry performance in some areas of BC during the winter season.

Report on Performance

Destination BC completed all actions it was directed to in the 2014/15 Government Letter of Expectations including:

- completing development and beginning implementation of a three-year marketing plan aligned with *Gaining the Edge*,
- executing marketing campaigns in British Columbia's priority and emerging markets,
- leveraging funds from the private and public sectors to support marketing and development initiatives,
- developing and publishing contracts with Regional Destination Marketing Organizations that included clearly specified deliverables and performance measures upon which funding was predicated,
- showcasing high potential products, such as ski and Aboriginal cultural tourism,
- planning to ensure the implementation of upgrades to visitor services starting in 2015/16, and
- reporting regularly to the Minister on progress toward *Gaining the Edge* goals, using key performance indicators developed in 2013/14.

Destination BC's Board signed a Taxpayer Accountability Principles addendum to the 2014/15 Government Letter of Expectations in September 2014. Destination BC evaluates all of its activities through the lens of the Taxpayer Accountability Principles in terms of cost consciousness, accountability, appropriate compensation, service, respect and integrity. For example, in 2014/15 Destination BC:

- completed and posted a new, more comprehensive Standards Of Conduct,
- informed, oriented and trained the Board and executive about the Taxpayer Accountability Principles,
- met regularly with the Minister, Deputy Minister and other Ministry executives,
- improved transparency and accountability to industry stakeholders and the public by communicating its strategy and activities through the corporate website, Twitter and a new monthly newsletter, and by posting contracts with BC's Regional Destination Marketing Organizations,
- changed the business model for delivery of overseas marketing services in United Kingdom and Japan to improve cost effectiveness, and

- divested non-core activities.

A Strategic Engagement Plan will be finalized, in conjunction with the Ministry of Jobs, Tourism and Skills Training, early in 2015/16 and Destination BC will work with the Ministry to develop an Evaluation Plan with specific efficiency and performance measures as they pertain to the organization's health and performance against the Taxpayer Accountability Principles. The plan will be implemented in 2015/16 and reported in the *2015/16 Annual Service Plan Report*.

Goals, Strategies, Measures and Targets

As reported in detail below, Destination BC achieved or exceeded most of the 2014/15 targets set in the 2014/15-2016/17 Service Plan. In addition to meeting performance targets, some of Destination BC's key achievements in 2014/15 were:

- Destination BC successfully launched the revitalized *Super, Natural British Columbia*® brand on November 4, 2014. The revitalized brand has been very well received in British Columbia and internationally. For example, Destination BC's brand video took first prize at the 14th Annual International Tourism Film, Print and Multimedia competition at the march 2015 ITB (Internationale Tourismus-Börse) Travel Trade Show in Berlin, the world's leading travel trade show.
- Destination BC successfully delivered the province's winter marketing campaign, working collaboratively with BC's destination ski resorts and utilizing the revitalized brand. The North America ski campaign achieved a 10 per cent increase in website visits over the previous year.
- Destination BC's new strategy led to the Corporation transitioning out of some lower impact business activities, freeing up \$2 million to be reinvested in marketing British Columbia in the future.
- Destination BC's @HelloBC Instagram account was recently included on Huffington Post Canada's list of '30 Canadian Instagram Accounts You Need To Follow'. The stunning images on the account, which are curated by the Corporation's social media team from thousands of BC photos tagged every week with #exploreBC, put @HelloBC on this exciting list. Use of #exploreBC on Instagram topped 350,000 in 2014.
- Destination BC launched 'The Wild Within Virtual Reality Experience', using Oculus Rift technology, an interactive, three-dimensional video, to market British Columbia to the domestic and international travel trade and travel media. Destination BC was the first destination marketing organization in North America to use virtual reality to promote the destination. The tool has received widespread and positive media coverage.
- Destination BC completed its component of the government directed, and Ministry of Jobs, Tourism and Skills Training led, plan to invest \$3 million per year over 3 years in visitor services and rest stops, starting in 2015/16.
- Destination BC held over 20 formal consultation meetings with community, regional and industry stakeholders on the new corporate strategy, revitalised brand and marketing programs, including the proposed new approach to co-op marketing, in communities across the province. The consultation was designed to enhance alignment of provincial, local and sector marketing efforts.
- Destination BC held province-wide consultations with visitor centres, chambers of commerce and other community tourism stakeholders to develop a forward-looking visitor services

strategy that will deliver information and services to visitors when and where they need them, through their preferred communications channels.

- Destination BC adopted Destination Canada's Explorer Quotient[®] consumer segmentation tool and has made it available, at no cost, to all BC tourism industry stakeholders. Adoption of the EQ segmentation will lead to greater alignment between national, provincial, community and industry marketing strategies, amplifying the impact of taxpayer and private dollars spent marketing British Columbia.

In the following section, targets for 2014/15, 2015/16 and 2016/17, from the 2014/15-2016/17 Service Plan, are reported. Some of the targets for 2015/16 and 2016/17 were subsequently revised in Destination BC's 2015/16 - 2017/18 Service Plan.

Goal 1: Attract visitors to increase tourism industry revenue.

Strategy

Deploy a combination of media relations, travel trade and consumer direct marketing activities to connect consumers to travel information and products through the channel of their choice.

Performance Measure 1.1: Number of visits to Destination BC consumer websites.

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Number of visits to Destination BC consumer websites.	NA	NA	8.5 million	8.3 million	9.1 million (Target Exceeded)	8.6 million	8.9 million

Data Source: Destination BC

Discussion:

To attract more visitors and contribute to the Province's goal of increasing tourism revenue, Destination BC works to increase potential visitors' awareness, interest and sense of urgency to visit British Columbia and then facilitates purchases by connecting visitors directly, or through third parties, to BC's tourism products and services.

The number of visitors to Destination BC's consumer websites, including HelloBC.com and all the international language websites, is a key measure of the success of marketing activities designed to move consumers down the path to purchasing a trip to, and throughout, British Columbia. Providing online content, which provides both inspiration and information, is crucial to enabling potential tourists to make plans to visit the province. The websites are designed to make it easy for consumers to explore BC's many tourism products and services, connect with tourism businesses and finally, to make the decision to visit. The websites reflect the full range of tourism opportunities across BC, helping to ensure that communities across BC experience increased visitation and the benefits tourism can bring. Destination BC's 2015/16 – 2017/18 Service Plan includes new performance measures for this goal, reflecting the new Corporate Strategy and Marketing Plan.

Goal 2: Remarkable Guest Experiences – Assist industry to develop, deliver and maintain a world-class guest experience.

Strategies

- Improve the guest experience through integrated visitor information services.
- Assist tourism businesses to meet and exceed guest needs and expectations.

Performance Measure 2.1: Visitor Centre Network satisfaction with programs and services.

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Visitor Centre Network satisfaction with programs and services.	NA	NA	97%	97% (Rated either good, very good or excellent)	96%	97%	97%

Data Source: Destination BC and third party independent research firm.

Performance Measure 2.2: WorldHost[®] program participants.

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
WorldHost (1) program participants.	NA	NA	13,348	13,000	14,726 ⁽²⁾ (Target Exceeded)	14,000	15,000

Data Source: Destination BC and third party independent research firm.

(1) **WorldHost** offers a suite of courses that improve customer service.

(2) One time increase due to 2015 Canada Winter Games training.

Discussion:

The delivery of outstanding experiences for guests from around the world, including BC residents travelling within the province, is critical to achieving higher revenues via increased spending, longer stays, repeat visitors and recommendations (through word of mouth and social media). The responsibility for outstanding experiences lies largely with tourism businesses, supported by visitor centres and servicing. In 2014/15, Destination BC contributed to enhancing the overall quality of the guest experience throughout BC by supporting community visitor centres to provide information to visitors and by providing tools, education and training programs, such as **WorldHost** training, for tourism businesses and organizations. The satisfaction of visitor centres with Destination BC support programs and services was essentially unchanged from 2013/14, while **WorldHost** training targets for 2014/15 were exceeded, partly due to training for the 2015 Canada Winter Games in Prince George. As a result of the new corporate strategy and marketing plans, Destination BC is developing new programs to enhance the guest experience and has developed direct measures of the quality of visitor services and guest experiences, which are outlined in the new 2015/16 – 2017/18 Service Plan.

Goal 3: Strong Relationships – Engage and collaborate with key industry stakeholders, partners and governments to align and focus collective tourism marketing efforts.

Strategies

- Increase the amount of private and public sector funding contributed to joint marketing initiatives between the BC industry and Destination BC.
- Strengthen relationships with key industry stakeholders and cross-government partners.

Performance Measure 3.1: Private and public sector funds leveraged by Destination BC co-operative marketing programs.

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Private and public sector funds leveraged by Destination BC co-operative marketing programs.	NA	NA	\$6.90 million	\$7.25 million	\$7.10 million (Target not Achieved)	\$7.60 million	\$8.00 million

Data Sources: Destination BC

Performance Measure 3.2: Stakeholder satisfaction with Destination BC programs and services.

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Stakeholder satisfaction with Destination BC programs and services. (1)	NA	NA	6.09 (out of 10)	Maintain or improve over baseline	6.62 (Target Exceeded)	Maintain or improve over baseline	Maintain or improve over baseline

Data Sources: Destination BC and third party independent research firm.

(1) Tourism businesses comprise one of the six strata whose satisfaction is tracked through the corporate stakeholder survey. Scores of the other strata are reported elsewhere and used to inform corporate planning and program evaluation.

Discussion:

A key objective of Destination BC is to increase collaboration, coordination and alignment in marketing and destination development activities across the BC tourism industry. One approach that Destination BC takes to achieve this is to use its marketing funds to leverage and align private and public sector funding. After consulting with stakeholders, Destination BC delayed

the rollout of a new co-op marketing program until 2016/17, hence delaying the anticipated increase in funds leveraged by Destination BC programs. Future targets were adjusted appropriately in Destination BC's new 2015/16 - 2017/18 Service Plan.

To ensure that Destination BC delivers programs and activities that provide value for tourism sector stakeholders, an independent third-party survey of industry stakeholders is conducted at the end of each fiscal year. During 2014/15, Destination BC engaged in broad consultation with industry stakeholders on a range of programs and announced significant changes to some non-core business areas. It is encouraging to see the substantial increase in stakeholder satisfaction as Destination BC began implementation of its new corporate strategy, shifting its resources to have a greater impact for British Columbia's tourism industry.

Goal 4: Business Efficiency – Conduct our business efficiently in a changing environment.

Strategy

Ensure cost effective provision of support services that meet business requirements.

Performance Measure 4.1: Percentage of Destination BC funds allocated to support services.

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Percentage of Destination BC funds allocated to support services.	NA	NA	9.0% (Restated from 4.6% ⁽¹⁾)	<10%	8.5% (Target Exceeded ⁽²⁾)	<10%	<10%

Data Source: Destination BC Annual Financial Statements.

(1) Effective April 1, 2014, Shared Services BC commenced charging Destination BC for facilities and technology services. This charge was offset by a budget transfer from Shared Services BC to Destination BC. Actual 2013/14 expenditures have been restated to include expenditures made by Shared Services BC that year on behalf of Destination BC.

(2) This % includes an allocation for the costs of staff performing corporate human resource functions. These costs were budgeted and charged to Research, Strategy and Communications.

Discussion:

Destination BC must maximize funds for tourism marketing through innovation and the careful management of human and financial resources. Monitoring corporate support costs provides an important indicator of cost containment, conformity to the Taxpayer Accountability Principles, and informs the business operations decisions of senior management and the Board of Directors. Support services costs are defined to include accounting operations, facilities, administration, human resources, the Chief Executive Officer's office and Board expenses and are measured as a percentage of total annual expenditures. Lowering support services costs increases the funds available for tourism marketing.

Goal 5: Our People – Develop and empower a team that is engaged, strategic, responsive and innovative.

Strategy

Attract, retain and develop highly skilled and engaged people.

Performance Measure 5.1: Employee engagement.

Performance Measure	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Employee engagement.	NA	NA	3.53 (out of 5)	Maintain or improve on baseline	3.91 (Target Exceeded)	Maintain or improve on baseline	Maintain or improve on baseline

Data Source: The annual Employee Engagement Survey is executed by an independent third party research firm and takes place at the end of each fiscal year.

Discussion:

The long-term success of Destination BC depends on talented and engaged employees dedicated to the success of the organization and its goals. The annual evaluation of employee satisfaction and engagement assists the Board of Directors and senior management in identifying opportunities to build employee engagement and ensure the creation and maintenance of a stable and thriving workplace. Destination BC underwent significant internal change during 2014/15, releasing a new strategy, winding up a number of non-core businesses and restructuring the organization. While challenging, this created a vision and clarity for staff and contributed to the increase in employee engagement. Job satisfaction rose and most employees reported being inspired by Destination BC to do their best work. The 2014/15 survey identified a number of areas that the organization will focus on in 2015/16 as it continues to improve employee engagement.

Financial Report

Management Discussion and Analysis

2014/15 was the second year of operations for Destination BC. Following an operating surplus of \$209,000 in 2013/14, the Corporation had a 2014/15 operating surplus of \$101,000 for an accumulated surplus of \$310,000.

With the completion of the Corporate Strategy and Marketing Plan during the year, budgets were reallocated among the core business areas to better achieve corporate goals and objectives and to fund priority initiatives required during the year. This contributed to the variances in the table below between actual results and Service Plan Budget.

On the revenue side, Deferred Government Contributions were lower by \$318,000 as these contributions directly offset amortization costs, which were lower due to delays in capital expenditures in order to match the new corporate strategy. Other revenue was \$204,000 higher than budget. However, excluding the one-time recognition of deferred revenue of \$875,000 as a result of the sale of BC Magazine, there was a decrease in revenue in the amount of \$671,000. This decrease was due to divestments of non-core business lines such as BC Magazine and YVR Visitor Centre, as well as lower fees for the listings program, and decreases in publications advertising and reservation revenues. The net cost savings achieved due to divestments were allocated to other priority areas such as marketing.

On the expenditure side, Global Marketing's increase over budget of \$2,446,000 is mainly due to the new brand development costs and other priority marketing initiatives. This was offset by a decrease in spending in Destination and Industry Development of \$2,112,000, as well as using the net cost savings achieved through the divestiture of non-core business lines.

Research, Strategy and Communications and Corporate Services budget variances essentially offset each other which were due to the transfer of Corporate Communications from Corporate Services to Research, Strategy and Communications.

In 2014/15, funds transferred from Government to Destination BC increased \$2.084 million to offset Destination BC's facilities and information technology services costs provided through Shared Services BC.

Financial results for the year ended March 31, 2015 and financial overview for 2015/16 to 2016/17:

\$ millions	2012/13 Actual ⁽¹⁾	2013/14 Actual	2014/15 Budget	2014/15 Revised Budget	2014/15 Actual	2014/15 Variance ⁽²⁾	2013/14 - 14/15 Variance	2015/16 Budget	2016/17 Budget
Operating Revenue (\$000)									
Government transfers	NA	48.890	50.974	50.974	50.974	0.000	2.084	51.024	51.054
Deferred government contributions	NA	0.406	0.760	0.760	0.442	(0.318)	0.036	667	751
Other revenue	NA	3.347	3.052	2.652	3.256	0.204	(0.091)	960	960
Total Revenue	NA	52.643	54.786	54.386	54.672	(0.114)	2.029	52.651	52.765
Operating Expenses (\$000)									
Global Marketing	NA	25.844	26.213	27.447	28.659	(2.446)	(2.815)	31.195	31.225
Destination and Industry Development	NA	22.220	21.211	19.509	18.999	2.212	3.221	14.336	14.336
Research, Strategy and Communications	NA	1.152	1.381	2.094	2.044	(0.663)	(0.892)	1.893	1.893
Corporate Services	NA	2.812	5.221	4.576	4.427	0.794	(1.615)	4.560	4.560
Amortization	NA	0.406	0.760	0.760	0.442	0.318	(0.036)	667	751
Total Expenses	NA	52.434	54.786	54.386	54.571	0.215	(2.137)	52.651	52.765
Net Income from Operations	NA	0.209	0.000	0.000	0.101	0.101	(0.108)	0.000	0.000
Capital Expenditures	NA	2.314	1.300	1.300	0.475	0.825	1.839	TBD	TBD
Total Liabilities	NA	12.530	10.952	10.952	12.993	(2.041)	(0.463)	10.285	9.534
Accumulated Surplus / Retained Earnings	NA	0.209	0.000	0.209	0.310	0.310	0.101	209	209

(1) Destination BC commenced operations on April 1, 2013.

(2) Actual vs. Original Budget

Management's Report

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

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


Management is also responsible for implementing and maintaining a system of internal controls to provide reasonable assurance that reliable financial information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and reliable financial information is available on a timely basis for preparation of the financial statements. Destination BC Corp.'s system of internal controls places reliance on certain of the Ministry of Jobs, Tourism and Skills Training internal controls, particularly with respect to the processing and recording of transactions. Destination BC Corp. has received representation from the ministry regarding the effectiveness of these controls.

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

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

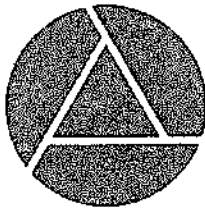
On behalf of Destination BC Corp.


Marsha Walden
Chief Executive Officer


Dean Skinner
Chief Financial Officer

May 13, 2015

Auditor's Report



INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of Destination BC Corp., and
To the Minister of Jobs, Tourism and Skills Training, Province of British Columbia*

I have audited the accompanying financial statements of Destination BC Corp. ("the entity"), which comprise the statement of financial position as at March 31, 2015, and the statement of operations, statement of remeasurement gains and losses, statement of changes in net financial debt and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, 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.

Auditor's Responsibility

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I 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 the auditor's 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, the auditor considers internal control relevant to the entity's preparation 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 presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

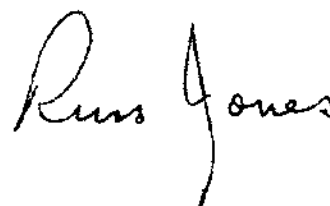
In my opinion, the financial statements of Destination BC Corp. for the year ended March 31, 2015, are prepared, in all material respects, in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

Emphasis of Matter

Without modifying my opinion, I draw attention to Note 2a to the financial statements which discloses that the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia are in accordance with Canadian public sector accounting standards except in regard to the accounting treatment of government transfers.

Note 16 to the financial statements discloses the impact of these differences.

Victoria, British Columbia
June 2, 2015



Russ Jones, CPA, FCA
Deputy Auditor General

Audited Financial Statements

Destination BC Corp.
Statement of Financial Position
(\$000s)

	Note	March 31, 2015	March 31, 2014
Financial assets			
Cash and cash equivalents	3	10,412	5,394
Accounts receivable	4	526	577
Due from Ministry of Jobs, Tourism and Skills Training		0	4,547
		<u>10,938</u>	<u>10,518</u>
Liabilities			
Accounts payable and accrued liabilities	5	3,749	7,090
Due to Ministry of Jobs, Tourism and Skills Training		5,354	0
Due to the Public Service Agency		936	874
Deferred revenue	7	2	1,172
Deferred capital contributions	8	2,952	3,394
		<u>12,993</u>	<u>12,530</u>
Net financial debt		<u>(2,055)</u>	<u>(2,012)</u>
Non-financial assets			
Tangible capital assets	9	1,941	1,908
Prepaid expenses		376	276
Security deposits		58	58
		<u>2,375</u>	<u>2,242</u>
Accumulated surplus		<u>320</u>	<u>230</u>
Accumulated surplus is comprised of:			
Accumulated operating surplus		310	209
Accumulated remeasurement gains		10	21
		<u>320</u>	<u>230</u>
Contractual obligations	10		

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

Signature 
Andrea Shaw, Board Chair

Signature 
Laird Miller, Chair, Finance & Audit Committee

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

	<i>Note</i>	Budget (Note 15)	March 31, 2015	March 31, 2014
Revenues				
Government transfers	12	50,974	50,974	48,890
Program revenue	17	3,052	3,149	3,321
Interest income		0	73	26
Gains on Foreign Exchange		0	34	0
Capital contribution	8	760	442	406
		<u>54,786</u>	<u>54,672</u>	<u>52,643</u>
Expenses				
	13			
Global Marketing		26,213	28,659	25,844
Destination and Industry Development		21,211	18,999	22,220
Research, Strategy and Communications		1,381	2,044	1,152
Corporate Services	14	5,221	4,427	2,812
Amortization		760	442	406
		<u>54,786</u>	<u>54,571</u>	<u>52,434</u>
Annual operating surplus		0	101	209
Accumulated operating surplus, beginning of year		<u>209</u>	<u>209</u>	<u>0</u>
Accumulated operating surplus, end of year		<u>209</u>	<u>310</u>	<u>209</u>

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

	March 31, 2015	March 31, 2014
Opening balance	21	0
Unrealized gains on foreign bank accounts	23	21
Amount of foreign exchange reclassified to the Statement of Operations	(34)	0
Accumulated remeasurement gains, end of year	<u>10</u>	<u>21</u>

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

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

	Budget (Note 16)	March 31, 2015	March 31, 2014
Annual operating surplus	0	101	209
Acquisition of tangible capital assets	(1,486)	(475)	(2,314)
Amortization of tangible capital assets	760	442	406
	(726)	(33)	(1,908)
Acquisition of prepaid expenses	0	(376)	(276)
Use of prepaid expenses	0	276	21
Acquisition of security deposit	0	0	(58)
	0	(100)	(313)
Effect of remeasurement gains (losses) for the year	0	(11)	21
Increase in net financial debt	(726)	(43)	(1,991)
Net financial debt at beginning of year	(2,012)	(2,012)	(21)
Net financial debt at end of year	(2,738)	(2,055)	(2,012)

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

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

	March 31, 2015	March 31, 2014
Operating transactions		
Surplus for the year	101	209
Cash and non-cash items included in surplus:		
Amortization of tangible capital assets	442	406
Deferred capital contributions – government	(442)	(406)
Effect of remeasurement gains (losses) for the year	(11)	21
Accounts receivable	51	(577)
Accounts payable and accrued liabilities	(3,341)	7,090
Deferred revenue	(1,170)	1,172
Prepaid expenses	(100)	(255)
Security deposits	0	(58)
Due to/from Ministry of Jobs, Tourism and Skills Training	9,901	(768)
Due to Public Service Agency	62	874
Cash used in operations	5,493	7,708
Capital transactions		
Cash used to acquire tangible capital assets	(475)	(2,314)
Increase in cash and cash equivalents	5,018	5,394
Cash and cash equivalents at beginning of year	5,394	0
Cash and cash equivalents at end of year	10,412	5,394

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

1. Nature of Operations

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

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

The purposes of the Corporation are to:

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

The Corporation commenced operations on April 1, 2013.

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

2. Summary of Significant Accounting Policies

a. Basis of accounting

These Destination BC Corp. financial statements are prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act (BTAA)* of the Province of British Columbia which requires that financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to accounting for government transfers as presented in Note 18.

b. Tangible capital assets

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

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

Furniture and equipment	5 years
Websites, hardware and software	5 years
Photocopiers	6 years

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

Tangible capital assets are written down when conditions indicate that they no longer contribute to Destination BC Corp.'s ability to provide goods and services, or when the value of future economic benefits associated with the tangible capital assets are less than

their net book value. The net write-downs are accounted for as expenses in the Destination BC Corp. statement of operations.

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

c. Employee future benefits

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

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

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

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

d. Prepaid expenses

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

e. Revenue recognition

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

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

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

f. Expenses

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

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

g. Foreign currency translation

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

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

h. Cash and cash equivalents

Cash and cash equivalents are entirely funds in bank accounts and therefore subject to an insignificant risk of change in value, other than potential exchange gains or losses on the overseas bank accounts as described in Note 11.

i. Financial instruments

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

j. Measurement uncertainty

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

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

3. Cash and Cash Equivalents

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

	(in \$ thousands)	
	March 31, 2015	March 31, 2014
Royal Bank of Canada	10,310	4,994
Lloyds of London	16	180
Bank of Tokyo	86	220
Total	10,412	5,394

4. Accounts Receivable

	(in \$ thousands)	
	March 31, 2015	March 31, 2014
Accounts receivable	533	590
Less provision for doubtful accounts	(7)	(13)
Net Accounts Receivable	526	577

5. Accounts Payable and Accrued Liabilities

	(in \$ thousands)	
	March 31, 2015	March 31, 2014
Accounts payables and accrued liabilities	3,294	6,686
Accrued vacation pay	455	404
Total	3,749	7,090

6. Employee Future Benefits

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

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

a. Retirement benefits

The employees of Destination BC Corp. belong to the Public Service Pension Plan (the "Plan"), which is a multi-employer joint trustee plan. The Public Service Pension Board of Trustees, representing Plan members and employers, is responsible for overseeing the management of the Plan, including investment of the assets and administration of benefits. Basic pension benefits are based on a formula. The Plan has about 56,000 active plan members, 42,000 retired plan members and 16,000 inactive members.

The latest actuarial valuation as at March 31, 2014, indicated a funding surplus of \$194 million for basic pension benefits. Employers participating in the Plan record their pension expense as the amount of employer contributions made during the fiscal year (defined contribution pension plan accounting). This is because the Plan records accrued liabilities and accrued assets for the Plan in

aggregate with the result that there is no consistent and reliable basis for allocating the obligation, assets and cost to individual employers participating in the Plan.

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

Destination BC Corp.'s contribution of \$667 thousand (2013/14 - \$623 thousand) to the Plan was expensed during the year.

b. Other employee future benefits

Workplace safety and insurance board obligations

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

7. Deferred Revenue

	(in \$ thousands)			
	Balance April 1, 2014	Receipts during year	Transferred to revenue	Balance March 31, 2015
Magazine Subscriptions	1,152	302	1,454	0
Miscellaneous	20	2	20	2
Total	1,172	304	1,474	2

	(in \$ thousands)			
	Balance April 1, 2013	Receipts during year	Transferred to revenue	Balance March 31, 2014
Magazine Subscriptions	0	1,883	731	1,152
Miscellaneous	0	20	0	20
Total	0	1,903	731	1,172

8. Deferred Capital Contribution

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

9. Tangible Capital Assets

	Furniture and equipment	Websites, hardware and software	2015 Total
Opening Balance	9	2,305	2,314
Opening adjustment	0	46	46
Additions	0	475	475
Disposals	0	0	0
Closing balance	9	2,826	2,835
Opening balance	0	406	406
Opening adjustment	0	46	46
Amortization	1	441	442
Disposals	0	0	0
Closing balance	1	893	894
Net book value	8	1,933	1,941

	Furniture and equipment	Websites, hardware and software	2014 Total
Opening Balance	0	0	0
Additions	9	2,305	2,314
Disposals	0	0	0
Closing balance	9	2,305	2,314
Opening balance	0	0	0
Amortization	0	406	406
Disposals	0	0	0
Closing balance	0	406	406
Net book value	9	1,899	1,908

Cost at March 31, 2015 includes development of websites of \$152 thousand (2013/14 - \$319 thousand), and \$299 thousand (2013/14 - \$0) for a corporate financial system, which are considered to be work in progress at year end.

10. Contractual Obligations

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

	(in \$ thousands)					
	2016	2017	2018	2019	2020	Thereafter
Property leases	1,999	991	991	991	0	0
Other contractual arrangements	19,293	1,442	24	24	12	12
Total contractual obligations	21,292	2,433	1,015	1,015	12	12

11. Risk Management

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

i) Foreign exchange risk

The carrying amount of Destination BC Corp.'s foreign currency denominated financial assets at March 31, 2015 is \$227 thousand (2013/14 - \$435 thousand).

The sensitivity of Destination BC Corp.'s operating surplus (deficit) and remeasurement gains (losses) due to changes in foreign exchange rates between the Canadian dollar and US dollar, British pound, and Japanese yen can be summarized as follows:

A 5% change in exchange rates (\$US, GBP, JY) will have a cumulative positive or negative impact on the remeasurement gains or losses of CDN\$11 thousand.

ii) Interest rate risk

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

12. Government Transfers

	(in \$ thousands)	
	March 31, 2015	March 31, 2014
Revenue:		
Province of British Columbia	50,974	48,890
Expenses:		
Shared cost agreements	11,759	14,598
Municipalities and local governments	1,936	1,907
Service providers	284	424
General	1	150
Total government transfers	13,980	17,079

13. Expenses

The following is a summary of expenses by category:

	(in \$ thousands)	
	March 31, 2015	March 31, 2014
Government transfers - note 12	13,980	17,079
Advertising	10,315	9,085
Salaries and wages	8,057	7,067
Professional services	8,029	7,044
Information systems	3,633	3,857
Office and business	3,381	3,473
Rental expenditures	2,317	337
Employee benefits	1,920	1,645
Support services	1,142	1,317
Travel	681	541
Amortization	442	406
Other	331	99
Materials and supplies	271	386
Board expenses	71	98
Total expenses	54,571	52,434

As of March 31, 2015, Destination BC Corp.'s actual expenses did not exceed its legislated expenses limit.

14. Related Party Transactions

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

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

	(in \$ thousands)	
	March 31, 2015	March 31, 2014
Grants from the Province*	50,974	48,890
Amounts paid to the Ministry of Jobs, Tourism and Skills Training	1,000	1,000
Amounts paid or due to the Ministry of Finance:		
Payroll	8,969	8,712
Building Occupancy Costs	2,274	0
Information Technology Services	719	0
Legal Services	254	87
Rent for UK office	108	75
World Host Online Workshop	105	0
Postage, supplies, printing	93	80
Audit Fees	60	0
BC Stats	49	0
Corporate Communications	12	0
Insurance Premiums	11	0
Other (including bank charges)	6	3

*Grants from the Province increased by \$2,084 thousand as funds were transferred by Shared Services BC to Destination BC Corp. related to facilities and technology services for which Shared Services BC commenced charging Destination BC Corp. effective April 1, 2014. These new expenses, which are offset by the funds transferred, are predominantly charged against the Corporate Services division and therefore result in the large increase in expenses between 2013/14 and 2014/15.

Destination BC Corp., and its predecessor organizations, has historically entered into a contract with the Kicking Horse Mountain Resort to operate a visitor centre. During the previous year, a new Director was appointed to the Board of Destination BC Corp., who is an officer of the company which owns the Resort.

15. Budgeted Figures

Budgeted figures from the 14/15 Service Plan have been provided for comparison purposes. During the year the Board of Directors approved re-allocations of the divisional budgets for a more accurate presentation.

The following adjustments were made:

	(in \$ thousands)
Global Marketing	1,234
Destination and Industry Development	(1,702)
Research, Planning and Evaluation	713
Corporate Services	(645)
Program Revenue	400
	<u>0</u>

16. Impact of accounting for Government Transfers in accordance with Section 23.1 of the *Budget Transparency and Accountability Act*:

As noted in the significant accounting policies note 2(a), Section 23.1 of the *Budget Transparency and Accountability Act* and Restricted Contributions Regulation 198/2001 requires Destination BC to recognize government transfers for capital assets into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue.

The impact of this difference on the financial statements of Destination BC is as follows:

- Year ended March 31, 2015 – increase in revenue and annual surplus by \$39 thousand.
- As at March 31, 2015 – increase in accumulated surplus by \$1,947 thousand and a decrease in deferred capital contributions by \$1,947 thousand.

17. Program Revenue

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

	(in \$ thousands)	
	March 31, 2015	March 31, 2014
BC Magazine	1,799	1,324
Reservations, commission and listings	799	1,362
Merchandise sales, royalties and other	293	248
WorldHost	258	387
Total program revenue	<u>3,149</u>	<u>3,321</u>

18. Comparative Figures

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

Appendix A: Additional Information

Corporate Governance

Destination BC is governed by a Board of Directors that is responsible to the Minister of Jobs, Tourism and Skills Training for the implementation of government direction. The Board's direction is implemented by management, which carries out the day-to-day operations of the Corporation under the supervision of the Chief Executive Officer. For more information on Corporate Governance, please see our web pages on [Leadership](#) and [Tourism Marketing Committee](#).

Organizational Overview

For an over view of Destination BC please see [Destination BC's Organizational Overview](#)

MINISTRY OF JOBS, TOURISM AND SKILLS TRAINING
AND MINISTER RESPONSIBLE FOR LABOUR
DECISION NOTE

Cliff #: 109547

X Ref: 109548

Date: June 11, 2015

PREPARED FOR: Minister of Jobs, Tourism and Skills Training and Minister Responsible for Labour

ISSUE: Minister approval of 2014/15 Industry Training Authority (ITA) Service Plan Report is required by June 19, 2015.

BACKGROUND: As government organizations within the Government Reporting Entity, Crown corporations are subject to the *Budget Transparency and Accountability Act* (BTAA) and are required to prepare annual service plan reports to be made public by the responsible Minister no later than August 31, 2015 or the end of five months after the end of the preceding fiscal year of the government organization.

After the 2014/15 ITA Annual Service Plan Report (ASPR) is approved by its Board of Directors and Minister responsible, it will be returned to Corporate Planning and Priorities (CPP), Management Services Division. CPP will work with the Crown Agency Resource Office (CARO) to support tabling the report and having it published on the BC government and Crown websites. Submission of the approved ASPR to the CARO is required by June 19, 2015.

DISCUSSION: CARO developed Crown corporation Annual Service Plan Report Guidelines and Templates to support transparency, consistency and accountability across Crown corporations reporting. The following requirements are new for 2014/15 annual service plan reports and reflect similar changes introduced for Ministry and Crown corporation Service Plans tabled on February 17, 2015, including:

- Limit of 15 pages (excluding title page, table of contents, financial reporting, and appendices);
- Use of hyperlinks to reference existing documents;
- Elimination of photos and graphics;
- Requirement to identify and report on implementation of government direction, per the Government Letters of Expectations (GLE) and the Taxpayer Accountability Principles Addendum to the 2014 GLE;
- Financial information is to be presented in bullet form or in footnotes; and,
- Focus is on information pertinent to performance management and planning.

Ministry staff provided guidance and assistance to ITA staff towards finalizing the accompanying annual service plan report. The Assistant Deputy Minister, Labour Market and Immigration Division, reviewed and approved the 2014/15 ITA ASPR.

Management Services Division, CARO and Treasury Board Staff provided a further level of review to confirm consistency with:

- BTAA requirements;
- Cabinet direction through the 2014 GLE and the Taxpayer Accountability Principles;
- Government expenditures; and,
- CARO's Crown Corporation Annual Service Plan Report Guidelines.

On May 27, 2015, the ITA Board of Directors approved the 2014/15 ITA Annual Service Plan Report.

OPTIONS:

1. Approve 2014/15 Industry Training Authority Annual Service Plan Report
2. Approve 2014/15 Industry Training Authority Annual Service Plan Report with changes

RECOMMENDATION: Option 1

ATTACHMENT: 2014/15 Industry Training Authority Annual Service Plan Report

Approved / Not Approved	Date:
Comments:	

Contact: Amie Foster, Manager Policy and Review, Management Services Division
Telephone: (250) 356-2036

Reviewed by			
Dir:	ED:	ADM:	DM:

Industry Training Authority

**2014/15 – 2016/17
ANNUAL SERVICE PLAN REPORT**



For more information on the **Industry Training Authority** contact:

Location:

**8th Floor – 800 Granville Avenue
Richmond, BC
V6Y 3T6**

E-mail:

customerservice@itabc.ca

Or visit our website at:

www.itabc.ca

Board Chair's Message and Accountability Statement



Last year was one of significant change for the Industry Training Authority (ITA). A new Board of Directors was appointed to support implementation of a Transition Plan developed to respond to the McDonald Report recommendations and in alignment with B.C.'s Skills for Jobs Blueprint.

ITA has transformed its approach to industry outreach, linking labour market research and industry input to ensure evidence-based investment. Ten new Sector Advisory Groups now allow industry leaders to provide strategic advice on sectoral trades training. Four Industry Relations Managers are also now in place, along with fifteen new regional Apprenticeship Advisors. These new resources have enabled ITA to deepen connections with trades training stakeholders, and provide crucial supports for apprentices.

ITA's new Action Plan for LNG Trades Training is on track to respond to BC's evolving liquefied natural gas (LNG) sector. The newly developed Construction Craft Worker (CCW) program is BC's 48th Red Seal trade, and will train workers for the most in-demand of the LNG occupations. With the launch of the online Apprentice Job Match Tool, ITA and WorkBC are helping connect apprentices with potential sponsors, and building the skilled workforce we need.

A continued focus on youth engagement has paid dividends. In 2014/15, ITA exceeded a key performance target, with 57% of participants in Foundation programs continuing on to Apprenticeship programs. More than 8,300 students got a first-hand look at trades careers, participating in hands-on skilled trades activities at 31 *Yes 2 It* events around the province.

In 2014/15 ITA achieved, or was very close to achieving, five of the seven current performance measures. 9,958 sponsors were registered in 2014/15, outstripping the 2013/14 levels and dramatically exceeding the current target. While the ambitious target of 8,000 credentials issued was not met, the 7,514 credentials that were issued well exceeded the 2013/14 number. Employer and credential holder satisfaction with ITA credentials was also higher than the previous year, and the Sponsor Value Index remained stable, although both performance measures narrowly missed the 2014/15 target. The effectiveness of ITA's training delivery investment, measured by the capacity utilization scores, actually exceeded the target for the second straight year.

The Industry Training Authority 2014/15 Annual Service Plan Report compares the corporation's actual results to the expected results identified in the ITA Service Plan 2014/15-2016/17. I am accountable for those results as reported.

A handwritten signature in black ink, appearing to read 'Gwyn Morgan'.

Gwyn Morgan, C.M.
Board Chair

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Purpose of the Organization

The Industry Training Authority (ITA) leads and coordinates British Columbia's skilled trades system. ITA works with employers, employees, industry, labour, training providers and government to issue credentials, manage apprenticeships, set program standards, and increase opportunities in the trades.

ITA's mandate and accountabilities are defined in Part 3 of the *Industry Training Authority Act*, and are elaborated annually through a letter of expectations signed by the board chair and the Minister of Jobs, Tourism and Skills Training.

Strategic Direction and Context

Strategic Direction

ITA's 2014/15 Government Letter of Expectations (GLE), signed January 28 (JTST) and February 13, 2014 (ITA), directed the Corporation to work closely with Government, training providers and industry to implement initiatives identified in the September 2013 Skills and Training Action Plan for BC, and directives issued in the June 2013, GLE. Specific focus was required on:

- Expanding opportunities for youth to start trades training prior to graduation, increasing the number of K-12 graduates entering trades programs and creating a seamless path for students from high school, through trades training and into the workforce.
- Improving online services and coaching supports, and implementing other apprenticeship reforms designed to drive an increase in the number of apprentice completions and employer/sponsor participation;
- Designing, evaluating and implementing flexible apprenticeship training initiatives;
- Developing and implementing competency-based assessment tools and processes to facilitate domestic and offshore recruitment and certification of semi-skilled trades workers.
- Developing an LNG Action Plan;
- Delivering programs to increase the number of youth, aboriginal people, women and immigrants accessing trades training throughout BC.

The GLE was followed by the Taxpayer Accountability Principles Addendum, signed by the Minister and ITA's newly constituted Board of Directors. The Addendum outlined the Board's responsibilities for ensuring implementation of the governance, accountability, cost control and other interests elaborated in the Taxpayer Accountability Principles.

Strategic Context

On April 29, 2014, the BC government made public the McDonald Report, as part of the B.C.'s Skills for Jobs Blueprint. Together, these documents set out a plan to develop a skilled workforce that is ready to meet the challenges of BC's expanding industry. The Industry Training Authority took specific direction from these documents, and embarked on an ambitious realignment of their industry relations functions, resources and programming to support McDonald Report recommendations and Blueprint initiatives.

The Corporation welcomed a new Board of Directors in May, 2014, to lead the changes needed to strengthen the apprenticeship system. As recommended in the McDonald Report, ITA Executive worked with the new Chair and Board to develop and implement a 90-Day Transition Plan that outlined an approach to engage industry in the implementation of the Blueprint commitments and remaining recommendations. The plan focused on four priority action areas:

1. **Launch LNG Action Plan:** In September, 2014, ITA released an Action Plan for LNG Trades Training, developed in consultation with industry, and aligned with regional and sectorial demands. The Plan contained eight confirmed and eight proposed actions to support the trades training requirements of the LNG sector.
2. **Re-Align Training Investment:** ITA continues to work with government to develop and establish a transparent process for making training investment decisions aligned with labour market demand targets.
3. **Transform Industry Relations:** ITA has introduced a broader industry engagement approach to ensure alignment of BC's training system with industry demand. Ten new Sector Advisory Groups – representing BC's key industries – are in place, along with a new team of Industry Relations Managers.
4. **Enhance ITA Capability:** Functions carried out by the Industry Training Organizations (ITOs) were transferred into ITA by October 31, 2014. ITA now has 15 regional Apprenticeship Advisors, including five with Aboriginal subject matter expertise. ITA will also ensure that it has the capability needed to deliver on other government expectations.

Report on Performance

ITA's performance closely matched the Government's Letter of Expectations. The organization met, exceeded or came close to meeting five of the seven performance measure outlined below. ITA continues work to implement the Taxpayer Accountability Principles outlined in the addendum to the Government's Letter of Expectations. ITA's Board and its entire staff have signed the updated Code of Conduct and Conflict of Interest Policy. ITA continues to work closely with the Ministry of Jobs, Tourism and Skills Training in developing and implementing initiatives linked to the Taxpayer Accountability Principles.

Goals, Strategies, Measures and Targets

Goal 1: *Effectively represent the voice of industry within the BC skills training system.*

Strategies:

- Expand our engagement strategy across the province to ensure, on an ongoing basis, a high level of industry input to better inform the training system.

- Work with industry to expand our ability to collect, evaluate and process industry intelligence to complement existing labour market information, and conduct relevant and high quality research.

Performance Measure 1.1: Satisfaction with ITA representation of industry

The independent review, *The Industry Training Authority and Trades Training in BC: Recalibrating for High Performance* (2014), recommended that ITA refocus its industry engagement framework. As a result, ITA will continue to work with industry sector advisory groups to review appropriate industry engagement measures and will replace this with an improved measure once the sector advisory groups have provided feedback.

Performance Measure	2012/13 Actual	2013/14 Forecast	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Satisfaction with ITA representation of industry	N/A	N/A	Establish Benchmark	To be reviewed by sector advisory groups	To be reviewed by sector advisory groups	To be reviewed by sector advisory groups

Goal 2: *ITA credentials are valued by industry and individuals, and align with the economic needs of BC.*

Strategies:

- Continue to promote training participation and sponsorship, in partnership with government and other stakeholders.
- Expand flexible learning options to reduce the time away from the workplace.
- Continue to align training with labour market information and provide regional training opportunities.
- Continue to expand implementation of standard level exams and ensure consistent assessment of apprentices at each level of training.
- Expand industry required non-trades certification process, where applicable.

Goal 2 Performance Measures

Performance Measure 2.1: Credentials Issued

Each credential issued verifies that an additional member of the workforce possesses the occupational skills needed to carry out a particular trade. This benefits both the individual and the employer. Credentials issued are the culmination of ITA's work. All other performance measures either influence outcomes on this measure or indicate the efficiency with which it is being achieved.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Credentials Issued	8,042	7,059	8,000	7,514	8,250	8,750

Discussion

- Over the past year, ITA issued 6.4% more credentials than 2013/14. However, the increase fell short of the targeted 11.8% increase to 8,000.
- This is the first year of increase after two years of decline, due largely to market conditions following the 2008 and 2009 economic downturn.
- ITA anticipates that a portion of apprentices who delayed their training during the economic downturn will be issued credentials at a later time and that the total number of credentials issued will continue to grow.
- ITA has deployed new Apprenticeship Advisors to support apprentices and sponsors along with a new Manager of Apprentice Completions and anticipates that with these resources in place, the number of credentials issued will continue rising.

Performance Measure 2.2: ITA Investment per Credential Issued

This measure is the ratio of total ITA expenditures to total credentials issued in a given year. Targets are therefore a function of projected expenditures and targeted credentials issued in future years. As the investment targets are inherently linked to the number of credentials issued, achievement of this measure is directly dependent on the number of credentials used.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
ITA Investment per Credential Issued	\$13,190	\$15,494	\$12,057	\$13,962	\$11,570	\$10,909

Discussion:

- In this measure of efficiency, ITA managed to reduce its investment per credential by 9.9 per cent. However, the measure fell short of its targeted reduction of 22.2 per cent.
- The lower number of credentials issued in 2014/15 (explained in the discussion above) compared to forecast figures negatively impacted ITA's performance against this measure.
- ITA's core budget has remained consistent with previous years.
- ITA is improving its training investment framework and will roll out enhancements in 2015/16 to ensure training investments are efficient and responsive to labour market demands.

Performance Measure 2.3: Satisfaction with ITA Credentials

This measure focuses on ITA's primary output, and informs continuous improvement efforts. The satisfaction index is comprised of employer or credential holder satisfaction and importance ratings on the following statements about ITA credentials:

Employers

- An ITA credential signals that the holder is able to meet the skill needs of your company
- An ITA credential signals that the holder will increase your company's profitability
- An ITA credential is valued and requested by your customers

Credential Holders

- ITA credential signals to employers that you are able to meet their skills needs
- ITA credential gives you a competitive advantage for employment or promotion
- ITA credential increases your earning potential
- ITA credential allows you to work in other parts of Canada or abroad

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Satisfaction with ITA Credentials ¹						
• Employers	78%	77%	80%	79%	80%	80%
• Credential Holders	86%	84%	86%	85%	86%	86%

Discussion:

- 820 credential holders and 308 employers completed ITA's performance measurement survey in December 2014.
- Rates of Satisfaction with ITA Credentials for both credential holders and employers were one per cent below target levels but within the margin of error (+/-3.4 per cent for credential holders; +/-5.6 per cent for employers) and so can be considered consistent with the targets outlined in the Service Plan.

Goal 3: *Skills recognition and training pathways to ITA credentials are effective and meet the needs of industry.*

Strategies:

- Continue to implement enhanced supports for both apprentices and sponsors.
- Continue to expand and accelerate the development and implementation of competency-based assessments, providing an alternative credentialing pathway for those with existing skills (including skills acquired outside BC).
- Accelerate time to completion by increasing flexible learning opportunities where supported by industry.

¹ Percentages reflect weighted ratings relative to several potential outcomes of holding a credential, including signaling to employers an ability to meet skill needs, competitive employment advantage, and contribution to earning potential and employer profitability.

- Sustain and continue to refine youth strategy with a particular focus on continuation from high school to apprenticeship.
- Foster stronger relationships with industry, training organizations and labour, with a focus on increasing the number of employer sponsors and improve the completion rates of apprentices.

Performance Measure 3.1: Total Registered Sponsors

The number of sponsors is an approximate indication of the availability of employers and sponsors to support the work-based training portion of the apprenticeship. Targets are aligned with the target for the number of credentials issued, and the level of sponsorship participation required to support it, as well as industry hiring capacity.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Total Registered Sponsors	9,188	9,548	9,500	9,958	9,700	9,900

Discussion:

- For the second consecutive year, ITA exceeded its target measure for the number of registered sponsors.
- ITA has enhanced its outreach efforts to sponsors through newly-hired Managers of Industry Relations and 15 regionally-based Apprenticeship Advisors who provide on-the-ground sponsor support.
- New sponsor recognition programs have helped grow recognition of the value of apprenticeship and grow sponsorship.
- New sponsor supports such as the Employer Guidebook has provided sponsors with more resources to manage apprenticeships and the new online Apprentice Job Match tool helps match potential sponsors with potential apprentices.

Performance Measure 3.2: Sponsor Value Index

This is a composite measure of employers' perceptions of the benefits they gain from their investment in sponsoring and training apprentices. It is intended to inform ITA's continuous improvement efforts. The Sponsor Value Index is developed from employers' satisfaction and importance ratings on four statements:

- The training your apprentices receive aligns with the skill needs of your company.
- Apprentices increase your company's profitability.
- Apprenticeship training provides your company with a recruiting and retention advantage.
- The administrative requirements of sponsoring apprentices are manageable.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Sponsor Value Index ²	76%	77%	78%	77%	79%	80%

Discussion:

- The result is based on a December 2014 survey of 843 sponsors.
- The Sponsor Value Index target for 2014/15 is one per cent below target but within the margin of error (+/-3.4 per cent for current sponsors; +/-8.7 per cent for lapsed sponsors) and so can be considered consistent with the targets outlined in the Service Plan.
- Overall, the majority of sponsors remain satisfied/very satisfied with apprenticeship value in each of the four measurement areas making up the index.
- Sponsors were most satisfied with apprenticeship training's alignment with their companies' skill needs as well as the manageable administration requirements associated with sponsorship.
- ITA utilizes the Sponsor Value Index as well as the component variables and other survey data to inform continuous improvement efforts.

Performance Measure 3.3: Continuation from Foundation to Apprenticeship

This measure reflects ITA's emphasis on ensuring pre-apprenticeship programs are closely workplace-linked, focused on trade-specific job-readiness and provide effective pathways to apprenticeship. Targets reflect achievable and meaningful levels of continuous improvement and align with the targeted number of credentials issued over time.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Continuation from Foundation to Apprenticeship ³	51%	54%	53%	57%	54%	54%

Discussion:

- Continuation Rates from Foundation Programs into Apprenticeship have been on an upward trend and have risen by six percentage points since 2012/13.
- For the second straight year, the Continuation Rate rose by three percent over the previous year, and exceeded ITA's target by four percent.

² Score reflects weighted ratings relative to several aspects of sponsorship value including contribution to profitability, recruitment and retention advantage, and manageable administrative requirements.

³ This measure is based on continuation by participants in Foundation programs.

ITA has worked closely with training providers to ensure Foundation participants are being adequately prepared for Apprenticeship in order to maximize investment in those training spaces and in 2015/16 ITA will unveil new incentives that will continue improving the continuation rate.

Performance Measure 3.4: Capacity Utilization

The percentage of seats filled in ITA-funded technical training programs is one measure of the efficiency with which funding is allocated within the training delivery budget.

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Target	2014/15 Actual	2015/16 Target	2016/17 Target
Capacity Utilization	89.6%	90.5%	88.0%	90.2%	88.5%	90%

Discussion:

- Training delivery investment saw actual utilization rates finish above the target for the second straight year.
- ITA worked with training providers to implement new mechanisms that ensure training investments go towards in-demand programs, which helps to increase capacity utilization.
- For every one per cent increase in capacity utilization, more than 200 additional people are trained.

Financial Report

Management Discussion and Analysis

Revenues

Consistent with prior years, ITA's 2014/15 revenues consisted mainly of core funding of \$94.4 million from the provincial government.

ITA received \$9 million in funding through the Canada- British Columbia Job Fund (CJF), to support the engagement and training of under-represented groups in the trades: women, new Canadians and Aboriginal people. The decline from the \$14.8 million level of funding in 2013/14 reflects the transition period between the expiry of the BC Canada Labour Market Agreement on March 31, 2014 to the newly negotiated Canada-British Columbia Job Fund (starting April 1, 2014).

ITA generated approximately \$1 million through assessments, investment income and royalties – revenues that fund the production of learning resources, and the management of certification and level exam challenge assessments.

Expenditures

Expenditures in 2014/15 reflect a continued focus on industry engagement, youth engagement, accessibility of training to under-represented groups, and apprenticeship awareness and outreach programs, in line with the Government's Letter of Expectations and the 2014/15 Service Plan. Historically, ITA, through several Industry Training Organizations (ITOs), had focused significant investment towards updating all program standards. As a result of the McDonald Report released in May 2014, ITA discontinued the ITO service contracts. Services formerly provided by the ITOs were brought in house, including: industry engagement, program standard development and challenge assessments. ITA increased its staff complement by 35 employees, predominantly in industry and apprentice support and program development roles. This allowed ITA to provide more efficient and effective service to industry and apprentices, to manage program development and to simultaneously redirect over \$1 million towards youth engagement, and outreach programs.

ITA realigned its financial resources in the 2014/2015 Service Plan to achieve the outcomes articulated in the Government's Letter of Expectations.

2014/2015 Surplus

Effective surplus management strategies resulted in a surplus of \$191 thousand, a significant decline from the 2013/14 level of \$1.2 million.

As a crown agency, ITA is precluded from incurring debt, and annual operating surpluses are transferred to accumulated surplus, which is restricted to expenditures for capital assets.

At the end of fiscal 2014/15, ITA had an accumulated surplus of \$22 million. Approximately \$2 million was directed towards office expansion to accommodate new staff and additional space and meeting rooms required for operations. The \$2 million consists of \$1.2 million in lease improvements and \$800,000 in equipment and furniture. However, the latter will be offset by \$800,000 in tenant inducements from the building landlord. ITA will record the tenant inducements as deferred revenue on the Statement of Financial Position, and will recognize equal amounts as revenue over the term of the lease to 2024, meaning the net overall capital cost for the expanded space will be \$1.2M.

An additional \$500 thousand was used to begin the development of a new digital platform designed to increase industry, apprentice and youth engagement, improve customer service, and provide ITA with business intelligence to better align training investment with market demand. Going forward, the accumulated surplus will be used primarily to further enhance the new digital platform.

Future Financial Outlook

ITA will continue to work with the Ministry of Jobs, Tourism, Skills and Training to advance government priorities and direction articulated in the Government's Letter of Expectation, the 2014 *McDonald Report*, and BC's *Skills for Jobs Blueprint*. This includes continued implementation of the Youth Apprenticeship Strategy which will create expenditure pressures for ITA.

ITA investments in a new digital platform will facilitate industry, apprentice and youth engagement, while providing business intelligence to ITA. This will further allow ITA to continuously adjust and

align training investment with demand and provide a world class apprenticeship management system. The technology will be deployed in stages over three years.

As of the date of this report, ITA had received interim Canada Job Fund (CJF) funding for 2015/16 of \$1.4 million. The CJF is currently in the process of finalizing its procurement process and ITA expects to receive further funding to continue its work with underrepresented groups including women, immigrants and aboriginal people.

Other Areas

Major expenditure categories for ITA in 2014/15 included training delivery, labour supply initiatives, assessment and certification, industry engagement and core expenditures.

Accumulated surplus will continue to be used primarily to build and enhance the new digital platform. ITA had no capital projects greater than \$50 million in 2014/15.

Trends, Risks and Opportunities

As a result of ITA's mandate review, in 2014/15 ITA engaged in a review of its training investment process. Through consultation with industry and training providers, ITA has proposed a new, more flexible funding framework that better aligns investment with labour market demand, incents outcomes, has accountability measures built in, and is a multi-year approach to funding. The new framework also recognizes and adjusts for the increased delivery cost of programs, currently funded at levels set over a decade ago. Once approved, this framework will be introduced in 2015/16 and will become effective 2016/17.

For 2015/16, ITA's training investment will continue to be aligned with the regional economic needs of British Columbia as identified in the Province's labour market information. However, certain aspects of the new framework will be introduced and piloted this year. The funding will remain at \$78 million, representing over 80% of the core budget, with an additional \$3.5 million made available through the Labour Market Demand Fund. The funding will be focused on high priority sectors and the expected high demand jobs, and program parameters will be adjusted to also support innovative models of delivery. Training investment for apprentices is already aligned to demand, as apprentices have jobs. Foundation investment will be focused on high demand trades, and on programs that lead to higher completion rates and entrance into the apprenticeship programs. Training investment for labour supply target areas -- such as youth and underrepresented groups -- will be focused towards improving continuation rates into the apprenticeship pathway.

The number of ITA credentials issued increased by 6% over 2013/14 and the number of registered sponsors increased by 5%. This can be attributed to BC's strengthening economy, as well as focused industry engagement efforts within ITA. Future performance targets are on an upward trend, reflective of the strengthening provincial economy.

Financial Resource Summary Table

\$ millions	2009/10*	2010/11	2011/12	2012/13	2013/14	2014/15	2014/15	2014/15	2014/15	2015/16	2016/17
	Actual	Actual	Actual	Actual	Actual	Budget	Actual	Variance to Budget	Variance to Prior Year	Budget	Budget
FUNDING & REVENUES:											
Ministry - General Funding	94,444	94,444	94,444	94,444	94,444	94,444	94,444	-	-	94,444	94,444
Ministry - Other Funding & Grants	18,370	17,152	12,553	13,979	14,842	6,792	9,204	2,412	(5,638)	-	-
Federal Funding	0.097	0.634	0.192	0.098	0.009	-	0.007	0.007	(0.002)	-	-
Other Revenue	0.863	1.036	1.100	1.208	1.329	1.285	1.452	0.167	0.123	1,346	1,346
Total Funding & Revenues	113,774	113,266	108,289	109,729	110,624	102,521	105,107	2,586	(5,517)	95,790	95,790
EXPENDITURES:											
Engage Industry	3,403	3,621	3,382	1,662	2,828	1,584	1,547	(0,037)	(1,281)	1,016	1,016
Define Standards	1,816	3,091	3,744	4,028	3,090	2,667	2,161	(0,506)	(0,929)	1,826	1,826
Deliver assessments and certification	1,455	1,838	1,056	0,968	2,014	2,627	2,117	(0,510)	0,103	2,824	2,824
Invest in Training Pathways	95,245	93,049	87,286	91,304	93,066	85,273	87,655	2,382	(5,411)	79,080	79,080
Customer Support	1,521	1,499	1,439	1,445	1,157	2,482	2,315	(0,167)	1,158	3,135	3,135
Communicate	0,736	0,551	1,042	1,375	1,596	1,525	2,619	1,094	1,023	0,776	0,776
Business Support	7,456	6,247	5,337	5,371	5,621	6,363	6,502	0,139	0,881	7,133	7,133
Total Expenditures	111,632	109,896	103,286	106,153	109,372	102,521	104,916	2,395	(4,456)	95,790	95,790
Net Income	2,142	3,370	5,003	3,576	1,252	-	0,191	0,191	(1,061)	-	-
Total Liabilities	6,039	5,248	6,993	6,791	4,709	4,500	5,565	1,065	0,856	4,500	4,500
Accumulated surplus	6,340	12,383	17,386	20,962	22,214	22,214	22,405	0,191	0,191	22,214	22,214

* 2010 was prepared based on Not for Profit Canadian Generally Accepted Accounting Principles. Mobile trainer loss on transfer to Nicola Valley Institute of Technology included in Business Support.

2011-2018, including forecast information, was prepared based on current Canadian Generally Accepted Accounting Principles (GAAP - PSAB).

2009-2011 Deliver Assessment and Certification compensation was not tracked separately from Customer Support

**Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015**

Management's Report

Management's Responsibility for the Financial Statements

THE FINANCIAL STATEMENTS HAVE BEEN PREPARED BY MANAGEMENT IN ACCORDANCE WITH CANADIAN PUBLIC SECTOR ACCOUNTING STANDARDS AND THE INTEGRITY AND OBJECTIVITY OF THESE STATEMENTS ARE MANAGEMENT'S RESPONSIBILITY.

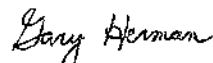
Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with the information contained in the financial statements. A summary of the significant accounting policies are described in Note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

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

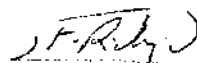
The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control and exercises these responsibilities through the Board. The Board reviews internal financial statements at every meeting and external audited financial statements yearly. The Board also discusses any significant financial reporting or internal control matters prior to their approval of the financial statements.

The external auditors, BDO Canada LLP, conduct an independent examination, in accordance with Canadian auditing standards, and express their opinion on the financial statements. The external auditors have full and free access to financial management of Industry Training Authority and meet when required. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Industry Training Authority



Gary Herman
Chief Executive Officer
May 14, 2015



Farnaz Riahi CPA, CA
Chief Financial Officer



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925 West Georgia Street
Vancouver BC V6C 3L2 Canada

INDEPENDENT AUDITOR'S REPORT

To the Board of Directors of the Industry Training Authority

We have audited the accompanying financial statements of the Industry Training Authority, which comprise the Statement of Financial Position as at March 31, 2015 and the Statement of Operations and Changes in Accumulated Surplus, Changes in Net Financial Assets and Cash Flows for the year then ended, and 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 public sector accounting standards, 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.

Auditor's 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 the auditor's 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, the auditor considers 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 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 Industry Training Authority as at March 31, 2015 and its results of operations, changes in net financial assets, remeasurement gains and losses and cash flows for the year ended March 31, 2015, in accordance with Canadian public sector accounting standards.

Chartered Accountants

Vancouver, British Columbia
May 14, 2015

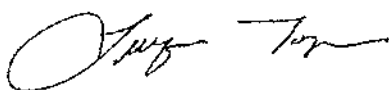
BDO Canada LLP, a Canadian limited liability partnership, is a member of BDO International Limited, a UK company limited by guarantee, and forms part of the international BDO network of independent member firms.

Industry Training Authority

Industry Training Authority Statement of Financial Position As at March 31, 2015 in thousands of dollars

	Note	March 31, 2015	March 31, 2014
Financial Assets			
Cash		18,759	17,813
Accounts receivable		33	282
Due from government/other government organizations	3	2,386	4,198
		<u>21,178</u>	<u>22,293</u>
Liabilities			
Accounts payable and accrued liabilities	4	2,815	2,772
Due to government/other government organizations	6	2,342	1,543
Deferred revenue	7	408	394
		<u>5,565</u>	<u>4,709</u>
Net financial assets		<u>15,613</u>	<u>17,584</u>
Non-financial assets			
Tangible capital assets	9	5,958	3,927
Prepaid expenses		834	703
		<u>6,792</u>	<u>4,630</u>
Accumulated surplus		<u>22,405</u>	<u>22,214</u>
Contractual obligations	10		

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



Gywn Morgan, Board Chair



MJ Whitemarsh, Audit Committee Chair

Industry Training Authority
Statement of Operations and Changes in Accumulated Surplus
For the Year Ended March 31, 2015
in thousands of dollars

	Note	Budget (Note 13)	March 31, 2015	March 31, 2014
Revenues				
Provincial general funding		94,444	94,444	94,444
Provincial grants and other		6,792	9,204	14,842
Federal funding received		-	7	9
Operating		350	470	429
Fees		400	477	415
Investment income		460	452	431
Other		75	53	54
		<u>102,521</u>	<u>105,107</u>	<u>110,624</u>
Expenses				
	11			
Engage industry (non standards work)		1,584	1,547	2,828
Define standards		2,667	2,161	3,090
Deliver assessments and certification		2,627	2,117	2,014
Invest in training pathways		85,273	87,655	93,066
Customer support		2,482	2,315	1,157
Communicate		1,525	2,619	1,596
Business support		6,363	6,502	5,621
		<u>102,521</u>	<u>104,916</u>	<u>109,372</u>
Annual surplus		<u>-</u>	<u>191</u>	<u>1,252</u>
Accumulated surplus at the beginning of the year			22,214	20,962
Accumulated surplus at end of year			<u>22,405</u>	<u>22,214</u>

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

Industry Training Authority

Industry Training Authority Statement of Changes in Net Financial Assets For the Year ended March 31, 2015 in thousands of dollars

	Budget (Note 13)	March 31, 2015	March 31, 2014
Annual operating surplus	-	191	1,252
Acquisition of tangible capital assets	(3,164)	(2,875)	(515)
Amortization of tangible capital assets	930	844	743
Write-downs on tangible capital assets	-	-	-
	(2,234)	(2,031)	228
Acquisition of prepaid expense	-	(131)	(332)
Increase (decrease) in net financial assets	(2,234)	(1,971)	1,148
Net financial assets at beginning of year	17,584	17,584	16,436
Net financial assets at end of year	15,350	15,613	17,584

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

Industry Training Authority
Statement of Cash Flows
in thousands of dollars

	<u>March 31, 2015</u>	<u>March 31, 2014</u>
Operating transactions		
Annual surplus	191	1,252
Non-cash items included in annual surplus increase/(decrease):		
Amortization	844	743
Change in prepaid expenses	(131)	(332)
Change in receivables	2,061	3,245
Change in payables and accrued liabilities	842	(2,029)
Change in deferred revenue	14	(53)
Cash provided by operating transactions	<u>3,821</u>	<u>2,826</u>
Capital transactions		
Cash used to acquire tangible capital assets	<u>(2,875)</u>	<u>(515)</u>
Cash applied to capital transactions	<u>(2,875)</u>	<u>(515)</u>
Increase in cash during the year	946	2,311
Cash at beginning of year	<u>17,813</u>	<u>15,502</u>
Cash at end of year	<u>18,759</u>	<u>17,813</u>

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

**Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued**

1. Nature of Operations

Industry Training Authority (ITA) is a Crown agency established on January 2, 2004 and operates under the authority of the *Industry Training Authority Act*. ITA reports to the Legislative Assembly through the Ministry of Jobs, Tourism and Skills Training. The mandate of the ITA is to oversee occupational standards, credentialing, and apprenticeship for skilled trades and occupations in demand by industry and the BC labour market. It serves the public interest ensuring industry standards and credentials are in place for skilled trades and occupations, while providing individuals with accessible technical apprenticeship training opportunities that are closely linked to workplace opportunities. These services are grouped into the following key areas: standards, industry engagement, credential awareness, assessment and certification, training delivery and labour supply initiatives.

On April 29, 2014 the Province announced it was accepting all recommendations made by Independent Review Lead Jessica L. McDonald in her report: *The Industry Training Authority and Trades Training in BC: Recalibrating for High Performance*. While ITA's current role was re-confirmed, implementation of the report's recommendations will have an impact on the operations of ITA.

ITA is exempt from income taxes under the *Income Tax Act*.

2. Summary of Significant Accounting Policies

a. Basis of accounting

The financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants Canada.

b. Tangible capital assets

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

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

Furniture and equipment	5 years
Computer hardware and software	3-10 years
Leasehold improvements	10 years

**Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued**

2. Summary of Significant Accounting Policies – continued

Amortization is charged from the date the asset is put into use until it is taken out of use. Assets under construction are not amortized until the asset is put into productive use.

Tangible capital assets are written down when conditions indicate that they no longer contribute to ITA's ability to provide credentials and services. The net write-downs are accounted for as expenses in the statement of operations.

Transfers of capital assets from related parties are recorded at carrying value. ITA has recorded additions relating to computer software for apprenticeship records at carrying value.

c. Employee future benefits

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

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

The contribution of ITA to the plan is recorded as an expense for the year.

- ii. The costs of insured benefits reflected in these financial statements are the employer's portion of the insurance premiums owed for the coverage of employees during the period.

d. Prepaid expenses

Prepaid expenses include payments to private trainers for classes spanning the fiscal year end as well as other operational expenses and are charged to expense over the periods expected to benefit from the prepaid.

e. Revenue recognition

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

Government transfers are recognized as revenues when the transfer is authorized and any eligibility criteria are met, except to the extent that transfer stipulations give rise to an obligation that meets the definition of a liability. Transfers are recognized as deferred revenue when transfer stipulations give rise to a liability and are taken into revenue in the statement of operations as the stipulation liabilities are settled.

**Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued**

2. Summary of Significant Accounting Policies -- continued

Contributions from other sources are deferred when restrictions are placed on their use by the contributor, and are recognized as revenue in the period when they are used for the specific purpose.

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

f. Expenses

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

Grants and transfers are recorded as expenses when the transfer is authorized and eligibility criteria have been met by the recipient.

g. Foreign currency translation

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

Monetary assets and liabilities denominated in a foreign currency are translated at the rate of exchange in effect at the reporting date. Revenues and expenses are translated at the rate prevailing at the transaction date. Foreign currency translation gains and losses are included in profit or loss in the period in which they arise.

h. Financial instruments

The fair value of a financial instrument is the estimated amount that ITA would receive or pay to settle a financial asset or financial liability as at the reporting date.

The fair values of cash, accounts receivable, due from government/other government organizations, accounts payable and accrued liabilities, due to government/other government organizations approximate their carrying values given their short-term maturities.

i. Measurement uncertainty

The preparation of financial statements is in conformity with Canadian public sector accounting standards. These standards require management to make estimates and assumptions that affect the reporting amounts of assets and liabilities, and disclosure of contingent assets and liabilities, at the date of the financial statements and the reported amounts of the revenues and expenses during the period. Items requiring the use of significant estimates include: collectability of accounts receivable and due from

**Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued**

2. Summary of Significant Accounting Policies -- continued

government/other government organizations, the useful life of tangible capital assets and rates for amortization.

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

3. Due from Government and Other Government Organizations

	(in \$ thousands)	
	Mar 31, 2015	Mar 31, 2014
Provincial government	2,211	4,026
Federal government	175	135
Other government organizations	-	37
	2,386	4,198

4. Accounts Payable and Accrued Liabilities

	(in \$ thousands)	
	Mar 31, 2015	Mar 31, 2014
Accounts payable and accrued liabilities	2,681	2,653
Salaries and benefits payable	11	14
Accrued vacation pay	123	105
	2,815	2,772

5. Employee Future Benefits

ITA and its employees contribute to the Public Service Pension Plan in accordance with the *Public Sector Pensions Act*. BC Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension Plan is a multi-employer, defined benefit plan.

Information about obligations for retirement benefits and other employee future benefits is as follows:

**Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 – continued**

a. Retirement and other employee future benefits – pension plan

ITA and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pensions Act. The plan provides defined pension benefits to employees based on their length of service and rates of pay. The maximum contribution rate for eligible employees was 9.43% (2014: 9.43%). ITA's maximum contribution rate is 10.93% (2014: 10.93%). During the year ended March 31, 2015, ITA contributed \$526 (2014: \$370) to the plan. These contributions are ITA's pension benefit expense. No pension liability for this type of plan is included in the financial statements. An actuarial valuation is conducted every three years to assess the financial position of the Public Service Pension Plan's (PSPP's) pension fund. The latest actuarial valuation as at March 31, 2014 indicated a funding surplus of \$392,000 for basic pension benefits on a going concern basis. The actuary does not attribute portions of the unfunded liability to individual employers. The next valuation will be as at March 31, 2017, with results available in early 2018.

b. Long-term disability life insurance and health care benefits

ITA provides life insurance, dental and health care benefits to employees on long-term disability leave for a period of two years after the date of disability. The insurance carrier waives the life insurance premium for employees on long-term disability; however, ITA is responsible for the payment of the premium costs of medical, dental and Medical Services Plan under this plan. The costs of salary compensation paid to employees on long-term disability leave are fully insured through employee paid contributions and are not included in this plan.

6. Due to Government and Other Government Organizations

	(in \$ thousands)	
	Mar 31, 2015	Mar 31, 2014
Federal government	1	2
Provincial government	361	496
Other government organizations	1,980	1,045
	2,342	1,543

ITA's liabilities to government and other government organizations are all amounts payable that are due within 30 days. Other government organizations includes: colleges, universities and school districts.

**Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued**

7. Deferred Revenue

	(in \$ thousands)		
	Balance Apr 1, 2014	Receipts Transferred to revenue	Balance Mar 31, 2015
Tenant inducement Richmond office	394	-	53
Province - trades sector alignment	-	105	38
	394	105	91
			408

ITA received \$530 in tenant inducements for leasehold improvements to the Richmond office in fiscal 2012. This revenue is being deferred and recognized over the term of the lease. ITA received \$105 from the province's Labour Market Program in fiscal 2015 for trades sector alignment.

8. Fiscal Risk Management

a. Financial management risk objectives and policies

In the normal course of operations, ITA is exposed to financial risks that have the potential to negatively impact its financial performance. These risks may include credit risk and liquidity risk.

b. Credit risk

Credit risk is the risk that the ITA's counterparties will fail to meet their financial obligations to the ITA, causing a potential financial loss.

Accounts receivable primarily consists of amounts due from other governments; therefore, collection risk is low. ITA does not consider its exposure to credit risk to be material.

c. Liquidity risk

Liquidity risk is the risk that the ITA may be unable to generate or obtain sufficient cash or its equivalent in a timely and cost effective manner to meet its commitments as they come due.

ITA has in place a planning, budgeting and forecasting process to determine the funds required to support the ITA's normal operating requirements. ITA's annual budgets are approved by the Board of Directors.

**Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued**

9. Tangible Capital Assets

2015 (in \$ thousands)

	Furniture and equipment	Computer hardware and software	Leasehold improvements	March 31, 2015 Total
Cost				
Opening Balance	528	7,009	604	8,141
Additions	790	920	1,165	2,875
Disposals	-	-	-	-
Closing Balance	1,318	7,929	1,769	11,016
Accumulated Amortization				
Opening Balance	429	3,631	154	4,214
Additions	92	682	70	844
Disposals	-	-	-	-
Closing Balance	521	4,313	224	5,058
Net book value	797	3,616	1,545	5,958

* Subsequent to year end ITA will be collecting \$815 in tenant inducement.

2014 (in \$ thousands)

	Furniture and equipment	Computer hardware and software	Leasehold improvements	March 31, 2014 Total
Cost				
Opening Balance	481	6,545	600	7,626
Additions	47	464	4	515
Disposals	-	-	-	-
Closing Balance	528	7,009	604	8,141
Accumulated Amortization				
Opening Balance	349	3,028	94	3,471
Additions	80	603	60	743
Disposals	-	-	-	-
Closing Balance	429	3,631	154	4,214
Net book value	99	3,378	450	3,927

Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued

10. Contractual Obligations

ITA has entered into a number of multiple-year contracts for operating leases for premises. The lease commitments are for space costs and exclude operating costs. These contractual obligations will become liabilities in the future when the terms of the contracts are met. Disclosure relates to the unperformed portion of the contracts.

(in \$ thousands)						
	Mar 31, 2016	Mar 31, 2017	Mar 31, 2018	Mar 31, 2019	Mar 31, 2020	There- after
Contractual obligations						
Office leases	433	415	418	415	426	2,112

11. Expenses by Object

The following is a summary of expenses by object:

(in \$ thousands)		
	Mar 31, 2015	Mar 31, 2014
Training provider services (including Youth)	78,354	83,273
CJF contractor services (Aboriginal, Immigrant and Women)	8,752	9,338
Compensation and staff development	7,242	5,400
Communications, website and brand awareness	2,067	1,080
Other operating costs	2,295	1,782
IIO-delivered services	1,960	5,200
Information systems / telecommunications	1,526	1,239
Other administrative costs	1,311	907
Amortization	844	743
Building occupancy	565	411
Gain on disposal/writcuff	-	(1)
	104,916	109,372

**Industry Training Authority
Notes to Financial Statements
for the year ended March 31, 2015 - continued**

12. Related Party Transactions

ITA has the following transactions with the government and other government controlled organizations.

Ministry of Jobs, Tourism and Skills Training		
- core funding	94,444	94,444
- projects CJF/LMA, ECP	9,204	14,674
Ministry of Innovation, Technology & Citizens' Services	470	429
Ministry of Advanced Education	-	168
	104,118	109,715
Transfers to:		
Post secondary institutions	70,245	75,698
School districts	4,385	4,910
Ministry of Innovation, Technology & Citizens' Services	670	687
Ministry of Education	627	647
Public Service Pension Plan	526	370
BC Stats	19	19
Ministry of Health	86	58
Ministry of Labour	11	10
Crown Corporation Employers' Association	-	2
	76,569	82,401

13. Budgeted Figures

Budgeted figures have been provided for comparison purposes and have been approved by the Board of Directors. These budgeted figures were included in ITA's 2014/15 Service Plan.

14. Comparative Figures

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

MINISTRY OF JOBS, TOURISM AND SKILLS TRAINING
AND MINISTER RESPONSIBLE FOR LABOUR
INFORMATION NOTE

Cliff #: 109894

Date: July 10, 2015

PREPARED FOR: Honourable Shirley Bond, Minister

ISSUE: Community Immigration Pilot – Fort St. John Meeting

BACKGROUND:

Following direction from the Ministers' Roundtable in January 2015, Ministry staff have worked with Citizenship and Immigration Canada (CIC) to develop and implement a Community Immigration Pilot. The purpose of the Pilot is to help selected communities address labour market needs by using a community-driven approach to improve the community's ability to attract, integrate, and retain immigrants and refugees. The intended outcomes of the Pilot are:

- Improved labour market and economic outcomes for regional communities;
- Improved economic and social outcomes for newcomers and refugees;
- Enhanced multi-sectoral partnerships to provide effective and efficient supports and networks for newcomers and refugees; and
- Improved retention rates of newcomers and refugees.

Canada and B.C. agreed to approach four communities: Fort St. John, Prince George, Kelowna, and Whistler. Fort St. John was the first community to be approached, and a meeting was held in Fort St. John on July 10, 2015.

The meeting in Fort St. John was planned jointly with Mayor Lori Ackerman. Other attendees included local Member of Parliament Bob Zimmer, a representative from MLA Pat Pimm's office, the Fort St. John City Manager, the Chamber of Commerce, several employers, and local service providers. See Appendix 1 for full list of attendees. In advance of the community meeting, Ministry staff met with the Chamber of Commerce, the Economic Development Officer, ACT Immigration, and the local immigrant serving organization (S.U.C.C.E.S.S.) to gauge their interest. Feedback from these preliminary meetings was incorporated into the afternoon discussion.

DISCUSSION:

At the meeting Ministry staff gave an overview of the Pilot and facilitated a discussion about immigration opportunities and challenges (see Agenda in Appendix 2). The participants were supportive of the Pilot and felt that Fort St. John has the interest and capacity to participate. Mayor Ackerman has since followed-up and expressed strong interest in the project, as has the Regional District representatives.

The meeting attendees identified some potential challenges in Fort St. John, including:

- Severe labour market shortages for all skills: Fort St. John has a systemic attraction and retention challenge for international, national, and local workers. The lack of workers across all sectors, from entry level to high skilled jobs, limits business growth.
- Transportation infrastructure: Lack of viable public transportation and highway issues discourage potential workers from seeking employment outside of the town centre. Obtaining a driver's license as a newcomer can take up to three years.
- Lack of diversity: Although the town itself is fairly diverse, some participants stated the oil and gas industry and work environment could be more welcoming.
- Cyclical nature of production cycles and slow immigration system: The processing time of current streams such as the Provincial Nominee Program (PNP) and Express Entry do not adequately meet the need to bring in skilled workers quickly. Additionally, the federal Temporary Foreign Worker Program changes have impacted multiple sectors, especially the food services industry.

Some of the opportunities identified were:

- Many available jobs: Employers from multiple sectors in the community have job openings that need to be filled.
- Enhancing the whole immigration pathway: ability to leverage and build on existing work across the immigration pathway, including entry mechanisms, selection, foreign qualification recognition, and settlement.
- Focus on successful source countries: target recruitment to certain source countries that are most likely to result in optimal integration and retention (e.g. similar climate, comparable qualification systems). Fort St. John's safe environment and young population is a selling point to immigrants with families and young children.

The pilot objectives have some similarities to a recent unsolicited proposal from ACT Immigration to establish a pilot project through the PNP (Appendix 3: CLIFF 109385). Staff are working to integrate the two concepts where feasible; ACT Immigration participated in the Fort St. John session and provided input.

NEXT STEPS:

General consensus within the community is to expedite the Pilot earlier than the timeline proposed by the Ministry as there is a need to bring in more immigrants more quickly:

- The Regional Economic Development Officer is reconvening the Fort St. John meeting attendees this week to develop a proposal;
- The proposal will be brought forward for the provincial and Federal government to review within the next month;
- The proposal may also be accompanied with a cover letter to Ministers Bond and Alexander.

ATTACHMENTS: Appendix 1 – List of Attendees
Appendix 2 – Agenda: Ft St John Information Meeting
Appendix 3 – Previous Decision Note

Contact: Keith Godin, Executive Director
 Telephone: 250 216-5507

Reviewed by				
Dir: CN	ED: KG	A/ADM: DM	DM:	MIN:

3/1.5/75
 Carling Helander/Fiona Cheong

APPENDIX 1: LIST OF ATTENDEES

Community Immigration Pilot Project – Fort St. John Information Meeting

Pomeroy Sport Center West Meeting Room – Pomeroy Sport Centre, 9324 – 96 Street
1:00 – 3:00 PM – July 10, 2015

1. Mayor Lori Ackerman, *City of FSJ*
2. Keith Godin, *JTST Labour Market & Immigration Division*
3. Cloe Nicholls, Director, *JTST Labour Market & Immigration Division*
4. Tammy Danshin, *JTST Economic Development Division*
5. Bob Zimmer, *Member of Parliament*
6. Carly Dick, *Office of LMA Pat Pimm*
7. Larry Evans, *City of FSJ*
8. Dianne Hunter, *City of FSJ*
9. Chris Cvik, *Peace River Regional District*
10. Jennifer Moore, *North Peace Economic Dev Corporation*
11. Tony Cochlan, *ACT immigration*
12. Charles Scott, *ACT Immigration*
13. Dorica Skobag, *SUCCESS*
14. Kim McPhedran, *SUCCESS*
15. Tina Catain, *SUCCESS*
16. Jeannette Karasiuk, *Work BC Employment Centre*
17. Megan Hansen, *Chamber of Commerce*
18. Rishabh Passauda, *CIBC*
19. Ramul Chaudhary, *CIBC*
20. Grant Barley, *Arctic Construction Ltd*
21. Sowathara Cheng, *Wendy's Restaurant*
22. Adele Dyck, *STAR 7*
23. Andy Ackerman, *Myriad Consulting*
24. Colm Chadwick, *Canadian Tire*
25. Shirley Palmer-Hunt, *SPH Consultancy*
26. Gus McLeod, *G&T Restaurants, KFC*
27. Sean Surerus, *Surerus Pipeline Inc*

APPENDIX 2: AGENDA

Community Immigration Pilot Project – Fort St. John Information Meeting

Pomeroy Sport Center West Meeting Room – Pomeroy Sport Centre, 9324 – 96 Street,
Fort St. John, BC

1:00 – 3:00 PM – July 10, 2015

TIME	TOPIC	LEAD
1:00 – 1:10	Welcome & Introductions	Mayor Lori Ackerman
1:10 – 1:15	Purpose and objectives of meeting <ol style="list-style-type: none"> 1. Determine the viability and interest in a community immigration project in Fort St. John 2. If of interest and viable, incorporate input from community leaders into the scope, key objectives, and next steps, including the identification of specific sponsors for the project. 	Keith Godin
1:15 – 1:35	Overview of Immigration in British Columbia	Keith Godin
1:35 – 2:00	Discussion Roundtable 1: <ol style="list-style-type: none"> 1. Based on your experience, what are the opportunities and challenges in attracting and integrating newcomers to your region? 	All
2:00 – 2:20	Overview of Community Immigration Pilot – for Fort St. John	Cloe Nicholls
2:20 – 2:50	Discussion Roundtable 2: <ol style="list-style-type: none"> 1. In your opinion, would there be sufficient interest and capacity to sustain a Community Immigration Pilot in Fort St. John? 2. What kind of role could / should governments, employers, service providers, and other stakeholders have in the Pilot? 	All
2:50 – 3:00	Close and Next Steps	Mayor Lori Ackerman Keith Godin

APPENDIX 3: PREVIOUS DECISION NOTE

**MINISTRY OF JOBS, TOURISM AND SKILLS TRAINING
AND MINISTER RESPONSIBLE FOR LABOUR
DECISION NOTE**

Cliff #: 109385

Date: June 11, 2015

PREPARED FOR: Honourable Shirley Bond, Minister

ISSUE: ACT Immigration and Business Solutions Provincial Nominee Program (PNP) Proposal

BACKGROUND:

- ACT Immigration and Business Solutions submitted an unsolicited proposal to establish a pilot project through the BC PNP to allow for certain economic immigrants to be selected without a confirmed job offer (see Appendix 1).
- Importantly, ACT has proposed to use the PNP to immigrate workers without a job offer. ACT believes the current PNP requirement for a job offer limits flexibility for regional communities to integrate large groups of immigrants.
- ACT has been engaged with Ministry staff since September 2014 as well as Member of Parliament Bob Zimmer (Prince George – Peace River) to discuss the proposal.
- The scope and type of immigrants proposed by ACT is outside the terms of the community pilot project discussed by Ministers Bond, Alexander and Kenney in Ottawa on January 26th 2015. This community pilot project, which is under development in partnership with Citizenship and Immigration Canada (CIC) is progressing well.
- As with any new PNP project, timing for implementation is subject to federal agreement. Regardless of the possible options, no PNP applications will be able to be processed until January 2016 due to oversubscription.

DISCUSSION:

- One of the core objectives of the PNP is selecting individuals according to their ability to establish economically and commitment to reside in BC. One of the key pillars is the requirement for applicants to have a full-time job offer. Labour market attachment for PNP nominees is over 90%, compared to 70-75% for federal economic immigrants.
- Under the 2015 Canada-BC Immigration Agreement (CBCIA), the federal and provincial governments must mutually agree to all changes to the PNP program in BC. As job offers are a key component of the new federal Express Entry model, it is unlikely CIC would support a PNP stream without a job offer.
- CIC may be open to approving a "modified job offer" pathway under the PNP, which means the applicant must have demonstrated evidence of labour market attachment without a concrete job offer, such as a short-term employment contract.

- BC and CIC are currently in the process of designing and implementing a community based pilot based for implementation in up to two communities in BC. ACT could participate in this pilot; however, it would require a job offer to meet the existing selection criteria.

OPTIONS:

s.13

Approved / Not Approved	Date:
Comments:	

Contact: Scott MacDonald, ADM, Labour Market and Immigration Division
 Telephone: 250-952-3585 Cell: s.17

Reviewed by			
Dir: CN	ED: KG	ADM: DSM	DM:

1/1,5/75
 C Nicholls

MINISTRY OF JOBS, TOURISM AND SKILLS TRAINING
AND MINISTER RESPONSIBLE FOR LABOUR
DECISION NOTE

Cliff #: 109882

Date: July 13, 2015

PREPARED FOR: Honourable Shirley Bond, Minister

ISSUE: Increase to enhanced 2015 nominations for PNP Express Entry BC categories.

BACKGROUND:

- B.C. has received an allocation of 5,500 nominations for 2015 from the federal government (CIC). Skills Immigration represents 95% of annual nominations.
- The 2015 allocation is comprised of 1,350 "enhanced" nominations restricted to the federal Express Entry system, and 4,150 "base" provincial nominations.
- Due primarily to changes in the federal Temporary Foreign Worker program, the PNP experienced a significant increase in demand for base Skills Immigration categories and has accumulated an inventory of almost 5,000 Skills applications.
- To be fair and transparent to those people already in the inventory, the PNP limited the number of new Skills Immigration applications for most categories to 200 for the remainder of 2015; this 200 application limit has now been reached.
- The PNP has continued to accept Skills applications for the Express Entry BC (EEBC), Northeast Pilot Project and Healthcare Professionals categories.
- As of July 13th, PNP has nominated 2,800 of the 5,500 from the 2015 allocation.
- Of these, 548 are EEBC nominations. An additional 724 EEBC applications await processing for a total of 1,272 EEBC applications received year-to-date. EEBC applications are prioritized with processing times of 3 – 4 months from date of receipt and an average approval rate of 98%.
- With the implementation of PNP online, program staff can now track client profiles, or applications in progress, for each stream. In addition to the 1,290 EEBC applications received, there are 950 profiles created for EEBC categories.
- CIC has acknowledged B.C.'s leadership on immigration and, in particular, has recognized B.C.'s work as an early adopter of Express Entry.
- B.C. was the first province to nominate applicants under the Express Entry system, and has promoted EEBC extensively to employers and applicants.

DISCUSSION:

s.13,s.17

s.13,s.17

OPTIONS:
s.13,s.17