



Tourism PEI

ANNUAL REPORT

2019-2020



Tourism PEI 2019-2020 Annual Report

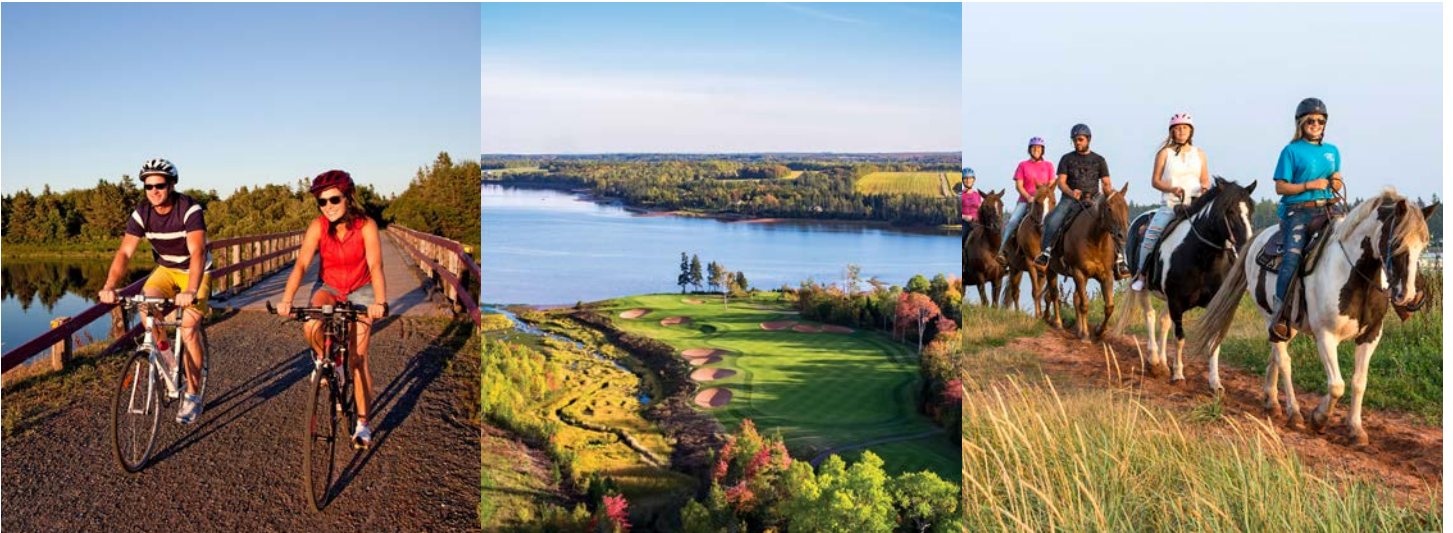


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Minister's Message

The Honorable Antoinette Perry
Lieutenant Governor of Prince Edward Island



May It Please Your Honour:

I have the honour to submit herein the annual report for the activities of Tourism PEI for the period of April 1, 2019 to March 31, 2020.

Tourism PEI is responsible for the promotion of Prince Edward Island as a premiere tourism destination, for tourism development and investments, the development and implementation of industry support programs, managing the regulatory affairs, and the evaluation and measurements of the industry. Tourism PEI also manages our provincial parks system, the three provincially owned golf courses, the Confederation Trail, the Mark Arendz Provincial Ski Park at Brookvale, and Visitor Information Centres. These venues are crucial to the quality of the province's tourism product. They also help promote healthy lifestyles and active living for Islanders and visitors alike.

Respectfully submitted,

A handwritten signature in black ink that reads "Matthew MacKay". The signature is written in a cursive, flowing style.

Hon. Matthew MacKay
Minister
Economic Growth, Tourism and Culture

CEO's Message

Honourable Matthew MacKay
Minister of Economic Growth, Tourism and Culture
PO Box 2000
Charlottetown, PE C1A 7N8



Dear Minister MacKay:

With an estimated 1.6 million visitors, 2019 marked a record year for tourism on the Island. Tourism revenue surpassed \$500 Million for the first year ever, and we exceeded one million overnight stays. The continued growth of accommodation supply, now reaching above 1900 providers, signals a positive outlook and strong growth is projected for this economic sector.

The tourism industry employs over 8,500 full-time equivalent workers and is responsible for approximately 6% of our Provincial GDP. Prince Edward Island is well known as a tourism destination and instills a distinct pride of place in all Islanders. Prince Edward Island has an abundance of stunning sceneries, outdoor activities, culinary delights, cultural product and authentic experiences.

In 2019, Tourism PEI was pleased to make strategic investments in product development, marketing and program support for tourism development across the province.

Respectfully submitted,

A handwritten signature in black ink, appearing to read "K.A. MacDonald". The signature is stylized and cursive, written over a white background.

Kent MacDonald
Chief Executive Officer
Tourism PEI

Tourism PEI Overview

Tourism PEI has the mandate to promote continued growth in the tourism sector; aggressively market PEI as a premiere destination; proactively facilitate product and plan development; promote special events; provide continued emphasis on customer and visitor servicing; manage provincial infrastructure (i.e. golf courses and parks); and to facilitate community development through tourism. We also act as the regulatory arm for accommodation licensing and of tourism directional highway signage. Tourism PEI is responsible for the measurement of the industry's volume and value and forward-looking research. The Crown has three divisions: Corporate Services, Marketing Communications, and Strategic Initiatives.

Tourism PEI is a crown corporation that was established in June 1999 and resides in the Department of Economic Growth, Tourism and Culture. The PEI legislature approved changes to the *Tourism PEI Act* to allow for the creation of a new board of directors for Tourism PEI. The Act (Bill No 27) received Royal Assent on June 12, 2018, during the 3rd session of the 65th General Assembly and the amended Act was proclaimed by order D2018-326, dated October 31, 2018 (*An Act to Amend the Tourism PEI Act*, S.P.E.I. 2018, Cap. 35, to come into force on November 30, 2018). By order in council EC2019-241, dated March 26, 2019, the following appointments were made:

NAME	ADDRESS	ROLE	REPRESENT	TERM DATES	TERM
David Groom	Summerside	Chair	Prince	April 1 2019 – March 31 2023	1 st
Matthew Jelley	Hunter River	Vice Chair	Queens	April 1 2019 – March 31 2023	1 st
Perry Gotell	Georgetown	Member	Kings	April 1 2019 –March 31 2022	1 st
Louise Arseneault	Howlan	Member	Prince	April 1 2019 - March 31 2022	1 st
Claus Schmidt	Kensington	Member	Prince	April 1 2019 – March 31 2021	1 st
Angie Cormier	Wellington	Member	Prince	April 1 2019 –March 31 2021	1 st
Sandi Lowther	Cavendish	Member	Queens	April 1 2019 –March 31 2023	1 st
Derrick Hoare	New London	Member	Queens	April 1 2019 –March 31 2022	1 st
Donna Sentner	Cornwall	Member	Queens	April 1 2019 –March 31 2021	1 st

Tourism Industry Snapshot

PEI welcomed an estimated 1.6 million visitors to Prince Edward Island in 2019, a 2.9% increase over 2018. Estimated tourism expenditures by residents and non-residents were \$505 million.

Overnight stays increased 1.7%, to 1,031,513 from a record high of 1,013,280 in 2017. Campground site nights sold were down -1.8%, while fixed roof room nights sold were up 3.6%.

During 2019, airport traffic was up 3.4% over the 2018 season, ferry traffic decreased by -1.8%, and bridge traffic increased by 2.5% over the 2018 season. Cruise ship passenger and crew visits increased by 29.5%.

In 2019, meetings, conventions, and incentive travel (MCIT) made a significant impact on tourism in PEI. In 2019, the meetings and convention sector attracted 155 meetings/conventions that drew 20,443 delegates, which generated 42,473 room-nights sold.

In the 2019 year, golf as represented through Golf PEI, generated an increase of 4.5% in paid non-member rounds.

Tourism PEI Division Activities

Strategic Initiatives

The Strategic Initiatives Division (SID), is responsible for:

- Tourism research and statistical reporting;
- Product development and investment;
- The development and implementation of industry support programs;
- Federal, provincial and territorial relations;
- Industry liaison (including RTAs, DMOs and sector organizations); and
- Managing regulatory affairs pursuant to the *Tourism Industry Act* (license, occupancy reporting, and water testing) and the *Highway Signage Act* (Tourism Directional Signage, Special Event Signage and On-Premises Signage).

SID is also the lead liaison on intergovernmental affairs including an advocacy role to represent the interests of the tourism industry in key policy areas such as improved air access, tourism- related legislation, labour and immigration issues, and land use matters.

Evaluation, Measurement and Business Intelligence Unit

This unit is responsible for the collection, analysis and communication of information that supports the Department's decision-making process. Specifically, this unit supports the objectives of the Department by:

- Engaging in strategic and operational planning initiatives;
- Working with the Department's senior management team to integrate performance management measures and principles into program activity;
- Establishing and managing performance measurement tools;
- Engaging in primary and secondary tourism research which informs program and policy development (e.g. the evolving needs and expectations of visitors to PEI);
- Collecting, analyzing and communicating tourism-based data (e.g. air, bridge and ferry traffic, occupancy data, website traffic, etc.);
- Supporting the business intelligence gathering efforts of Tourism PEI's marketing division;
- Representing the Department on tourism research-based intergovernmental affairs (e.g. sitting on the Research and Evaluation Advisory Committee for the Atlantic Canadian Agreement on Tourism);
- Managing the procurement and execution of third-party professional services; and
- Developing evaluation frameworks and identifying evaluation metrics.

This unit is also responsible for working with industry stakeholders in conducting research projects related to consumer demand, quality assurance initiatives and new product

development opportunities. The unit actively works to increase research capacity and assist with the transfer of knowledge to industry partners.

Product Development, Investment and Regulatory Affairs Unit

This unit is responsible for:

- Managing opportunities to grow current businesses and attract new tourism development and investment opportunities.
- The professional development of industry partners and operators through the provision and support of training initiatives to ensure the tourism industry on PEI is competitive in the global marketplace. All regulatory functions administered under the authority of the *Tourism Industry Act* and Regulations and the *Highway Signage Act* and Regulations.
- Ensuring that all tourism operators are in compliance with industry standards as prescribed by legislation and regulations.
- Overseeing the investigation of quality standard issues and maintaining a close relationship with industry organizations involved with standards. The unit oversees the contract with Quality Tourism Services (QTS). On behalf of the Department, QTS is contracted to perform the inspections required for the licensing of tourist accommodations.
- Managing contracts with Golf PEI, Meetings and Conventions PEI, Food Island Partnership and all sector partners.

This unit is also responsible for the development and implementation of programs designed to support the expansion of the tourism industry through development of new and enhanced “product offerings” including, but not limited to key product markets such as coastal, golf, culinary, culture, and soft adventure.

This unit was responsible for the following funds in 2019-20:

- The Regional Product Development Fund – This fund has been specifically designed for regional tourism associations to provide support for product development to grow tourism in their area.
- The Tourism Innovation Fund – This fund assists non-profit and sector organizations in the development of tourism products that are directly related to the development of products identified in the P.E.I. Tourism Strategy – i.e. Anne, golf, culinary and festivals.
- The Meetings and Conferences Hosting Grant Program – This fund provides financial assistance to P.E.I. organizations holding national, international, or regional meetings, conventions, or events in the tourism shoulder season.

- The Tourism Website French Translation Program – This fund provides support for website French translation services for tourism operators and tourism non-profit organizations providing product and services to Francophone visitors on P.E.I. The increased French web presence will have a direct and positive impact on the quality and quantity of information provided to possible French visitors about P.E.I. online.
- Signature Events Policy – The goal of this Policy is for Prince Edward Island to continue to host major tourism initiatives through well organized, financially successful events that provide attendees with a first-class, memorable experience. The primary objective is to ensure that the Province and the Island’s tourism sector, receive maximum benefit from the investment of public funds in any major tourism initiatives. A second objective is to ensure consistency and fairness for all proposals brought forward. This fund is open to private and nonprofit sector applications. All risk on these major events are held and guaranteed by the organizers.

During this period, the Department invested in key events that served to drive tourism demand including: Cavendish Beach Music Festival, Fall Flavours Culinary Festival, the PEI Lobster Festival (Souris) and the Rock the Boat Music Festival (Tyne Valley) to name a few.

Industry Standards

The quality of Prince Edward Island’s products and services is essential to the long-term health of the tourism industry.

The *Tourism Industry Act* sets out the operating standards for Prince Edward Island tourism accommodation establishments. On an annual basis every accommodation establishment must pass inspection.

They must also have their water tested quarterly, submit monthly occupancy reports, and pay their annual license fee in order to ensure that the property is in full compliance with the licensing standards set out in the Act.

Tourism PEI contracts Quality Tourism Services (QTS) to inspect and provide water testing support to all accommodation properties. QTS has a strong working relationship with Tourism PEI, and they employ professionally trained inspectors who are knowledgeable in the requirements of the Act.

Tourism PEI is responsible for the licensing of all tourism establishments (accommodations-fixed roof and campgrounds).

Tourism PEI's compliance section supports licensed industry operators by enforcing the Act and works to bring unlicensed operators into compliance. Tourism PEI works closely with industry partners to maintain the quality and standards that are critical to success. This team approach ensures visitors enjoy the best possible vacation, based on quality services and memorable experiences.

Tourism PEI continues to strive toward increasing accessibility for the French-speaking public in order to comply with the Canada-PEI Agreement on French Language Services. Tourism PEI provides reception services in both official languages and several staff are fluent in French or are taking French language training.

Visitor Information and Destination Centres provide services to the traveling public and have bilingual staff available. The Centres continue to improve the level of service with each passing year. In all other venues of Tourism PEI's service to the public, every effort is made to ensure that there is service provided in French by front-line staff.

Under the terms of the Canada PEI Agreement on French Language Services, l'Association touristique Évangéline aux services des Acadiens et Francophones de l'Île-du-Prince-Édouard received funding for its leadership activities on behalf of Francophone and Acadian tourism operators across the province. This Association brings together Acadian and Francophone operators from across the province to better promote the Acadian and Francophone tourism product and the association works to present a united voice to government.

Fall Flavours

In 2019, the Fall Flavours Culinary Festival took place from August 30 to October 6, 2019, and featured over 75 different culinary experiences, including signature events, culinary events, tasting events, and dining events. Signature events featured celebrity chefs partnered with local chefs highlighting quality food experiences, in unique locations, across the Island.

Fall Flavours provides unique culinary experiences during Prince Edward Island's peak harvest season, which interests our target markets. Restaurants across the Island participated in the Dining Program, creating special menus featuring Island food product.

Marketing Communications

The Marketing Communications Division aggressively markets and promotes Prince Edward Island as a premiere vacation destination to its target audience. The division is responsible for consumer advertising & PR, media relations, sales and trade initiatives, visitor services, along with publications and distribution. Customer service centres include the provincially run visitor information and call centres. The division is also the lead for the implementation of the integrated tourism solution (ITS) technology and the Customer Relations Management (CRM) system.

Tourism PEI is a partner in the Atlantic Canada Agreement on Tourism (ACAT), which merges two levels of government and the region's private industry. The partnership allows the province to reach strategic markets in the US (New England and mid-Atlantic), and United Kingdom.

Tourism PEI is also a partner on an Atlantic Growth Strategy (AGS) initiative called Tourism International Market Expansion (TIME). This partnership targets China and Germany. Representatives from all four Atlantic Canada provinces and ACOA are part of this collaboration.

Tourism PEI also actively pursues partnership opportunities with Destination Canada (DC) and others, in joint-venture initiatives to maximize investments in international markets.

Advertising and Publicity

The 2019 marketing creative execution kept focus on industry-defined demand generators of coastal, culinary, culture, golf and outdoor adventure, as identified in the Vision 2021 strategy document. At the same time showcasing the innate "Islandness" to build an emotional connection with the consumer and differentiate from other vacation destinations.

The brand positioning reads as follows: "Prince Edward Island is small in size but incredibly abundant in stunning sceneries, outdoor activities, culinary delights, cultural product, friendly people and authentic experiences. Its size is one of this Island's greatest assets – you are never far away from your next adventure!"

In 2019 we further expanded the Dear Mainlander platform and continued to build the successful campaign line 'Come Find Your Island' from 2018. This foundation serves as a strong invitation and it resonates well with Tourism PEI's target audiences. Keeping the same direction builds brand strength through its reinforcement and repetition.

Our marketing tactics for 2019 included print, digital, social, television and radio media buys and more. The following are a few highlights:

Tourism PEI partnered again with CBC on their broadcast of the third second season of the very successful series 'Anne with an E'. For French television, a program integration with TVA's top morning show Salut Bonjour.

A number of billboards were installed throughout Ontario, Quebec, New Brunswick and Nova Scotia. Transit shelters and transit buses in Montreal, Toronto and Ottawa were also prominent in the 2019 media buy.

Ads also ran in CAA Ontario and CAA Quebec magazines. A custom content integration was executed with the Globe and Mail.

The digital buy was very strong with investments in social, search, programmatic ad buying and retargeting.

Fulfillment

From April 1, 2019 to March 31, 2020

- A total of 21,887 Visitor's Guides were mailed out, of which 3,500 were French guides.
- Between April 1, 2019 and March 31, 2020 there were 2,114,432 sessions to the website and 7,936,956 page views with an average of 3.75 pages viewed per session.
- Visitors spent an average of 3 minutes and 13 seconds on the site.
- Sessions on the Tourism PEI website were mostly from Canada (69.11%) with 327,456 sessions from the United States; 21,141 sessions from France; 14,164 sessions from Japan and 12,970 sessions from the UK.

Trade and Sales

The Trade and Sales section works with industry partners to increase visibility of Prince Edward Island's vacation products through trade, consumer, and media channels.

The section focuses on consumer and trade marketing in the United States, Japan, United Kingdom, Germany and China, with exploratory work beginning in Taiwan. The team also works closely with Canadian trade and receptive tour operators.

Trade and Sales staff build relationships and work closely with numerous trade partners such as tour operators, airlines, motorcoach companies, cruise lines, auto clubs, travel agents and media contacts to promote Prince Edward Island.

The Trade and Sales staff provide an ongoing connection between local tourism operators on the Island and members of the travel trade that have clients visiting Prince Edward Island or are developing new initiatives to encourage and increase new visitors to Prince Edward Island.

During the 2019-2020 fiscal year, the Trade and Sales section participated in the following media events and marketplaces:

- National Tour Association (NTA) – US trade
- Rendez-vous Canada (RVC) – International trade marketplace
- World Travel Market (WTM) – UK trade marketplace
- ITB-Berlin – German trade marketplace
- The Canada/New England Cruise Symposium
- Saltscapes consumer show in Halifax, NS
- AAA consumer show in Maine
- Media events in New York and in UK via ACAT
- Canadian Inbound Tourism Asia Pacific (CITAP) in Vancouver, BC – Receptive tour operators working with Asia market.

The cruise market has become a major contributor of visitors to Prince Edward Island. 2019 was a record-breaking year with almost 128,000 passengers and 55,000 crew, representing a total direct economic impact of just over \$21.7M.

The Trade and Sales staff work closely with the Atlantic Canada Cruise Association to attract cruise ships to Prince Edward Island primarily through joint marketing partnerships with major cruise lines.

Media Relations

The media relations section's goal is to attract quality travel writers, bloggers, influencers, television and online broadcasters and freelancers to Prince Edward Island.

According to an independent media monitoring company, approximately \$3.1M in travel-related media coverage for Prince Edward Island was generated in 2019. Some of the media marketplaces we participated in during the year to ensure quality press trips, familiarization tours leading to media coverage included:

- GoMedia marketplace (international media)
- Canada Media Marketplace (US media)
- Travel Media Association of Canada marketplace (Canadian media)

Digital Marketing

This section of the Marketing Communications division is responsible for marketing assets such as the tourismpei.com website, newsletter and social media sites. It manages the online marketing programs and tools that drive web, mobile and social media usage, email response rates, sales conversion and enhanced consumer experience while driving increased engagement. The digital marketing section ensures a seamless process in executing effective customer relations management (CRM) as part of the overall Tourism PEI marketing strategy. This section also works with the Integrated Tourism System (ITS) technology, including the central reservation system and BookPEI, which is currently under review.

Visitor Information Centres (VIC)

The province operated five Visitor Information Centres: Charlottetown, Borden-Carleton, Wood Islands, Souris and West Prince. The Charlottetown and Borden-Carleton VICs provided services to the travelling public throughout the entire year.

The Cavendish, St. Peters and Summerside VICs operated as Destination Centres in partnership with the Province through the Destination Centre Agreement with their respective regional tourism associations.

Corporate Services

The Corporate Services Division of Tourism PEI is responsible for general administration, financial services, human resources, records management, insurance matters, provincial parks and provincial golf operations.

Provincial Parks and Confederation Trail

Provincial Parks was pleased to report a slight increase in campground visitation during the 2019 camping season. The camping season was cut a few weeks short due to Hurricane Dorian which hit the Province on September 7th and 8th. Dorian resulted in significant tree damage in most provincial parks however, very limited structural damage occurred and thankfully no injuries reported.

Overall, overnight campground visitation was up approximately 1% compared to 2018 based on a total of 41,177 sites sold. Six (6) provincial parks experienced a flat visitation. Cabot Beach reported the largest increase of 8.90% over the previous season. Northumberland showed the largest decrease in visitation, down approximately 5% compared to 2018. In regards to actual site nights sold, Cabot Beach (8,588 nights) and Red Point (8,182 nights) continue to be the most popular campgrounds in the Provincial Park network of campgrounds.

In addition to being enjoyed by Islanders across the Province, our provincial park system of campgrounds and day-use parks are an important component of our Island's tourism industry. Ongoing capital improvements are critical to ensure parks are maintained to a high standard. In 2019-2020, Provincial Parks was pleased to complete a number of capital projects which included a new main washroom at Cabot Beach, renovations to Panmure Island beach washroom and bridge additions at Brookvale.

Provincial Parks continues to coordinate and deliver a variety of summer programs to park visitors including children's activities, nature and outdoor interpretative activities, sport activities and family activities. These programs continue to be well received by park users and greatly enhance their visitor experience. Parks was also pleased to provide lifeguard services on eight provincial park beaches across the province in 2019. This very important service allows Islanders and visitors alike the opportunity to safely enjoy our beautiful provincial park beaches. Provincial Parks has also been able to provide better beach accessibility to all visitors through the purchase of beach mats and floating wheelchairs. See Appendix C Accessibility Chart.

The winter of 2019-20 was quite successful at The Mark Arendz Provincial Ski Park at Brookvale. With the hard work of the snowmaking team, the Alpine facility was able to open on December 21, 2019, one of the earliest openings for the Alpine site in recent memory. Once again, the Brown's Volkswagen Ski School recorded an increase in students for the third consecutive season. Finally at the Alpine site, we were pleased to host the 4th Annual Canadian Ski Patrol Fundraising Night.

The Nordic venue, which opened on December 30, 2019, had a solid 2020 winter season. A number of regional and national biathlon events were hosted which highlighted the

outstanding trail system at the Nordic site. This was the third year Brookvale has offered Fat Biking trails and Fat Bike rentals and the interest in this sport continues to grow.

Unfortunately, The Mark Arendz Provincial Ski Park at Brookvale was forced to close March 16, 2020 as a result of COVID-19. The early closure resulted in a complete loss of revenue for the entire March Break which is typically a very busy week for Brookvale.

As Managers of the Confederation Trail, PEI Provincial Parks recognizes the importance of this unique product to both the provincial tourism industry and the general wellbeing of Islanders. Provincial Parks continues to focus on completing the Lake Verde section of trail as well as finding a suitable solution for a safe connector between the Mount Herbert trail head and the end of the Stratford Trail. Finally, Provincial Parks would like to once again acknowledge the Department of Transportation, Infrastructure and Energy for their outstanding support and commitment to maintaining the Confederation Trail to the highest of standards.

Provincial Golf Courses

Golf is considered one of the pillars of the tourism industry and is therefore, an important piece of the tourism strategy.

The 2019 season saw 35,490 non-member rounds played at the three provincial courses. This represented a slight increase in non-member rounds played over the 2018 season.

For the 2019 season, standard rack rates remained the same and packaged rates were increased slightly. In 2020, our standard rack rate will increase slightly but the packaged rates will remain the same. We will continue to offer four seasons instead of three. The seasons will be as follows: Opening – May 31, June 1 – June 23, June 24 – September 29, and September 30 to close. The prices all vary slightly for these different seasons.

Membership rates did not increase in 2019. In total, there were 453 members:

- 101 full members
- 77 senior members
- 21 intermediate members
- 47 weekday members
- 40 afternoon members
- 12 half season
- 60 junior members
- 23 pre-junior
- 72 Diamond members.

In 2019 there were 107 members that opted to include Dundarave as an addition to their membership. We continued to offer the Trial Membership in 2019. This membership gave people playing privileges from opening day until May 31.

At the end of May, if they decided to purchase a regular membership, the cost of the Trial Membership was applied toward the cost of a season membership. There were 11 people who purchased the Trial Membership and 10 converted into season members.

The Links at Crowbush Cove:

- Opened for the season on May 17th and closed Oct 13th. The course was in terrific condition throughout the season.
- Hurricane Dorian caused the course to close for two days in September. The course survived with little damage; a large number of trees were blown down and the glass railing on the deck of the clubhouse was shattered and needed to be replaced. Most of the fall work that was done was cleanup from Dorian, some planned projects were put off to 2020 because of this.

Brudenell/Dundarave:

- Brudenell opened for the season on May 17th and closed on Oct 13th. Dundarave opened on May 24th and closed on Oct 6th.
- Hurricane Dorian caused the course to close for two days in September. The course survived with little damage - mostly trees to clean up. Fall work that was done was cleanup from Dorian, some planned projects were put off to 2020 because of this.
- Our new practice tee (grass section) opened for play in July.

Financial Services and Office Administration

Financial Services is responsible for budgeting, forecasting, regular expenditure monitoring, and the day to day fiscal management of the Corporation. Financial Services also manages invoicing, receivables, collections, payables, banking, taxes, procurement, and external audits.

Additional responsibilities include records management, *Freedom of Information and Protection of Privacy Act* compliance, contracts, insurance coordination, telecommunications, fleet management, and office administration.

Appendix A

Legislative Responsibilities, Boards and Commissions

Acts

Highway Signage Act

National Park Act

Recreation Development Act

Tourism Industry Act

Tourism PEI Act

Trails Act

Tourism PEI Board

Appendix B

Financial Statements

Tourism PEI

Financial Statements
March 31, 2020

Management's Report

The integrity, relevance and comparability of the data in the accompanying financial statements are the responsibility of management.

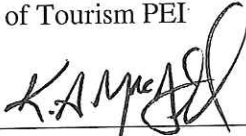
The financial statements are prepared by management in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of the Chartered Professional Accountants of Canada. A summary of the significant accounting policies is disclosed in note 2 to the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current period cannot be finalized with a certainty until future periods.

To meet its responsibility, management maintains a system of internal controls 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. These systems are monitored and evaluated by management.

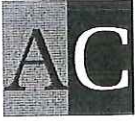
Management is accountable to the Board of Directors of Tourism PEI on matters of financial reporting and internal controls. Management provides the Board with externally audited financial statements annually. The Board also discusses any significant financial reporting or internal control matters prior to their approval of the financial statements.

The financial statements have been audited by ArsenaultBestCameronEllis, independent external auditors appointed by the Board. The accompanying Independent Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements.

On behalf of Tourism PEI



Kent MacDonald
Chief Executive Officer



July 9, 2020

Independent Auditor's Report

To the Minister of Economic Growth, Tourism and Culture

Opinion

We have audited the accompanying financial statements of Tourism PEI, which comprise the statement of financial position as at March 31, 2020, and the statements of operations, changes in net debt and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In our opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Tourism PEI as at March 31, 2020, and the results of its operations and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for Opinion

We conducted our audit in accordance with Canadian generally accepted auditing standards. Our responsibilities under those standards are further described in the *Auditor's Responsibilities for the Audit of the Financial Statements* section of our report. We are independent of Tourism PEI in accordance with the ethical requirements that are relevant to our audit of the financial statements in Canada, and we have fulfilled our other ethical responsibilities in accordance with these requirements. We believe that the audit evidence we have obtained is sufficient and appropriate to provide a basis for our opinion.

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

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian 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.

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

Those charged with governance are responsible for overseeing Tourism PEI's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements. As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of Tourism PEI's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on Tourism PEI's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause Tourism PEI to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

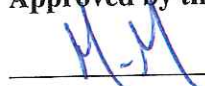
Arsenault Best Cameron Ellis

Chartered Professional Accountants

Tourism PEI
Statement of Financial Position
As at March 31, 2020

	2020 \$	2019 \$
Assets		
Financial assets		
Cash	1,615,377	2,509,141
Accounts receivable (notes 3 and 5)	687,718	786,143
Due from Province of Prince Edward Island	1,137,566	18,179
	<u>3,440,661</u>	<u>3,313,463</u>
Liabilities		
Accounts payable and accrued liabilities (note 5)	3,391,630	3,233,995
Deferred revenue (note 4)	178,666	190,290
	<u>3,570,296</u>	<u>3,424,285</u>
Net debt	<u>(129,635)</u>	<u>(110,822)</u>
Non-financial assets		
Inventory	118,200	98,042
Prepaid expenses	11,435	12,780
	<u>129,635</u>	<u>110,822</u>
Accumulated surplus	<u>-</u>	<u>-</u>
Commitments (note 6)		

Approved by the Corporation



Minister

Tourism PEI

Statement of Operations
For the year ended March 31, 2020

	2020	2020	2019
	Budget (unaudited) \$	Actual \$	Actual \$
Revenue			
Grants from Province of Prince Edward Island	14,658,000	15,843,906	13,980,123
Marketing	615,000	141,690	558,802
Visitor Services	90,000	14,296	87,317
Brookvale Ski Park	450,000	583,175	502,964
Park Operations	1,285,500	1,381,127	1,338,143
Golf Operations	4,070,000	4,100,001	4,093,900
Project funding	-	187,700	-
Book PEI fees	35,000	1,450	33,100
	<u>21,203,500</u>	<u>22,253,345</u>	<u>20,594,349</u>
Expenses (Schedule)			
Finance and Administration	467,700	513,052	452,417
Parks Administration	366,300	390,082	355,404
Park Operations	3,227,900	3,324,696	3,103,166
Brookvale	946,000	1,105,930	1,022,640
Golf Operations	4,290,700	4,374,734	4,381,581
Strategy and Evaluation	3,945,900	4,609,572	3,857,518
Regulation and Compliance	223,700	219,546	210,521
French Services	138,900	140,410	139,488
Digital Marketing	881,900	684,316	789,877
Visitor Services	885,100	908,602	872,550
Advertising and Public Relations	4,269,900	4,428,418	3,833,226
Media Relations/Editorial	316,100	379,703	280,601
Fulfillment	336,700	285,584	307,733
Publications	397,600	362,716	373,591
Travel/Trade Sales	509,100	525,984	614,036
	<u>21,203,500</u>	<u>22,253,345</u>	<u>20,594,349</u>
Operating surplus	<u>-</u>	<u>-</u>	<u>-</u>

Tourism PEI

Statement of Changes in Net Debt For the year ended March 31, 2020

	2020	2019
	\$	\$
Operating surplus	-	-
Acquisition of inventory	(118,200)	(98,042)
Acquisition of prepaid expenses	(11,435)	(12,780)
Consumption of inventory	98,042	135,563
Use of prepaid expenses	12,780	11,230
	(18,813)	35,971
Decrease (increase) in net debt	(18,813)	35,971
Net debt - Beginning of year	(110,822)	(146,793)
Net debt - End of year	(129,635)	(110,822)

Tourism PEI

Statement of Cash Flows

For the year ended March 31, 2020

	2020	2019
	\$	\$
Cash provided by (used in)		
Operating activities		
Operating surplus	-	-
Net change in non-cash working capital items		
Decrease in accounts receivable	98,425	123,153
Increase in due from the Province of Prince Edward Island	(1,119,387)	(10,808)
Decrease (increase) in inventory	(20,158)	37,521
Decrease (increase) in prepaid expenses	1,345	(1,550)
Increase in accounts payable and accrued liabilities	157,635	531,082
Increase (decrease) in deferred revenue	(11,624)	49,148
Net change in cash	(893,764)	728,546
Cash - Beginning of year	2,509,141	1,780,595
Cash - End of year	1,615,377	2,509,141

Tourism PEI

Notes to Financial Statements

March 31, 2020

1 Corporate status

Tourism PEI became a Crown corporation effective March 31, 1999 under the Tourism PEI Act passed by the Government of Prince Edward Island on June 8, 1999. The objectives of Tourism PEI are to carry out tourism related activities of the Province of Prince Edward Island.

The financial results of the corporation are included in the public accounts of the Province of Prince Edward Island.

2 Summary of significant accounting policies

The financial statements of the corporation have been prepared in accordance with Canadian public sector accounting standards established by the Public Sector Accounting Board of CPA Canada. The following is a summary of significant accounting policies used in the preparation of these statements.

Financial instruments

The Corporation's financial instruments consists of cash, accounts receivable, accounts payable and accrued liabilities and due from the Province of Prince Edward Island.

All financial assets and financial liabilities are initially recognized at fair value and subsequently measured at cost or amortized cost

Cash

Cash consists of cash on hand and bank balances.

Due from the Province of Prince Edward Island

Current operations:

Excess revenue (expense) for the year for Tourism PEI is recorded as a reduction (increase) in Grants from Province of Prince Edward Island and as an amount due from the Province of Prince Edward Island.

Inventory

Inventory is valued at the lower of cost, determined using the average cost method, and market. Market is defined as net realizable value.

Revenue recognition and government assistance

Grants from the Province of Prince Edward Island are recorded as revenue when authorized. Revenue from marketing activities is recorded when billed and revenue from Brookvale ski park, park operations, visitor services and Book PEI fees is recorded when earned as services are provided.

Tourism PEI

Notes to Financial Statements

March 31, 2020

Revenue from golf operation is recognized when goods or services are delivered to the customer and ultimate collection is reasonably assured.

Deferred revenue is recorded when fees have been collected but the service has not been delivered.

Expenses

Expenses are recorded in the period in which the related goods and services are consumed except for certain marketing related expenditures recorded in marketing expenses, that are recorded in the period the goods and services are acquired and a liability incurred. In addition, grant expenditures recorded in Strategy and Evaluation expenses are recorded in the period in which the funds are approved for disbursement and a corresponding liability incurred.

Vacation pay and pension liabilities

The staff of Tourism PEI are employees of the Province of Prince Edward Island. Direct costs for employees of the Province of Prince Edward Island allocated to Tourism PEI are charged to the company on a per-payroll basis. Since the staff are employees of the Province, accrued vacation pay and pension obligations are liabilities of the Province and not the corporation and no liability for these costs has been accrued by the corporation as at March 31, 2020.

Management estimates

The presentation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reported amount of assets and liabilities and disclosure of contingent liabilities at the date of the financial statements and the reported amounts of revenues and expenditures during the reported period. Significant items subject to such estimates and assumptions include the valuation of accounts receivable. Actual amounts could differ.

	2020	2019
	\$	\$
3 Accounts receivable		
Accounts receivable (note 5)	380,259	496,038
HST receivable	454,364	422,010
Less: allowance for doubtful accounts	(146,905)	(131,905)
	<u>687,718</u>	<u>786,143</u>
4 Deferred revenue		
	2020	2019
	\$	\$
Gift certificates	88,157	89,743
Prepaid golf passes and other fees	90,509	100,547
	<u>178,666</u>	<u>190,290</u>

Tourism PEI

Notes to Financial Statements

March 31, 2020

5 Related party transactions

During the year, the corporation utilized office premises from a Department of the Province of Prince Edward Island for nil (2019 - nil) consideration.

Tourism PEI utilizes the provincial parks, including Brookvale Ski Park, the provincial golf courses, the provincial day parks and the full service campgrounds, as well as the Visitor Information Centres in carrying out its mandate. Tourism PEI paid rent of nil (2019 - nil) to utilize these facilities.

Included in accounts receivable is \$156,827 (2019 - \$160) due from departments of the Province of Prince Edward Island. Included in accounts payable and accrued liabilities is an amount of \$28,211 (2019 - \$18,153) due to departments of the Province of Prince Edward Island and \$2,879 (2019 - \$88,805) due to provincial Crown corporations.

6 Commitments

- (a) Tourism PEI has entered in various contracts resulting in the following commitments for the next four years as follows:

	\$
Year ending March 31, 2021	783,425
2022	387,487
2023	57,487
2024	51,800

- (b) The minimum annual lease payments required over the next two years under an operating lease for software expiring in October 2021 is as follows:

	Equipment
	\$
Year ending March 31, 2021	5,600
2022	5,600

There is a requirement to pay the corporation's pro rata share, based on rental space, of the operating costs, including property taxes, of the clubhouse premises in Brudenell, which amounted to \$104,636 (2019 - \$84,131).

Tourism PEI

Notes to Financial Statements

March 31, 2020

7 Financial risk management objectives and policies

Tourism PEI's principal business activities result in a statement of financial position that consists primarily of financial instruments. The principal financial risks that arise from transacting financial instruments include credit, liquidity, market and operational risk. Authority for all risk-taking activities rests with the Board of Directors (Board), which approves risk management policies, delegates limits and regularly reviews management's risk assessments and compliance with approved policies. Qualified professionals throughout Tourism PEI manage these risks through comprehensive and integrated control processes and models, including regular review and assessment of risk measurement and reporting processes.

(a) Credit risk

Credit risk is the risk of financial loss to the company if a customer or counterparty of a financial instrument fails to meet its contractual obligations. Credit risk arises primarily from the company's accounts receivable.

Accounts receivable includes trade receivables, HST receivable and other accrued receivables.

Tourism PEI's maximum exposure to credit risk is \$687,718, its carrying value of accounts receivable as noted on the statement of financial position.

Details of the carrying value of accounts receivable that are past due at the financial statement date are as follows:

	Current	Up to 90	Over 90 days	Allowance	2020
	\$	days overdue	overdue	for doubtful	Total
	\$	\$	\$	accounts	\$
Accounts receivable					
Trade receivables	156,858	21,820	39,404	(146,905)	71,177
HST receivable	454,364	-	-	-	454,364
Other receivables	162,177	-	-	-	162,177
	<u>773,399</u>	<u>21,820</u>	<u>39,404</u>	<u>(146,905)</u>	<u>687,718</u>

	Current	Up to 90	Over 90 days	Allowance	2019
	\$	days overdue	overdue	for doubtful	Total
	\$	\$	\$	accounts	\$
Accounts receivable					
Trade receivables	273,084	6,703	113,071	(131,905)	260,953
HST receivable	422,010	-	-	-	422,010
Other receivables	103,180	-	-	-	103,180
	<u>798,274</u>	<u>6,703</u>	<u>113,071</u>	<u>(131,905)</u>	<u>786,143</u>

Tourism PEI

Notes to Financial Statements

March 31, 2020

(b) Liquidity risk

Liquidity risk is the risk that the company may not be able to meet its financial obligations as they come due. Specifically, the company needs to ensure it has adequate resources to repay all accounts payable and accrued liabilities as they come due. The company's approach to manage liquidity risk is to closely monitor its cash flows and forecast the expected receipts and obligations.

The company's financial liabilities total \$3,570,296 and are expected to be repaid within one year.

(c) Operational risk

Operational risk is the risk of direct or indirect loss arising from a wide variety of causes associated with the company's processes, personnel, technology and infrastructure, and from external factors other than credit, market and liquidity risks such as those arising from legal and regulatory requirements and generally accepted standards of corporate behaviour.

The company's objective is to manage operational risk so as to balance the avoidance of financial losses and damage to the company's reputation with overall cost effectiveness and to avoid control procedures that restrict initiative and creativity. The primary responsibility for the development and implementation of controls to address operational risk is assigned to senior management.

(d) Capital management

The primary objective of Tourism PEI's capital management is to ensure that it maintains a healthy financial position in order to support its business. Tourism PEI manages its capital structure and makes changes to it in light of changes in economic conditions.

Tourism PEI

Consolidated Schedule of Expenses by Type
For the year ended March 31, 2020

Schedule

	2020		
	Salaries and benefits \$	Operating Goods and Services \$	Total \$
Finance and Administration	336,211	176,841	513,052
Parks Administration	315,880	74,202	390,082
Park Operations	2,119,215	1,205,481	3,324,696
Brookvale	736,069	369,861	1,105,930
Golf Operations	2,441,069	1,933,665	4,374,734
Strategy and Evaluation	554,663	4,054,909	4,609,572
Regulation and Compliance	202,562	16,984	219,546
French Services	-	140,410	140,410
Digital Marketing	183,603	500,713	684,316
Visitor Services	779,029	129,573	908,602
Advertising and Public Relations	383,933	4,044,485	4,428,418
Media Relations/Editorial	244,944	134,759	379,703
Fulfillment	136,058	149,526	285,584
Publications	156,483	206,233	362,716
Travel/Trade Sales	167,727	358,257	525,984
	8,757,446	13,495,899	22,253,345
	2019		
	Salaries and benefits \$	Operating Goods and Services \$	Total \$
Finance and Administration	266,540	185,877	452,417
Parks Administration	302,366	53,038	355,404
Park Operations	2,020,149	1,083,017	3,103,166
Brookvale	640,016	382,624	1,022,640
Golf Operations	2,417,174	1,964,407	4,381,581
Strategy and Evaluation	434,819	3,422,699	3,857,518
Regulation and Compliance	184,193	26,328	210,521
French Services	-	139,488	139,488
Digital Marketing	282,252	507,625	789,877
Visitor Services	743,155	129,395	872,550
Advertising and Public Relations	379,068	3,454,158	3,833,226
Media Relations/Editorial	151,252	129,349	280,601
Fulfillment	130,769	176,964	307,733
Publications	147,368	226,223	373,591
Travel/Trade Sales	160,864	453,172	614,036
	8,259,985	12,334,364	20,594,349

Appendix C

PEI Provincial Parks Accessibility Chart 2019

ACCESSIBILITY AT PEI PROVINCIAL PARKS 2019						
Property	Supervised Swimming	Designated Parking	Beach Access Ramp	Mobility Mats	Buoyant Beach Wheelchair	Partially Accessible Washrooms
Brudenell	✓ Pool					✓
Red Point	✓					✓
Northumberland	✓					✓
Panmure Island	✓					✓
Kings Castle				✓		✓
Basin Head	✓	✓		✓	✓	✓
Pinette						✓
Wood Islands						✓
Sally's Beach						✓
Linkletter						✓
Cedar Dunes	✓			✓	✓	✓
Jacques Cartier	✓		✓		✓	✓
Cabot Beach	✓		✓	✓	✓	✓
Union Corner						✓
Chelton Beach	✓					✓
Argyle Shore						✓
Bloomfield						✓
Strathgartney						✓
Bonshaw						✓
Mark Arendz Ski Park						✓
* Partial as advertised in Visitor Guide						



Beauty doesn't have an expiry date.

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