

A woman with a braid, wearing a black tank top, denim shorts, and blue gloves, stands in a field of tall grass. She is holding a black crate filled with green beans in her right arm and a shovel with a yellow handle in her left hand. The background is a soft-focus forest with sunlight filtering through the trees.

TRAVEL ALBERTA 2021-2022 ANNUAL REPORT

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Front Cover: Forage and Farm, Millarville
Travel Alberta / Hubert Kang



McMurray Aviation, Fort McMurray
Travel Alberta / Hubert Kang

MESSAGE FROM THE BOARD CHAIR

Travel Alberta's 2021–22 Annual Report details another tumultuous year in tourism, one of continued health restrictions and disruption to international travel due to additional waves of the pandemic. However, the reopening of the border to international visitors, Federal programming to support tourism businesses and a strong rallying cry from the industry signal an optimistic outlook.

The economy continued to face ambiguity and fluctuations due to the continued waves of COVID-19. The labour challenges in the hospitality industry created capacity and customer service issues for hotels, restaurants, and other businesses. Entrepreneurs adapted to the uncertainty by changing their operating hours, keeping patios open year-round and scaling back housekeeping service on multi-day stays. Many businesses took this time to shift their business models, expanding their offerings and investing in product development.

Travel Alberta's 2021-24 Bootstrap Plan has provided a plan on how to recover the tourism industry and set the stage for future growth. Shifting to a destination management organization and considering all the new areas that Travel Alberta can influence growth has meant a reimagining of our role within the industry.

This is something Travel Alberta's new CEO, David Goldstein, has not taken lying down. He has jumped into his role as a fierce supporter of the tourism industry. A commitment that has seen him travel the province to get to know industry partners and understand first-hand the challenges they face every day.

As you will see in this report, Travel Alberta has focused on providing investment support to industry partners, getting them the funding to continue to operate while at the same time providing a vision for the future. Acting as a convenor and connector, Travel Alberta's team has worked tirelessly with key destination organizations and partners to collaboratively weather the storm of the pandemic. This foundation, which has been fostered over the year, will continue to prove valuable as the industry builds back even stronger.

With travel restrictions lifting and international travel resuming, we can set our sights on the next three years and into the future. This is an exciting time in tourism, and I am consistently inspired by the creativity and tenacity that businesses have shown. The work Travel Alberta and our partners have done over the past year means that Alberta is positioned to welcome back visitors from across the world.



A handwritten signature in dark ink, appearing to read 'Linda A. Southern-Heathcott'.

LINDA A. SOUTHERN-HEATHCOTT

BOARD CHAIR
TRAVEL ALBERTA BOARD OF DIRECTORS

MESSAGE FROM THE CHIEF EXECUTIVE OFFICER

No one could have anticipated the devastating and ongoing effect of the pandemic on the visitor economy. What started as a few weeks of restrictions is moving into the third year of COVID health and travel precautions. While the pandemic continues to cause challenges for the travel industry, Travel Alberta and tourism industry advocates have worked tirelessly to help the industry move toward recovery.

In 2019, Alberta's visitor economy was a \$10.1 billion industry supporting nearly 82,000 jobs and approximately 24,000 tourism businesses. And while domestic visitation helped to keep Alberta businesses open during the summer, we need to attract travellers from international markets to see a recovery of the industry to 2019 levels by 2024.

Travel Alberta launched the Bootstrap Plan last year and since then, we have worked closely with tourism businesses and destination marketing organizations across the province to support our partners and pave the way for future growth. Travel Alberta invested almost \$30 million in programs and partnerships to expand available tourism offerings across the province.

As always, I am amazed by the dedication, resiliency, and passion of Team Alberta. Tourism is a business of personal connections. I toured many of Alberta's unique destinations throughout the

past year, as restrictions allowed meeting with operators and local tourism champions from almost 50 businesses and organizations in 15 communities across the Canadian Badlands and West Central Alberta. I will continue to tour the province to observe the challenges partners face first-hand, including hosting tourism town halls with the Tourism Industry Association of Alberta to hear from tourism businesses in their communities.

We continue to ensure a safe and productive environment within the organization while respecting fluctuating health restrictions. We have returned to the office with the help of updated technology and collaboration tools. As we modernize our processes and systems to allow for organizational efficiency, we also launched a framework to make meaningful progress toward our commitment to Reconciliation, Equity, Diversity, and Inclusion (REDI) values within the organization. As an organization, we are committed to this work and continue to build on it as we lean into the sustainable development of the tourism industry.

The resilience and commitment of the team to deliver on the Bootstrap Plan have been key to the successes realized in this first year. These results instill optimism for the future of our industry. Enhancing and developing visitor experiences in all corners of the province bolsters Alberta's competitive advantage as we continue down the path to recovery.



A handwritten signature of David Goldstein in black ink, written on a light-colored background.

DAVID GOLDSTEIN
CEO OF TRAVEL ALBERTA

EXECUTIVE SUMMARY

One year into the Bootstrap Plan, Travel Alberta is coming into its own as the province's destination management organization. We see positive shifts in collaboration across the industry through strengthened and deepened partnerships as the organization leans into its expanded role as a driver, partner, and convener of Alberta's tourism industry.

The Team Alberta approach was vital to successes realized this year. Establishing stakeholder groups positioned Travel Alberta as the industry convener. A three-year partnership agreement with Indigenous Tourism Alberta demonstrated Travel Alberta's commitment to reconciliation and fostering economic and social outcomes for Indigenous communities. And meeting with operators and local tourism champions from across the province to understand their challenges and opportunities is integral to working with them collaboratively.

As the pandemic continued to challenge the travel industry, Travel Alberta again prioritized rapid and significant industry support, investing almost \$30 million in tourism investment programs and partnerships to sustain tourism businesses and destination organization operations.

Through the cooperative investment fund, Travel Alberta delivered \$6 million in support to small and medium-sized businesses to help them overcome challenges experienced during the pandemic. Thirty-eight per cent of summer intake funding was directed to rural areas.

In response to the severe and ongoing impacts of COVID limiting business recovery, the organization provided \$5 million to Explore Edmonton and Tourism Calgary, and distributed nearly \$1.2 million in additional COVID relief funding to small and medium-sized DMOs to retain key staff and maintain operations.

In addition, Travel Alberta invested just over \$5.5 million to build tourism infrastructure for the future, including 10 Indigenous tourism projects. Travel Alberta was able to leverage over \$11 million in private sector capital resulting in a leverage ratio of 1:2.8. The additional \$1.6 million supported 30 tourism businesses to invest in new assets to pivot or grow their business offerings.

Travel Alberta responded promptly to the needs of the industry through a start and stop environment which saw early recovery indicators in the first half of the year before covid restrictions were reinstated. Our largest-ever domestic summer marketing campaign in collaboration with key partners across the province created 290,000 leads to Alberta tourism businesses. Regional visitors (Albertans travelling around the province) helped to soften the economic blow caused by the pandemic, but international visitors are essential to future revenue generation and industry sustainability.

In the winter of 2021, Travel Alberta re-entered the U.S. market, strategically targeting Texas, California, and New York as border restrictions eased. Travel Alberta worked closely with airline partners to re-establish key routes to enable access from these markets with more than \$6.5 million of support. \$4.125 million was also provided to NorthStar DMO partners to restart major meetings and events.

Unfortunately, the arrival of Omicron in the fall once again set the industry back. Moving into 2022-23, however, there is optimism that the industry is on the path to recovery and ready to embrace pent-up demand because of the work done this past year that addressed both immediate and future needs.

Travel Alberta made significant progress despite another year of uncertainty and volatility, and the work achieved together helped the industry retrench. Because of these collective efforts, the industry is positioned to advance into the refresh stage next year.

FISCAL YEAR AT-A-GLANCE



WHO WE ARE

Travel Alberta acts as convener for regional destination organizations, businesses and economic development organizations who make up the visitor economy. Together, we lead, influence and coordinate destination development and promotion activities, taking into account the needs of visitors, residents, businesses, and the environment.

Travel Alberta is responsible for the development and promotion of Alberta's tourism sector in alignment with the priorities of the Government of Alberta. Specifically, Travel Alberta contributes to the strategic direction of the Department of Jobs, Economy and Innovation (JEI) to support the recovery of the Alberta economy through the following objective stated in its business plan:

Continue to support the recovery of Alberta's tourism sector by developing and implementing policies and programs with Travel Alberta to position the sector for growth.

WHAT WE DO

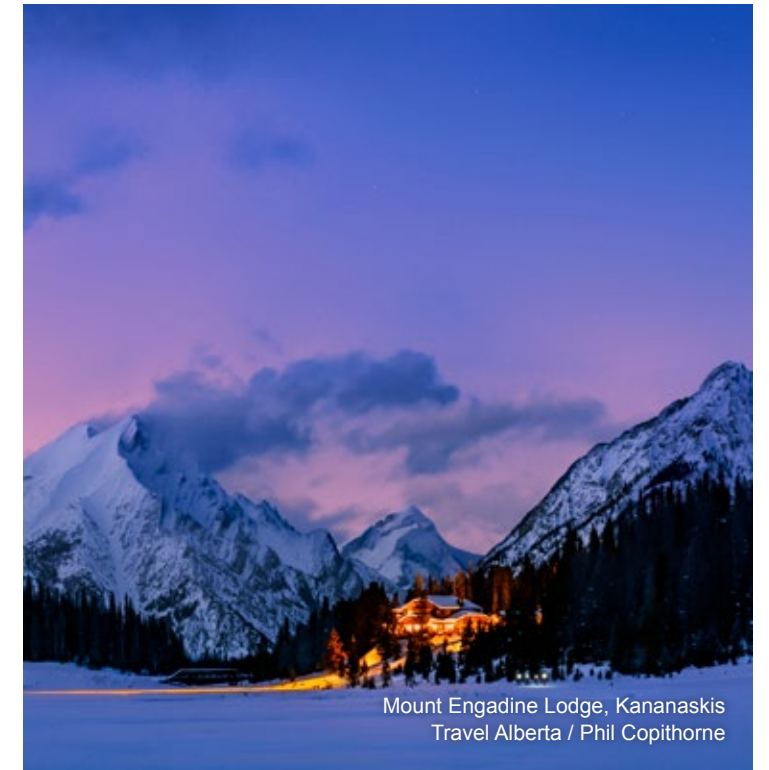
Travel Alberta is the destination management organization of the Government of Alberta. In accordance with the *Travel Alberta Act*, Travel Alberta drives the growth of the province's visitor economy, creating and promoting must-visit destinations throughout the province. We do this by helping businesses develop memorable products and experiences, marketing those products and experiences to the world, and ensuring visitors have access to them. Travel Alberta directly supports communities, businesses, and entrepreneurs – increasing jobs, growth, and economic diversification.

Specifically, Travel Alberta:

- ▶ markets tourism assets, attractions and opportunities present in Alberta in domestic, national, and international markets,
- ▶ promotes the development and growth of the tourism industry in Alberta to increase revenue and employment in, and the economic benefits generated by, the industry,
- ▶ promotes Alberta as a destination for tourists and other visitors,
- ▶ assists Alberta communities and tourism industry operators to develop and market their products,
- ▶ provides visitor services, and
- ▶ exercises or performs any other powers, duties and functions authorized by the Lieutenant Governor in Council.

WHY WE DO IT

Tourism is often thought of as happening elsewhere, yet it starts and ends at home. As an industry of connection, it contributes to welcoming, inclusive and vibrant communities. It contributes to the quality of life in terms of entertainment, experiences and amenities. And it contributes to the social fabric of our everyday lives from GDP contributions generated by visitor spending.



DESTINATION MANAGEMENT ATTRIBUTES

Destination management is a process of leading, influencing and coordinating the management of all the aspects of a destination that contribute to a visitor’s experience, considering the needs of visitors, residents, businesses, and the environment.



Painted Warriors, South of Sundre
Indigenous Tourism Alberta / Roam Creative



LEADERSHIP AND COORDINATION

As Alberta’s provincial destination management organization, Travel Alberta is responsible for leading a coordinated approach to grow and sustain the visitor economy. At a time when our sector has been disproportionately impacted by the COVID-19 global health pandemic, leadership and alignment will be paramount to Alberta’s success as we move through recovery and toward future growth.



STRATEGY/RESEARCH AND ANALYSIS

Leading the way through recovery will require a strategic and insights-based approach. Travel Alberta utilizes the most relevant, up-to-date research available and is regularly compiling and monitoring information to help inform business decisions and keep our tourism partners up-to-date.



PARTNERSHIP AND TEAM BUILDING

Ensuring Alberta captured more than our fair share of pent-up demand means strategically working together with our tourism and government partners as Team Alberta to leverage opportunities and create efficiencies across all lines of business.



COMMUNITY AND STAKEHOLDER RELATIONS

Travel Alberta is proud to work shoulder to shoulder with our tourism partners in all regions of the province to inform, educate and collaborate on initiatives to drive business success, create jobs for Albertans and stimulate economic growth in communities in every corner of the province.



VISITOR EXPERIENCE MANAGEMENT

Now that we can once again welcome visitors from the rest of Canada and around the world, visitor experience management can help inform visitors of the many hidden gems and undiscovered destinations Alberta has to offer. This includes dispersing visitation from our iconic destinations and major urban centres to rural areas through a corridors and clusters strategy.



MARKETING AND PROMOTION

Ensuring Alberta is top of mind for visitors considering their travel options will be imperative to recovering Alberta’s visitor economy. Travel Alberta will lead the development and implementation of a strategic, aligned and collaborative approach that will capitalize on Alberta’s reputation for diversity of place, attract high-value visitors and encourage them to come back again and again throughout their lifetime.



TRADE AND DISTRIBUTION

The breadth of the tourism industry contributes to the diversification of Alberta’s and Canada’s economies, strengthening domestic economic activities and fueling international trade activities. We must resume and continue our efforts – interrupted by the global pandemic – to capitalize on links between tourism and trade operators in key markets. This will support sustainable tourism development and power job creation to benefit Albertans and communities throughout the province.

KEY STAKEHOLDERS

Alberta's tourism industry is an interconnected and multidimensional network, comprising nearly 24,000 tourism businesses and supported by communities, industry associations, Indigenous groups, and all orders of government.

Travel Alberta works with stakeholders throughout the province to align strategic priorities and investment activities. Key stakeholder groups include:

ALBERTA NORTHSTAR GROUP

Travel Alberta meets monthly with destination organizations representing mountain communities and the province's two largest cities to align strategic plans and discuss current challenges and horizon issues.

- Members: Explore Edmonton, Tourism Calgary, Banff and Lake Louise Tourism, Tourism Jasper and Tourism Canmore Kananaskis. This group also includes representatives from Indigenous Tourism Alberta (ITA) and the Tourism Industry Association of Alberta (TIAA).

ALBERTA CONSTELLATION GROUP

Travel Alberta meets quarterly with destination organizations representing smaller and rural centres outside of the Rockies and major cities on areas of mutual interest.

- Members: Tourism Red Deer, Tourism Lethbridge, Tourism Medicine Hat, Fort McMurray Wood Buffalo Economic Development & Tourism and Grande Prairie Regional Tourism Association.

INDIGENOUS TOURISM ALBERTA (ITA)

Travel Alberta works closely with ITA to support the development and promotion of Indigenous tourism experiences and communities. A representative from ITA is a member of the NorthStar Group.

TOURISM INDUSTRY ASSOCIATION OF ALBERTA (TIAA)

Travel Alberta works with the Tourism Industry Association of Alberta to support the tourism industry. A representative from TIAA is a member of the NorthStar Group.

INDUSTRY ADVISORY COMMITTEES

Travel Alberta meets twice a year with advisory committees composed of business leaders from across the province. Members of the Marketing Insights Advisory Committee and the Access and Product Development Advisory Committee provide a business perspective on Travel Alberta's strategies and plans.

GOVERNMENT AND INDUSTRY STAKEHOLDERS

Travel Alberta works closely with the Government of Alberta and municipal and federal tourism entities to ensure strategic and program alignment. Travel Alberta also consults with sector associations (such as the Alberta Hotel and Lodging Association and the Alberta Hospitality Association) and airlines and airports on areas of collaboration.



Métis Crossing, Smoky Lake
Travel Alberta / Hubert Kang

TRAVEL ALBERTA'S 2021-24 BOOTSTRAP PLAN

Travel Alberta's 2021-24 Bootstrap Plan is a three-year, data-driven framework to accelerate the rebuild of Alberta's visitor economy and spur future growth. The plan prioritizes the immediate needs of partners while positioning the province for a prosperous future by focusing efforts on three strategic priorities: Marketing, Access and Place.

To support its new mandate as a destination management organization Travel Alberta received an additional \$63 million over three years on top of baseline funding to enhance and grow visitor products and experiences, of which \$3.75 million has been allocated to Indigenous tourism. These additional investments have allowed Travel Alberta to support economic recovery through the delivery of coordinated programs and services and position Alberta for strategic, responsible and sustainable growth. In 2021-2022, Travel Alberta provided rapid and significant industry support, investing almost \$30 million in new programs and partnerships to sustain tourism businesses and destination organization operations and enable future growth.

The following sections outline key highlights of learnings and work accomplished through destination development and promotional activities.



The Yard, Medicine Hat
Travel Alberta / Chris Amat

STRATEGIC CONTEXT

Border closures and health and safety regulations from COVID continued to disrupt the international travel and tourism landscape in 2021. According to the United Nations World Tourism Organization, the collapse of international travel represents an estimated loss of \$1.3 trillion USD in export revenues—more than 11 times the loss recorded during the 2009 global economic crisis¹. The pandemic impacted between 100 and 120 million direct tourism jobs worldwide, many small and medium-sized businesses reliant on tourism for their livelihood.

In 2020, international travel decreased significantly globally, only partly offset by increased regional (domestic) travel as people stayed closer to home. Worldwide, domestic guest nights grew from 70 per cent in 2019 to 88 per cent in 2021². While domestic travel receipts softened the economic blow to the sector, total revenue remained low as regional visitors spend four times less than international visitors.

In 2021, global international tourism experienced a 4 per cent increase, 15 million more international tourist arrivals (overnight visitors) compared to 2020. However, according to preliminary estimates, international arrivals were still 72 per cent below 2019. The slight increase in demand was driven by improving visitor confidence due to rapid vaccination progress and the easing of entry restrictions in many destinations, like Canada opening borders to vaccinated U.S. visitors in August and vaccinated international visitors in September³.

In 2019, tourism spending increased in value from \$8.2 billion to \$10.1 billion because of a change in methodology for determining domestic tourism spending, which now includes expenditures at the origin of the trip and air transport in Canada. The visitor economy contributed \$8.4 billion to Alberta's GDP resulting in 82,000 tourism-related jobs.

In 2020, tourism spending was estimated to have fallen by 43 per cent year-over-year, representing an estimated 23 per cent loss in tourism-related jobs. While forecasts indicate that spending improved in 2021 by 15 per cent year-over-year, spending remains 34 per cent lower than 2019 levels. These figures do not account for spending at the origin of a visitor's trip or commercial airfares in Canada.

ALBERTA'S ECONOMIC RECOVERY

Alberta's economy expanded by an estimated 5.8 per cent in 2021, with nearly all sectors of the economy rebounding⁴ and one of the strongest bounce-backs among the provinces. Recovery is partially linked to higher world oil prices, which the Conference Board of Canada expects to remain elevated in 2022⁵. The earlier forecasted growth rate of 7.7 per cent was not achieved due primarily to a slower than anticipated pace of reopening.

Alberta's real household spending recovered by 7.3 per cent in 2021, already surpassing 2019 levels in the second half of the year⁶. This was 1.3 per cent higher than forecast and mainly due to better-than-expected job gains, government support programs, and rising inflation stemming from a combination of global supply chain constraints and pent-up consumer demand. This was slightly behind Canada's real household spending, which rose 8.3 per cent in 2021⁷. Significant gains in Canadian household spending on food and beverage services and clothing in 2021 reflected the re-opening of the economy as activities outside the home increased⁸. Total household consumption expenditure in Canada experienced year-over-year growth of 5 per cent. In contrast, the food, beverage and accommodation services sector saw a more robust year-over-year growth of 15 per cent in 2021.

¹ UNWTO 2020: Year in Review

² Oxford Economics, Global Travel Service (October 2021)

³ UNWTO 2021: Impact Assessment of the COVID-19 Outbreak on International Tourism

⁴ Alberta 2022 Budget, Economic Outlook

⁵ The Conference Board of Canada, Alberta Two-Year Outlook (April 1, 2022)

⁶ The Conference Board of Canada, Alberta Two-Year Outlook (April 1, 2022)

⁷ Statistics Canada, Household actual final consumption, 2021

⁸ Gross Domestic Product, income and expenditure, fourth quarter 2021

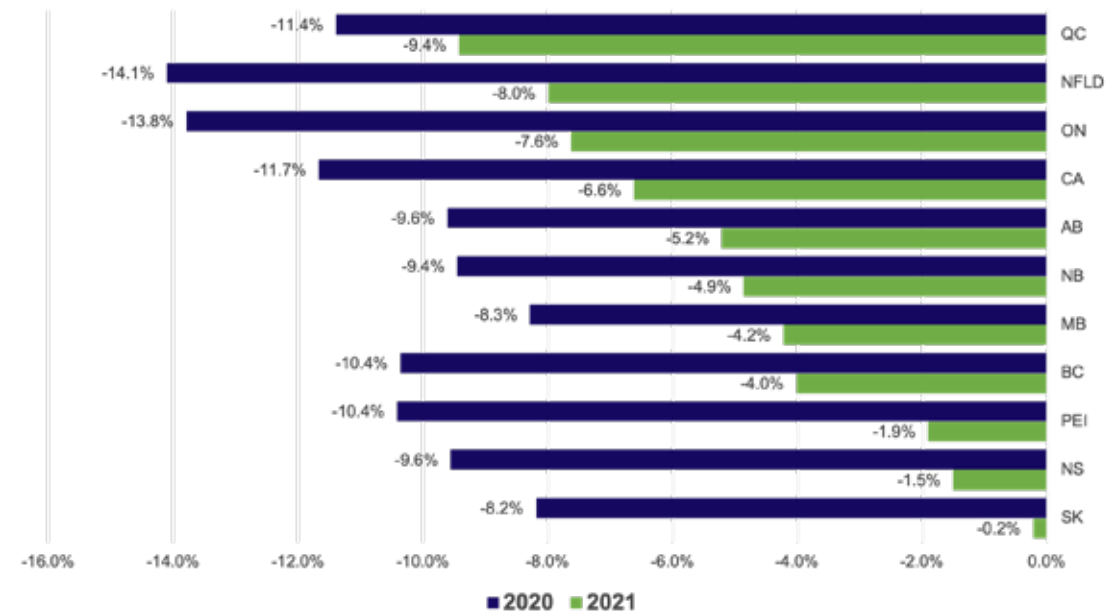
ACTIVE TOURISM BUSINESSES

In 2020, the number of active tourism businesses, defined as those reporting having one or more employees in any given month, declined by 10 per cent, with half being recovered in 2021⁹. This is an early but positive indicator that Alberta businesses are resilient and well-positioned to match the recovery of other provinces as the economy rebounds.



Active Tourism Businesses by Region

2021 and 2020 compared to 2019



Source: Statistics Canada, Business Openings and Closures

⁹ Statistics Canada, Business Openings and Closures (May 30, 2022)

LABOUR AND BUSINESS IMPACTS

With the reopening of the economy and the rebound in oil prices, Alberta's employment reached pre-pandemic levels in September 2021 and continues the solid momentum by leading the country in jobs growth. However, in 2021, the tourism sector continued to be suppressed by COVID-19, with employment growing only slightly, by 2 per cent compared to 2020, but still more than 20 per cent below 2019 levels.

Emerging from the pandemic, the labour force across all geographies and industries have been experiencing a severe shortage of skilled

and unskilled workers. In Alberta, a similar trend is visible, with the labour force participation rate dropping from 71 per cent in 2019 to 69 per cent in 2021. The pandemic has been particularly harsh on Albertans aged 55 and over, with a portion of them opting for early retirement¹⁰.

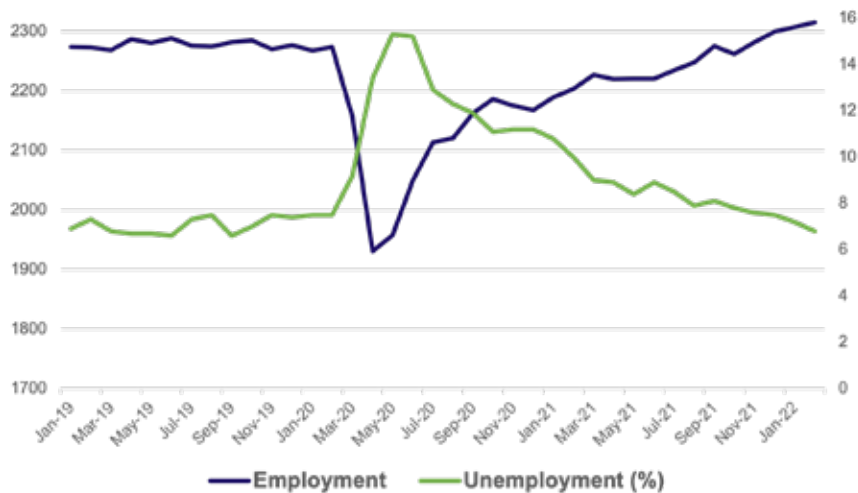
A look at the tourism industries in the province reveals that the accommodation industry was the hardest hit, with 2021 employment still down 42 per cent from 2019. Employment in the Travel services industry, which employs a smaller workforce, was nearly 50 per cent below its pre-pandemic level this past year. The food and beverage services and the transportation industries bounced back slightly from

their 2020 levels in terms of employment but are still below their pre-pandemic levels by more than 15 per cent. Employment in the Recreation and entertainment industry in the province was 20 per cent lower than the pre-pandemic level.

While overall jobs and economic growth trends are positive, the continued decline of the tourism labour force makes it difficult for businesses to recruit and retain employees, raising concern for the industry's long-term recovery¹¹.

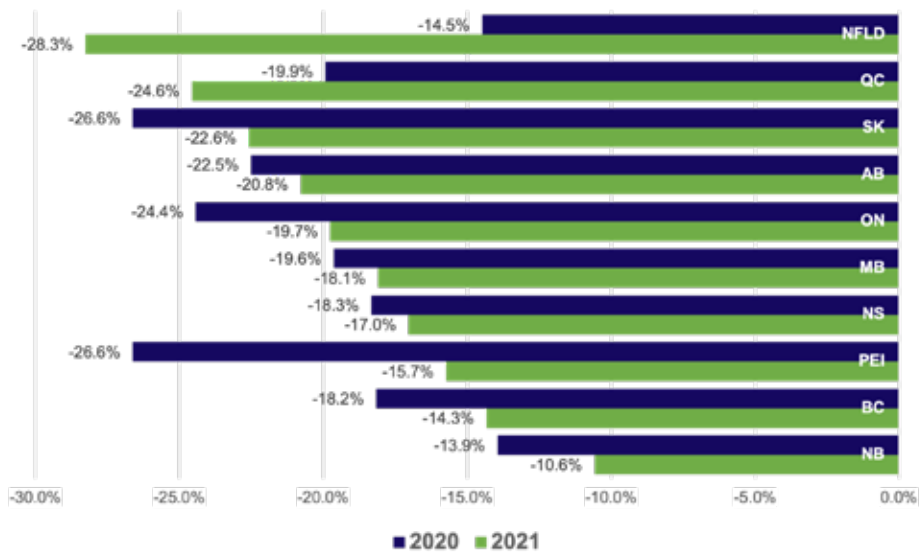
¹⁰ The Conference Board of Canada, Alberta Two-Year Outlook (April 1, 2022)
¹¹ Tourism HR Canada, Tourism Employment Tracker (January 2022)

Employment surpasses 2019 levels in 2021
(Employment and Unemployment %)



Source: Statistics Canada, Labour Force Survey

Tourism Employment by Region
2021 and 2020 compared to 2019



Source: Statistics Canada, Labour Force Survey

TOURISM PERFORMANCE

Early indicators suggest an increase in visitor spending of 15 per cent in 2021 compared to 2020 and visitation reaching nearly 24 million, primarily driven by the domestic market¹². International visits remained low due to border closures and travel regulations, specifically testing requirements; however, Canada has the reputation of being a safe destination given the high vaccination rates and wide-open natural spaces, making the destination desirable as international travel rebounds in 2022 and beyond.

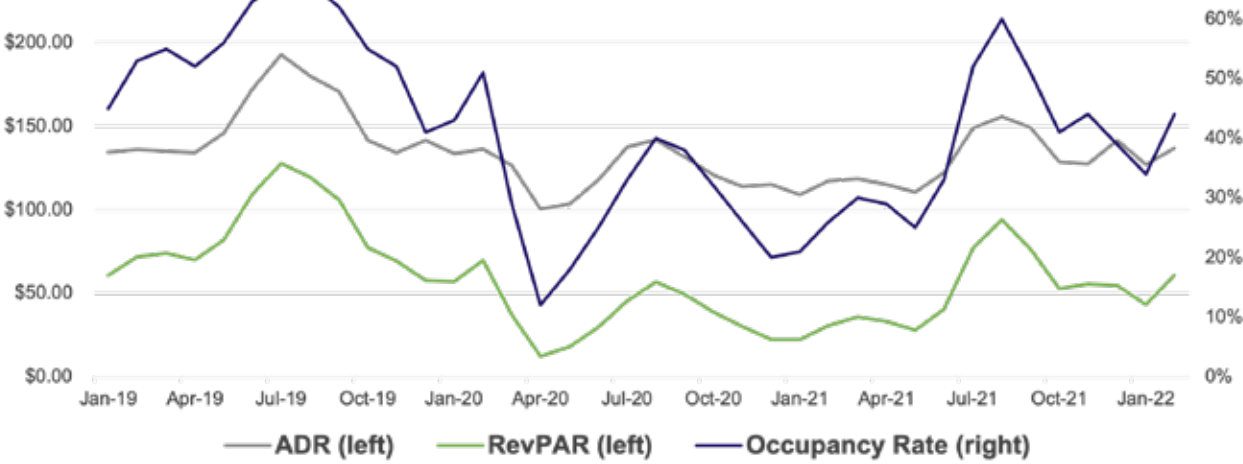
Recovery has not been even across the province, with major urban centres and the Canadian Rockies recovering more slowly. Although the Canadian Rockies destinations had substantial visitor volumes, they continued to suffer significantly, with 2021 revenues estimated to be 50 per cent below 2019 without international visitors who spend more and stay longer. The major urban centres remain approximately 40 per cent below 2019 primarily due to the slow return of business travel and leisure visitors who favour wide-open spaces and less populated areas. Conversely, more rural regions like Southern Alberta recovered to 11 per cent below 2019 levels, followed by Central Alberta at 19 per cent and Northern Alberta at 31 per cent below 2019.

Alberta's total inbound air passengers were down 61 per cent compared to 2019, 10 points ahead of the national average, which was down 71 per cent. International air passengers in 2021 were down 82 per cent compared to 2019, mainly due to Canadian borders being closed until August for the U.S. and fall for all other countries. Travel slowed, however, with the emergence of Omicron shortly after borders reopened in the fall, and many countries reimposed restrictions. Travel from within Canada saw a more significant improvement, but volumes were still 52 per cent below 2019 levels¹³.

¹² Travel Alberta estimates based on preliminary spend data. Official Statistics Canada 2021 visitation and visitor spend data will be available in spring 2023.

¹³ DIIO, Cirium air ticketing database

Alberta Hotel Data 2019-2021



Source: STR

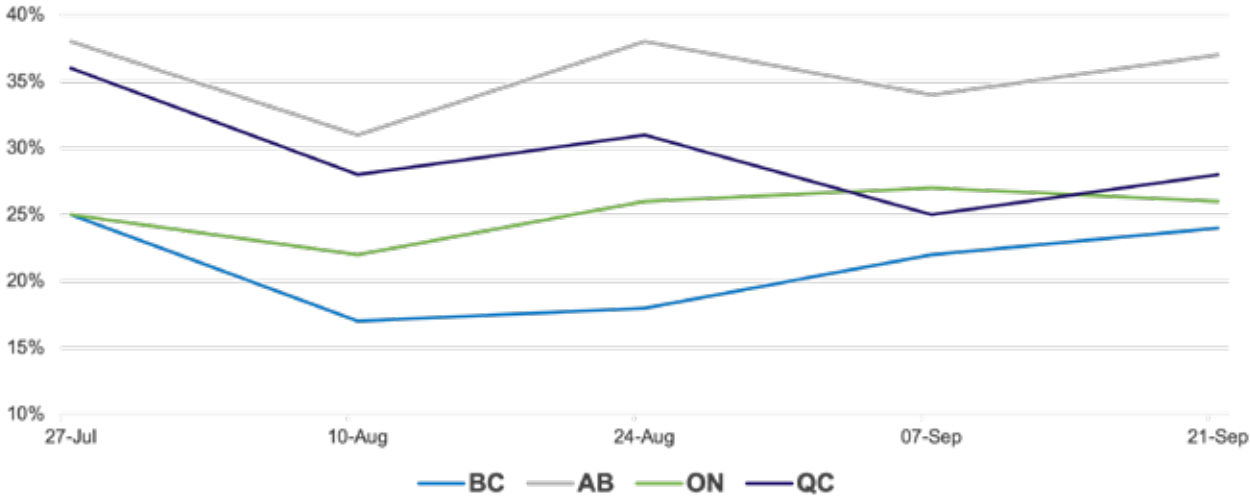
Alberta’s removal of most restrictions in time for summer coupled with being the most welcoming to visitors compared to citizens of other provinces were the primary drivers of Alberta’s summer hotel performance, with significant improvement in Occupancy Rates compared to 2020. While occupancy is a standard measurement, the more telling figure is the revenue per available room – how much money a hotel can generate for every room, whether filled or not, which peaked in August at 80 per cent of pre-pandemic levels.

While summer performed very well, annual average occupancy rates only increased by 7 points to 38 per cent year-over-year and remained 18 points below 2019. Average Daily Rates (ADR) are lagging due to the slow return of high-yield international and business travellers. Annual ADR only increased by 5 per cent year-over-year to \$133.57 and remains 13 per cent below 2019¹⁴. Total revenue growth achieved 31 per cent year-on-year. While the collection of the tourism levy was abated in 2021 to support Alberta accommodation recovery further, it is estimated that it would have been \$62 million¹⁵.

In 2021, outdoor recreation was a popular choice, with National Park attendance exceeding 2019 by 13 per cent and Alberta Parks campsite reservations more than double 2019. Alberta’s restaurants made ground towards recovery, with receipts for food service and drink places reaching nearly 90 per cent of 2019 levels. However, attractions have longer to go based on museum and historic site visits, which have only recovered to 40 per cent of 2019 levels.

As mentioned above, Albertans have been the most welcoming to visitors compared to citizens of other provinces. Even amidst a COVID wave in the fall, Albertans were eager to welcome U.S. and international visitors back¹⁶.

Albertans The Most Welcoming to U.S. Visitors



To what extent do you agree or disagree with each of the following statements? "I would welcome visitors travelling to my community...."
Source: Destination Canada Resident Sentiment

¹⁴ Smith Travel Research Inc. (STR)

¹⁵ Alberta 2021 and 2022 Government of Alberta Budget, Fiscal Forecast

¹⁶ Destination Canada Resident Sentiment (July 27, 2021 – September 21, 2021)

TOURISM INDUSTRY CHALLENGES

While summer 2021 initially indicated some positive progression, the Omicron variant spurred a wave of pandemic lockdowns and consumer uncertainty through the fall and winter. Businesses surveyed by the Tourism Industry Association of Alberta in March 2022 indicated they are still facing several challenges:

- ▶ COVID has continued to negatively impact businesses, with three in four (75 per cent) of the organizations indicating that the impact has remained extremely or somewhat negative.
- ▶ The biggest concerns heading into 2022 include potential shifts in COVID-related restrictions, labour supply shortages, rising input costs, and uncertainty with the rate of return of visitors.
- ▶ Most organizations are operating with at least 60% of staffing levels from pre-pandemic. Other challenges exist, such as shortages of suitable labour, lack of accountability with new hires, lack of returning former employees, and the impact of government subsidies. The Food and Beverage industry appears to be hit the hardest.
- ▶ About half of the organizations have taken on COVID-related debt, with 34% of those increasing their debt by over 50% from 2019. Most believe they will be able to pay off the debt at some point, but about one-in-five are unsure how they will service their debt in the future.

While there are positive indicators for Alberta's economy and tourism industry, businesses and destination organizations are likely to require continued support for the next few years as they work to regain market share and raise visitation to 2019 levels.

REPORT ON RISK MANAGEMENT

Travel Alberta's Enterprise Risk Management policy drives risk management activities and establishes appetites and boundaries for risk-taking at all levels of the organization. A detailed risk register tracks enterprise risks semi-annually in alignment with the

Government of Alberta's common risk management framework. Our Enterprise Risk Management program is supported by operational risk and information technology risk assessments and a procurement risk management program to provide reporting to our Executive and Board of Directors.

The key risks faced by Travel Alberta in 2021-22, including details regarding the mitigation strategies to address them, are below:

RECOVERY AND EXPANSION OF THE TOURISM SECTOR

The Alberta tourism industry can diversify offerings and the supporting infrastructure (e.g., aviation, accommodation, roads) to continue to attract and sustainably grow the visitor economy. Access to land and the ability to develop products and experiences that attract high-value travellers can be onerous to both our industry partners and organizations looking to make investments. Reducing these barriers is vital to supporting the economic recovery of our industry and the province.

To mitigate this risk, Travel Alberta is committed to working with our partners and stakeholders to promote Alberta as a prime tourism investment destination while identifying sector challenges and services and programs required to spur investment. We are engaging with economic development organizations, municipalities, and other stakeholders to foster a unified and aligned tourism investment and innovation approach.

EVOLVING TRAVELLER AND STAKEHOLDER SENTIMENT AND BEHAVIOURS

Stakeholder, team member, and traveller expectations are constantly evolving and accelerated in many ways due to the pandemic. Economic, social, and environmental conditions have shifted quickly and significantly along with the traveller's expectations and behaviours. Growing research indicates that travellers are

prioritizing sustainable, responsible, and safe destinations and experiences that demonstrate a commitment to the preservation of local communities and culture and environmental sustainability.

To mitigate this risk, Travel Alberta has partnered with industry organizations to gather data on the sector needs to develop and share analysis and insights while also utilizing this information to assess the performance of destination development opportunities. We have developed an insights strategy and roadmap for the province used to identify and address data gaps, data analysis and dissemination to industry partners and tourism and hospitality businesses.

Travel Alberta has also established processes internally and with external partners to support diversity and inclusion, the reduction of environmental impact, and consideration of all stakeholders, including Indigenous communities, when operating, to promote, or developing tourism promotion and development activities.

ORGANIZATIONAL AND TECHNOLOGICAL CAPABILITIES

Our data, systems and team members are vital to providing Travel Alberta and our partners with the data-driven insights to maximize investment decisions, effectively measure these investments and demonstrate the value investments are providing to the industry toward economic recovery. The pace of digital transformation and the ever-changing privacy and cyber security landscape bring unique challenges to Travel Alberta, not only internally but also to how we support our external partners and stakeholders.

Cyber security is and will continue to be a focus for Travel Alberta. We are committed to managing our cyber security and the threat of cyber-attacks, with regular assessments to mitigate the risk of incidents. These measures help to support Travel Alberta's security and the accuracy and completeness of data utilized by our dedicated business unit focused on research, data analytics, and performance measurement and reporting.

MANAGEMENT DISCUSSION AND ANALYSIS

2021-24 BOOTSTRAP PLAN – RETRENCH, REFRESH, RENEW

In alignment with the Government of Alberta's Recovery Plan, the Travel Alberta 2021-24 Bootstrap Plan was launched in spring 2021 as a three-phased approach to retrench, refresh, and renew the visitor economy. Its purpose is to prioritize the immediate needs of partners while positioning the province for a prosperous future by capitalizing on opportunities to capture new market share, focusing on three strategic pillars: Marketing, Access, and Place.

RETRENCH
2021-22

REFRESH
2022-23

RENEW
2023-24



FISCAL 2021-22 CORPORATE SCORECARD

STRATEGIC PILLAR OUTCOME	OUTCOME	METRIC	DEFINITION	2021-22 ACTUALS	TARGET 2021-22	RESULTS
MARKETING	Consideration of Alberta as a travel destination has increased	Search growth for Alberta destinations	Year-over-year per cent change in Alberta bound travel related by Canadians on Google.	56% YoY domestic only	17% domestic only	39 points above target; See external impact details below
	Marketing investments generate revenue from high-value visitors	Direct economic impact based on attributable room nights	Estimated traveller spend in Alberta based on room nights from joint partnerships with online travel agencies.	\$3.3M for the U.S. market	\$7.8M for the U.S. market	58% below target; See external impact details below
		Attributable revenue* (In development)		See status	Baseline year	Metric suspended*
ACCESS	Air service to key destinations is re-established, frequency on key routes is increased, and service to new destinations is added	New/recovered Domestic destinations and seat capacity	Additional seats and routes resulting from airline partnerships	See status	+ 2 routes + 46K seats	Domestic routes returned without support
		New/recovered Transborder destinations and seat capacity		+ 7 routes +46, 357 seats	+ 2 routes + 40K seats	Achieved **
		New/recovered International destinations and seat capacity		See status	+ 12K seats	No international route support in 2021-22. See more in the next section under scorecard impacts.
PLACE	Tourism businesses are sustained through the pandemic and grow	% change in active tourism businesses	Year-over-year change in tourism business reported as having one or more employees sourced from Statistics Canada.	4.9%	2%	Achieved
	Product and destination capacity is increased for a diversified and sustainable visitor economy	# of new market-ready experiences	Travel Alberta's experience development team works with industry partners to grow the number of tourism experiences within communities across the province.	47 new experiences Of those, 16 are export-ready, and four are new Indigenous experiences.	30	Achieved
CORPORATE EFFICIENCY AND EFFECTIVENESS	Funds available for programs and services are maximized	Operating Expense % of total expenses	Quantifies Travel Alberta's efficiency in operational processes; based on audited financial statement	8.42%	< 10%	Achieved
	Corporate culture remains strong, and there is a high degree of pride in working for Travel Alberta	Team member engagement	Confidential online survey of Travel Alberta team members conducted annually.	90%	80%	Achieved
	Enable social change through a commitment to Reconciliation, Equity, Diversity and Inclusion (REDI)	Representation in the team member %	Identifies the representation among team members as compared to	Representation exceeds 25% of the population in 4 of 4 categories	Representation in the team: 25% of the population in all categories	Achieved

* Attributable Revenue - Destination Canada is developing a method for measuring attributing tourism revenues from marketing investments. Once the method has been solidified and shared, we will look to align our approach with theirs.

** Two of three partnerships have been reported and targets have been achieved. Final results of the program are delayed due to extended program timelines in response to additional restrictions.

INTER-RELATED DEPENDENCIES

Travel Alberta’s scorecard targets were based on the following assumptions. While Travel Alberta was agile and responsive to the changing conditions throughout the pandemic, the measures required through the fourth and fifth waves had a significant impact on visitors and tourism businesses alike.

ASSUMPTIONS	ACTUAL	SCORECARD IMPACTS
International borders opened in November 2021.	The Canada border opened to fully vaccinated Americans on August 9 and other international visitors on September 7. However, the emergence of the Omicron variant resulted in the most significant wave in the U.S., travel warnings were issued, PCR testing requirements were introduced, and air capacity was reduced.	The heightened pandemic significantly impacted visitation from the U.S. in late 2021/early 2022. Tourism spending in Alberta from U.S. attributable room nights was 58 per cent below target.
Alberta benefits from increased domestic traffic while borders remain closed.	With multiple waves of COVID and the resulting travel warnings and restrictions, many Canadians will choose to travel domestically in 2021.	Given the high demand for travel within Canada, domestic routes returned without support, so Travel Alberta redirected its focus to transborder routes.
The Government of Alberta will begin to ease restrictions in June, and travel demand will immediately start to increase.	There were several pandemic-related setbacks, including the state of emergency reinstated with the fourth wave of COVID in the fall and the implementation of the restrictions exemption program with the fifth wave in early 2022. However, Alberta had relatively lighter restrictions eased sooner than other provinces.	Campaign messaging was responsive to changing conditions while keeping Alberta top of mind to capitalize on the high demand for domestic travel. The search growth target was exceeded by 39 points. Despite the challenges businesses faced adjusting to changing operating rules, active tourism businesses more than doubled the targeted growth rate, finishing at nearly 5 per cent ahead of the previous year.



High Level Bridge, Lethbridge
Travel Alberta / Roth and Ramberg Photography

STRATEGIC PILLAR II **MARKETING**

Travel Alberta collaborated with key partners to regain market share and capitalize on pent-up travel demand within Alberta and across Canada and marketing to key markets in the U.S.

KEY OBJECTIVES FOR 2021-2022

1. Align with strategic partners
2. Engage the high-value visitor
3. Increase consideration of Alberta as a travel destination

ENCOURAGING ALBERTANS TO EXPLORE THEIR OWN BACKYARD

In 2021-22, Travel Alberta delivered its largest-ever domestic summer marketing campaign. Aligning with key partners across the province, Travel Alberta led an interprovincial search engine marketing program, a paid social media campaign and an extensive direct-to-partner campaign. These activities supported over 95 partners resulting in over 460,000 leads direct to partner websites. The majority of businesses featured were located in the rural Alberta regions of central, northeast, northwest and southern Alberta and the Canadian Badlands.

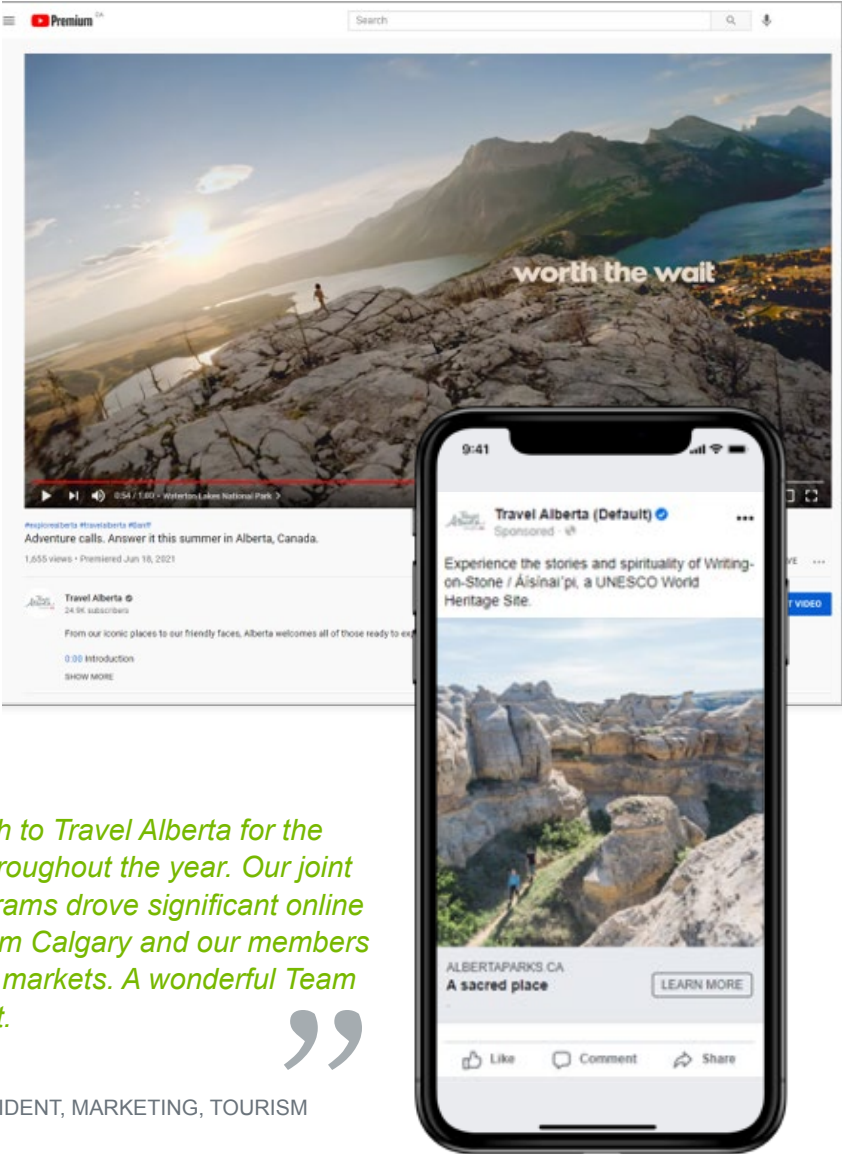
SEARCHES FOR CALGARY INCREASED BY

50%

YEAR OVER YEAR IN DOMESTIC MARKETS

“ Thanks so much to Travel Alberta for the collaboration throughout the year. Our joint marketing programs drove significant online traffic for Tourism Calgary and our members in the domestic markets. A wonderful Team Alberta Moment. ”

JEFF HESSEL
SENIOR VICE PRESIDENT, MARKETING, TOURISM CALGARY



WORLD-CLASS GOOGLE SEARCH PARTNERSHIP PROGRAM, ONLY ONE OF ITS KIND DEVELOPED DURING COVID IN CANADA, CONTRIBUTED TO AN INCREASE IN SEARCH GROWTH FOR ALBERTA DESTINATIONS EXCEEDING THE TARGET BY

39 POINTS

“ Travel Alberta’s NorthStar Search Program started out as a bold and exciting experiment in grassroots tourism collaboration, giving partners across the province access to Travel Alberta’s digital expertise. Today, it stands as a beacon of digital innovation in the global tourism space. Tourism marketers across Canada and around the world should look to exactly this kind of digital partnership as a first-class model for building modern, progressive campaigns with their own operators. ”

JON BROMSTEIN
HEAD OF INDUSTRY, GOVERNMENT & TOURISM, GOOGLE CANADA

STRATEGIC PILLAR I: **MARKETING**

RE-ENGAGING U.S. TRAVELLERS

Travel Alberta re-entered the U.S. market in partnership with Destination Canada, Destination BC, and Tourism Quebec with a campaign from October 2021 through January 2022 in Texas and California to encourage Americans to visit during the ski season. The campaign resulted in over 1.5 million clicks to the Travel Alberta website and through additional targeting, another 402,000 to partner websites.

Beginning in February and continuing through the spring and summer, Travel Alberta launched a campaign in Texas, California and New York. Travel Alberta will work closely with DMOs to

maintain a consistent presence through promotions, earned media relations and business development with tour operators to capitalize on pent-up travel demand.

Overall, while change in search increased, actual bookings to Alberta by Americans remained low due to additional winter waves of the pandemic and fluctuating travel rules, including international quarantine requirements due to the Omicron variant. Overall, bookings from U.S. visitors were soft for winter and spring, but it is anticipated recovery will increase for summer and into fall 2022.

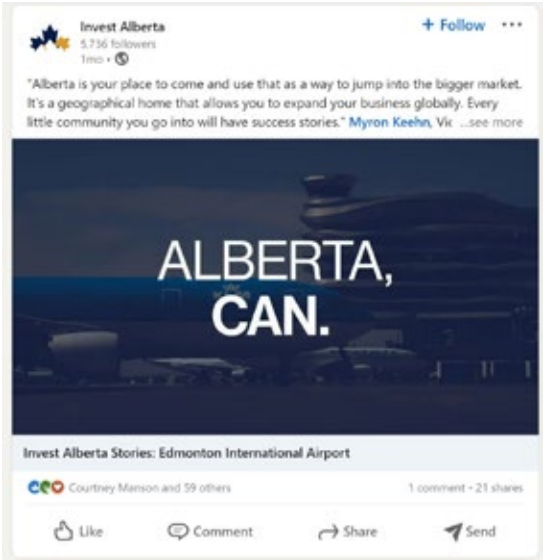


CROSS-SECTORAL COLLABORATION

Supporting investment in Alberta, Travel Alberta worked with Invest Alberta Corporation (IAC) to create an eight-part video series to help share success stories of businesses in prominent industries that chose to invest in Alberta.

“ *From start to finish, developing this video series in collaboration with Travel Alberta was a pleasure. As a crown corporation, Invest Alberta was excited to leverage Travel Alberta’s creative storytelling approach and processes in place to bring Alberta’s investment stories to life.* ”

ADA JAVIER
DIRECTOR OF MARKETING,
INVEST ALBERTA CORPORATION



InvestAB3 from Edmonton International Airport

STRATEGIC PILLAR I: **MARKETING**



Behind-the-scenes images: Fat biking in Kananaskis and Lake Louise Sleigh Ride



BUSINESS DEVELOPMENT

Loosening restrictions allowed Travel Alberta to bring tour operators to the province once again. For example, Entrée Canada, a leading luxury tour operator in Western Canada, filmed 19 partners and developed a new 5-night winter itinerary. Travel Trade initiatives ramped back up in the U.S. market with trade shows and key partnerships and Travel Alberta is working closely with Destination Canada on activities in international markets.

RELAUNCHING ALBERTA TO THE WORLD

After ten years, Travel Alberta's award-winning brand (remember to breathe) is evolving to respond to the shifts in our world, the travel industry, traveller desires, and our new mandate as a destination management organization. At the heart of this brand evolution is a renewed focus on Alberta's people and personality because that is part of our unique, competitive advantage.

Travel Alberta spoke to key partners and over 5,000 people globally to understand how Alberta is perceived, and if our brand resonates with partners and potential travellers. We heard from tourism businesses within the province, as well as tour operators and potential travellers about what they feel is Alberta's competitive advantage and how we can better differentiate ourselves in the international travel market.

We learned from our brand perception research that while landscapes continue to be our biggest draw, combining people plus landscapes is a stronger draw. We also learned that visitors think Canada first if they even think of Alberta at all.

Throughout the next year, we will build on these learnings and adjust our marketing messaging and approach in key markets to ensure Alberta remains a desirable destination for travel, work and investment.

CELEBRATING OUR DIVERSITY

As the province's storyteller, Travel Alberta is committed to reflecting the diversity of our people, as well as our geography. Our new photography and video projects highlight the diversity of creative talent both on-screen and behind the camera.

In 2021-22, we worked with partners in Calgary, Edmonton, Longview, Canmore, Siksika Nation, Red Deer, Millarville, Wetaskiwin, Smoky Lake, Fort McMurray, Cold Lake, Grande Cache, Drumheller, Cochrane, Banff National Park, Calgary, Edmonton, Jasper, Pincher Creek, Waterton, Castle Mountain, Crowsnest Pass, and Nordegg, capturing the experiences and the businesses that make up the province's vibrant visitor economy.

These new videos and photographs join over 12,000 others in the Travel Alberta Multimedia Library and are accessible for use by partners.

“*Alberta continues to see strong growth across key markets CA, US, UK and DE. The Rockies continue to be one of the most sought-after destinations. Calgary and Edmonton were among the most booked Canadian cities from Canadian travelers.*”

JIMMY CLEOVOULOU
EXPEDIA GROUP



Edmonton Airport YEG
Travel Alberta / Mike Seehagel

STRATEGIC PILLAR II **ACCESS**

As a fly-to destination, air access recovery is essential to the rebound and growth of Alberta's visitor economy. Travel Alberta has been working closely with airlines, the Calgary International Airport (YYC), Edmonton International Airport (YEG) and NorthStar DMOs to determine priority routes and opportunities for future growth.

KEY OBJECTIVES FOR 2021-2022

1. Identify new routes
2. Support air service recovery
3. Deepen collaboration with airlines and airport partners
4. Help partners navigate regulatory and policy matters



Big Oak Tent, Glamping Resorts, Castle Provincial Park

Travel Alberta assisted Glamping Resorts Ltd. in identifying a suitable location for their first glamping development in Alberta and facilitated the connections to help make it possible. The project, located in Castle Provincial Park, will be responsibly developed in phases to ensure a reduced impact to the provincial parklands with 25 units opening on the 100+ acre property in summer 2022.

RECOVERING AIR CONNECTIVITY

Travel Alberta worked throughout the year with partners to return key air routes to Alberta. As airlines saw a natural return of domestic routes driven by a strong desire for domestic travel, Travel Alberta focused on the U.S. market.

In the first half of the year, Travel Alberta re-established Alberta's air links with 46,000 incremental seats across seven routes and 24 weekly flights between Calgary (YYC) and Edmonton (YEG) international airports and key U.S. destinations. While progress gained in the first half of the year was lost due to additional waves of the pandemic, learnings and relationships are in place to make significant progress going forward.

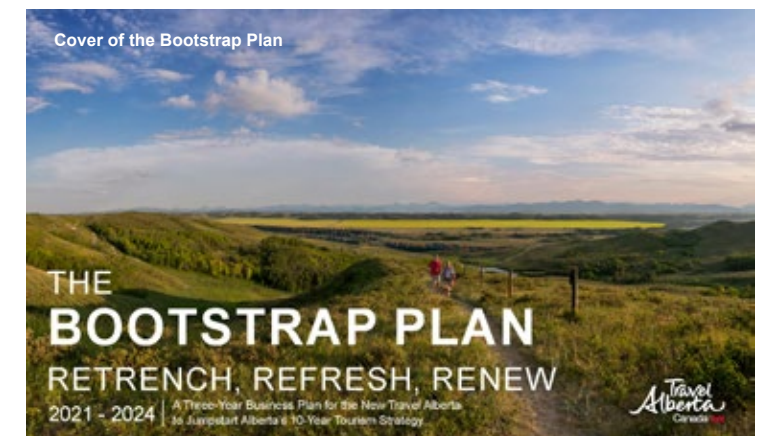
PROVIDING NEEDED SUPPORTS FOR BUSINESSES

This year, Travel Alberta worked with 17 businesses providing support and coaching with land access issues and government regulatory processes to enable development and opportunities for tourism innovation. Working with Alberta Environment and Parks, we identified and promoted two new private-sector opportunities and supported two new tourism businesses in accessing these opportunities, which will result in new tourism developments in 2022.

Travel Alberta supported the diversification and sustainability of small tourism businesses and organizations impacted by COVID, delivering \$6 million to 199 projects. Projects included 70 experience development projects, 92 partnership marketing initiatives and 37 festivals and events. Thirty-eight per cent of summer intake funding was directed to rural areas.

Travel Alberta worked with the department of Jobs, Economy and Innovation and Alberta Environment and Parks to create a streamlined process for tourism businesses to develop on Crown lands. We also commissioned a report on Tourism Investment on Alberta Crown lands to help inform future business priorities. Travel Alberta is now the first point of contact for tourism projects seeking access to Crown lands and for Tourism and Commercial Recreation Lease applications, reducing red tape to help businesses move projects forward.

In December 2021, the Government of Alberta adopted the Bootstrap Business plan as the tourism sector strategy. This demonstrates confidence in the direction of Travel Alberta and a belief in the tourism industry as a key economic driver.





Athabasca River
Travel Alberta /Roam Creative

STRATEGIC PILLAR III PLACE

Travel Alberta piloted a new targeted investment strategy and enhanced coaching and development programs, resulting in several new and enhanced tourism products and experiences across the province. Travel Alberta also assessed ten regional tourism corridors to identify high potential areas for a staged development approach. Of these corridors, three will be prioritized for sustainable development and a plan will be implemented to support additional communities in their future growth plans.

KEY OBJECTIVES FOR 2021-2022

1. Invest in the sustainability and growth of tourism businesses
2. Build destination capacity to ensure a sustainable future in tourism
3. Enable the development of globally competitive tourism clusters, experiences, and corridors to expand the seasonality of destinations and geographic dispersion of visitors

STRATEGIC PILLAR III: **PLACE**

TOURISM INVESTMENT PROGRAMS

Travel Alberta took a proactive approach to financially assist tourism businesses, municipalities, not-for-profits and destination organizations through a series of investment programs in 2021-22 to help them overcome challenges experienced during the pandemic. More than \$23 million in tourism investments were made through the following programs:

**COOPERATIVE INVESTMENT FUND:
HELPING BUSINESSES OVERCOME
IMMEDIATE CHALLENGES**

The cooperative investment fund supported small and medium-sized tourism businesses with partnership marketing and product development to help restart tourism businesses and implement new or enhanced operations due to travel and health restrictions because of the pandemic.

Travel Alberta supported the diversification and sustainability of small tourism businesses and organizations impacted by COVID, delivering \$6 million to 199 projects. Projects included 70 experience development projects, 92 partnership marketing initiatives and 37 festivals and events. Thirty-eight per cent of summer intake funding was directed to rural areas.



“ *Without COVID-19 financial assistance, Medicine Hat Trolley may not have operated. A lost year would be extremely detrimental to the long-term brand of this new offering, and so this support has made a difference. Our ridership increased over 300% year over year.* ”

JACE ANDERSON
MEDICINE HAT TOURISM

INVESTMENT INCREASES
MEDICINE HAT TROLLEY
RIDERSHIP BY

300%

The “Go East of Edmonton” Road Trip Adventure campaign was an exciting implementation of Cooperative Investment funding. Over 45 communities across Eastern Alberta collaborated on tourism guides, road trip itineraries and a savings passport to encourage visitation to the areas.

STRATEGIC PILLAR III: **PLACE**

CAPITAL/PRODUCT DEVELOPMENT INVESTMENT FUND: BUILDING TOURISM INFRASTRUCTURE FOR THE FUTURE

Travel Alberta launched a new investment fund for product development and infrastructure projects to support the recovery and growth of established tourism businesses. 51 applications out of 176 were approved with a total investment of \$5.5 million, representing 40 per cent of the overall financial request. The infrastructure projects were the only matching fund this year, which resulted in the leverage of over \$11 million in private sector capital resulting in a leverage ratio of 1:2.8.

Total funded projects through this program included 17 Infrastructure projects for \$3.9 million and 30 Asset projects for \$1.6 million. Included in these totals was funding for 10 Indigenous tourism projects totalling \$1.33 million.

The Philip J Currie Museum, near Grande Prairie, used investment dollars to develop a two-hour rafting experience to introduce visitors to the area's ecology. The flat-water rafting tour is led by biologists and paleontologists, explaining science through the beauty of the landscape.



SUPPORTING NORTHSTAR PARTNERS TO RESTART CRITICAL BUSINESS FUNCTIONS

Travel Alberta provided \$4.125 million in funding to NorthStar DMO partners to restart major meetings and events (conventions, major sporting and cultural events). This was the first year of funding through this program; results will be reported in 2022-23 once received from the communities.

COVID RELIEF FUNDING TO KEEP TOURISM ORGANIZATIONS OPERATIONAL

Travel Alberta distributed an additional \$5 million from JEI for financial assistance to Explore Edmonton and Tourism Calgary in response to the severe and ongoing impacts of COVID limiting business recovery potential and progress toward growth. Nearly \$1.2 million of additional COVID relief funding was distributed to small and medium-sized DMOs, which allowed them to retain key staff and maintain operations to ensure communities were ready once visitors started to arrive.

SUPPORTING INDIGENOUS TOURISM BUSINESSES AND POSITIONING THE SECTOR FOR GROWTH

Travel Alberta and Indigenous Tourism Alberta (ITA) signed a three-year, \$3.75 million partnership agreement to support reconciliation efforts and foster positive economic and social outcomes for

“ *Indigenous Tourism Alberta's partnership with Travel Alberta has helped ITA build a solid foundation at a provincial level, which will support a future in which Indigenous tourism is a vital piece of Alberta's visitor economy. Our partnership for supporting product development while marketing existing market-ready businesses will position Alberta as a premier Indigenous tourism destination for the world to experience.* ”

SHAE BIRD

CEO OF INDIGENOUS TOURISM ALBERTA

Indigenous communities by highlighting visitor experiences unique to Alberta. This year, over \$400,000 went toward marketing and content creation and over \$1.33 million in tourism investment went to support ITA partners, over and above the first-year funding commitment directly to ITA of \$1.2 million.

ITA was able to leverage Travel Alberta funding to support another \$1.5 million in support. They increased their organizational capacity from three team members to nine, allowing focus on programs to support members toward market preparedness. Funding from Travel Alberta helped sustain 32 market and export-ready Indigenous tourism businesses.

Funding also supported ITA to provide cultural awareness workshops for over 28 industry groups across the province with a total of 284 participants, including Travel Alberta.



Travel Alberta supported Blackfoot Crossing Experience Park for the development of their new Tipi Camp product which offers another element to the immersive Blackfoot Crossing experience. Blackfoot Crossing Experience Park is projecting an increase of over 30,000 visitors and the creation of 10 full-time jobs in 2022.

STRATEGIC PILLAR III: **PLACE**

**BUSINESS COACHING AND SUPPORT
TO HELP DEVELOP OUR INDUSTRY**

Travel Alberta provided coaching and support for small and medium-sized enterprises to accelerate business recovery and diversify products and experiences. Additionally, support was provided to help navigate ongoing closures and health-related restrictions. We offered coaching and development support to create 47 new experiences — including four indigenous experiences.

“ *Prairie Gardens has grown immensely with advances in product development and a new portfolio of experiential tourism offerings with the guidance, expertise, enthusiasm and commitment of the Travel Alberta Tourism Development Manager, James Leppan.* ”

TAM ANDERSEN
OWNER, PRAIRIE GARDENS & ADVENTURE FARM



Dark Sky Guides, Waterton Lakes National Park
Travel Alberta / John Price



Prairie Gardens

ALBERTA HAS

47

NEW TOURISM EXPERIENCES,
INCLUDING FOUR NEW
INDIGENOUS EXPERIENCES

“ *Small tourism business owners in Alberta, like myself, are incredibly fortunate to have the resources that the Travel Alberta team offers. And having such a powerful, mentor-like relationship between Travel Alberta and the private sector will ensure that tourism in Alberta is poised to become the highest calibre, most sought-after tourism destination in the country.* ”

KEITH ROBINSON
DARK SKY GUIDES (WATERTON)

STRENGTHENED STAKEHOLDER RELATIONSHIPS FOR RECOVERY AND GROWTH

As a destination management organization, Travel Alberta must work closely with communities and stakeholders to develop the visitor economy through a shared vision that benefits both visitors and residents. In February and March, over 500 tourism partners attended seven tourism Town Halls held in partnership with TIAA. Attendees in Medicine Hat, Lethbridge, Pincher Creek, Banff, Calgary, Red Deer and Edmonton, AB, heard about the progress of both organizations over the past year and the vision for the next three years.

The NorthStar and Constellation working groups were created to strengthen engagement with our key partner DMOs. In the fall, applications were accepted for two new industry advisory committees, which meet twice per year to gather intel and advice on our strategic direction regarding Marketing and Insights and Access and Product Development.

Restrictions to operations over the past two years have emphasized the importance of in-person engagement in support of advancing Travel Alberta's objectives. We will continue to gather stakeholder feedback to evaluate events and meetings. Engagement opportunities allow us to listen and connect with tourism businesses, DMOs and economic development organizations to identify and further joint goals.

Travel Alberta spearheaded the creation of the Prairies Tourism Partnership between Travel Alberta, Travel Manitoba and Tourism Saskatchewan. This collaboration ensures Tourism Relief Funds support sustainable tourism development in alignment with Prairies Economic Development Canada's (PrairiesCan) mandate of economic growth and diversification in the Prairie Provinces, including Indigenous tourism businesses.

RESIDENT SENTIMENT RESEARCH

Gaining the support of residents for travel and tourism in their community is important to the growth of the visitor economy. Understanding their current views will aid in determining the level of engagement and type of work necessary to increase resident sentiment and create advocates for tourism.

Travel Alberta conducted a benchmark study with more than 1,800 Albertans to measure perspectives and understand key issues and drivers of goodwill towards tourism. The study was done in alignment with our NorthStar partners and considered priority development corridors. The study provided a baseline of the support tourism has from residents provincially with 63 per cent feeling it's important to their community while also gathering specific data to gain insights at the regional level. The insights obtained will inform future engagement initiatives to facilitate a positive perception of tourism in all regions.

“ We truly appreciate this research and insights at a time when we're evaluating how we go to market. Understanding the local resident sentiment is key to building our success and tourism experience. This work is helping guide how we engage with Edmontonians more and build advocacy. We're looking forward to putting this research to work and ensuring our locals know and promote the destination as much as we do. ”

PAUL HAWES

VICE PRESIDENT, MARKETING AND DESTINATION DEVELOPMENT, EXPLORE EDMONTON

RECONCILIATION, EQUITY, DIVERSITY AND INCLUSION (REDI)

Travel Alberta took a thoughtful approach to defining and setting actions to improve reconciliation, equity, diversity, and inclusion within our organization and all aspects of work. Our team members are passionate advocates for Alberta's tourism industry, which shows in our business results, relationships, and organizational culture. Aligning our efforts in support of the Bootstrap Plan, a team member working group created and launched Travel Alberta's Reconciliation, Equity, Diversity and Inclusion (REDI) strategy to reflect organizational commitments. The strategy builds on the work Travel Alberta has done in this area over the last several years and outlines a plan of measurable action, bringing a new lens to the work we do and fostering renewed team engagement.

KEY OBJECTIVES FOR 2021-2022

1. Foster a diverse and inclusive workplace
2. Champion the many voices of Alberta
3. Demonstrate leadership, commitment and accountability

Research shows diverse, equitable, and inclusive organizations perform significantly better. Travel Alberta is committed to strengthening our organization by building a diverse team. Gender representation on the Board of Directors and Senior Leadership team is strong with the board being 57 per cent female, including a female Board Chair, and the Senior Leadership team being 67 per cent female.

Throughout the year, there was a significant focus on education and awareness. Travel Alberta offered five workshops on various topics supporting REDI Strategy goals. Webinars, workshops and training opportunities were also shared with the team throughout the year, including Respect in the Workplace training in partnership with the Government of Alberta.

Team members participated in five education and awareness workshops with an average team attendance of 77% with an overall average rating of 94%.

This year, the organization conducted a benchmarking survey to understand our team's representation beyond gender. This year's goal was to have 25 per cent representation on the team equal to representation in the province in four categories: Indigenous, visible minorities, LGBTQ+, and people with a disability. The goal was achieved in all four categories.



Travel Alberta Team Members attended Indigenous Tourism Alberta's cultural awareness workshop at Fort Calgary as part REDI education and awareness training.

FINANCE AND OPERATIONS

STATEMENT OF ACCOUNTABILITY

The Travel Alberta Annual Report for the year ending March 31, 2022, was prepared under the Board's discretion in accordance with the Travel Alberta Act and the ministerial guidelines established pursuant to the Alberta Public Agencies Governance Act (APAGA) and the Fiscal Planning and Transparency Act. All material economic, environmental or fiscal implications, of which we are aware, have been considered in the preparation of this report.



LINDA A. SOUTHERN-HEATHCOTT

BOARD CHAIR
TRAVEL ALBERTA BOARD OF DIRECTORS

DISCLOSURE

In accordance with legislation administered by Alberta Treasury Board and Finance, Travel Alberta is committed to presenting the routine public disclosure of information to enhance public confidence by improving accountability and transparency. All detailed reports of expenses are publicly available at industry.travelalberta.com.

FINANCIAL TRANSPARENCY

Operating in close concert with the provincial government requires excellence in reporting and governance and a commitment to transparency and accountability. It is an uncompromised standard at Travel Alberta, that every program and investment undertaken must demonstrate progress in achieving our stated business goals, mission, and mandate. We continue to enhance internal controls and processes and adopt industry best practices.

YEAR-END FINANCIAL RESULTS 2020–21

Financial Overview

The financial statements are prepared in accordance with Canadian Public Sector Accounting Standards (PSAS). The following paragraphs provide the context for our 2021–22 Financial Statements contained in the subsequent section. Detailed notes of our financial statements are provided below.

Statement of Financial Position

Financial Assets increased by \$0.1 million, or 4 per cent, driven by an increase in Cash and Cash Equivalents of \$6.6 million related to an increase in grant funding to sustain a new mandate for the organization. Total liabilities increased by \$6.5 million from 2020–21. This increase was primarily driven by enhanced investment in destination development activities, including a series of investment programs to support product development, business sustainment, and air access recovery supports. Net Assets equal \$1.8 million, including a \$0.3 million annual surplus for the year ending March 31, 2022.

Statement of Operations

The corporation reported a \$0.3 million operating surplus for the year ending March 31, 2022. The corporate plan reported an initial operating budget of \$60.9 million (\$59.7 million operational grant). Total revenues exceeded our budget by \$3.9 million; the supplementary revenue resulted from an additional \$5.0 million COVID-19 financial assistance from the Government of Alberta to support Alberta's Tourism Recovery Plan. All additional revenue was directly invested in economic support for Alberta's city destination marketing organizations (DMOs) in response to the pandemic's impact on their financial sustainability.

Revenues

The corporation is funded by Government of Alberta operational grant. In 2021–22, the corporation received a total of \$64.7 million in grant funding, comprised of \$59.7 million in initial funding commitment and a supplementary \$5.0 million grant. To deliver on Alberta's Tourism Recovery Plan, the corporation's base funding is projected to be \$59.7 million each year for the next three years, starting in 2021–22. The increased funding will enable the corporation's transition to a destination management organization and support an expanded mandate for the corporation. In addition to the projected funding, the corporation will continue to seek enhanced operational efficiencies to deliver our new mandate in a scalable, effective, and adaptable way.

Expenses

Total expenses increased by \$14.8 million to \$64.5 million in 2021–22, a 30 per cent increase over last year. This increase was driven by additional investment directed to promotional activities and tourism product investment, air access supports and financial assistance for DMOs and tourism businesses to ensure sustainability in support of Alberta's tourism recovery. The corporation's Destination Promotion investment increased by \$4.3 million to \$24.2 million, a 21 per cent increase compared to the previous year, with a significant increase in the consumer-direct and paid media campaigns in Canada and US markets. Regionally, Travel Alberta's destination development investment increased by \$7.7 million, a 32 per cent increase over last year, as the corporation distributed almost \$30 million to support Alberta's Tourism Recovery Plan by extending grants to Alberta's large, medium, and small DMOs and to other provincial tourism organizations and aviation partners. The corporation's operating expenditures increased by \$0.5 million compared to last year, totalling \$5.4 million and representing 8 per cent of total expenses.

MANAGEMENT'S RESPONSIBILITY FOR FINANCIAL REPORTING

The management of Travel Alberta is responsible for the performance of the duties delegated to it by the Board of Directors. These include the preparation of an Annual Report together with audited financial statements.

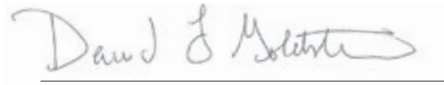
Management is responsible for preparation of these financial statements in accordance with Canadian public sector accounting standards and for the integrity and fair presentation of the information. Other financial and operational information appearing elsewhere in the Annual Report is consistent with that contained in the financial statements.

Management is responsible for maintaining effective internal accounting control systems designed to provide reasonable assurance that financial information is reliable and relevant.

Management is also responsible for maintaining financial and management control systems and practices designed to ensure transactions are properly authorized, assets are safeguarded and controlled, liabilities are recognized, and that the operations of Travel Alberta are carried out effectively.

The Board of Directors is responsible for ensuring that management fulfills its responsibilities for financial reporting and internal controls. The Board of Directors exercises this responsibility through the Audit, Finance and Risk Committee, composed of Directors who are not employees of the corporation. The Audit, Finance and Risk Committee meets with the external auditors, both in the presence and in the absence of management, to discuss their audit, including any findings as to the integrity of financial reporting processes and the adequacy of our systems of internal controls. The external auditors have full and unrestricted access to the Audit, Finance and Risk Committee.

The Auditor General of Alberta, Travel Alberta's external auditor appointed under the Auditor General Act, performed an independent external audit of these financial statements in accordance with Canadian generally accepted auditing standards, and has expressed an opinion in the accompanying Independent Auditor's Report.



DAVID F. GOLDSTEIN
Chief Executive Officer



KARA CLAYPOOL
Vice President, Corporate Operations

Independent Auditor's Report

To the Board of Directors of Travel Alberta



Report on the Financial Statements

Opinion

I have audited the financial statements of Travel Alberta, which comprise the statement of financial position as at March 31, 2022, and the statements of operations, change in net financial assets, and cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

In my opinion, the accompanying financial statements present fairly, in all material respects, the financial position of Travel Alberta as at March 31, 2022, and the results of its operations, its changes in net financial assets, and its cash flows for the year then ended in accordance with Canadian public sector accounting standards.

Basis for opinion

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

Other information

Management is responsible for the other information. The other information comprises the information included in the *Annual Report*, but does not include the financial statements and my auditor's report thereon. The *Annual Report* is expected to be made available to me after the date of this auditor's report.

My opinion on the financial statements does not cover the other information and I do not express any form of assurance conclusion thereon.

In connection with my audit of the financial statements, my responsibility is to read the other information identified above and, in doing so, consider whether the other information is materially inconsistent with the financial statements or my knowledge obtained in the audit, or otherwise appears to be materially misstated.

If, based on the work I will perform on this other information, I conclude that there is a material misstatement of this other information, I am required to communicate the matter to those charged with governance.

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 the financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing Travel Alberta'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 an intention exists to liquidate or to cease operations, or there is no realistic alternative but to do so.

Those charged with governance are responsible for overseeing Travel Alberta's financial reporting process.

Auditor's responsibilities for the audit of the financial statements

My 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 my opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in 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, I exercise professional judgment and maintain professional skepticism throughout the audit. I also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for my opinion. The risk of not detecting a material misstatement resulting from fraud is higher than 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 Travel Alberta'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 Travel Alberta's ability to continue as a going concern. If I conclude that a material uncertainty exists, I am required to draw attention in my auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify my opinion. My conclusions are based on the audit evidence obtained up to the date of my auditor's report. However, future events or conditions may cause Travel Alberta to cease to continue as a going concern.
- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

[Original signed by W. Doug Wylie FCPA, FCMA, ICD.D]
Auditor General

May 16, 2022
Edmonton, Alberta

TRAVEL ALBERTA STATEMENT OF OPERATIONS

YEAR ENDED MARCH 31, 2022 (in thousands)

	2022		2021	
	BUDGET	ACTUAL	ACTUAL	
	(Note 4)			
REVENUES				
Government Transfers				
Government of Alberta Grants	\$ 59,691	\$ 64,691	\$ 39,747	
Federal and Other Government Grants	—	—	3,950	
Investment Income	300	111	98	
Premiums, Fees and Licences	400	—	—	
Revenue from Partners	490	—	45	
	60,881	64,802	43,840	
EXPENSES (Note 2(b), Schedules 1)				
Programs				
Destination Promotion	23,264	24,228	19,975	
Destination Development	28,759	31,979	24,286	
Strategy and Research	2,050	2,868	491	
Corporate Services	6,823	5,431	4,962	
	60,896	64,506	49,714	
ANNUAL (DEFICIT) SURPLUS	(15)	296	(5,874)	
ACCUMULATED SURPLUS AT BEGINNING OF YEAR	1,542	1,542	7,416	
ACCUMULATED SURPLUS AT END OF YEAR	\$ 1,527	\$ 1,838	\$ 1,542	

The accompanying notes and schedules are part of these financial statements.

TRAVEL ALBERTA STATEMENT OF FINANCIAL POSITION

AS AT MARCH 31, 2022 (in thousands)

	2022		2021	
FINANCIAL ASSETS				
Cash and Cash Equivalents (Note 5)	\$ 11,654	\$ 5,075		
Accounts Receivable	190	249		
	11,844	5,324		
LIABILITIES				
Accounts Payable and Other Accrued Liabilities (Note 6)	10,309	3,842		
	10,309	3,842		
NET FINANCIAL ASSETS	1,535	1,482		
NON-FINANCIAL ASSETS				
Tangible Capital Assets (Note 7)	205	21		
Prepaid Expenses	98	39		
	303	60		
NET ASSETS	\$ 1,838	\$ 1,542		
NET ASSETS				
Accumulated Surplus (Note 8)	\$ 1,838	\$ 1,542		
Contractual Obligations (Note 9)				

The accompanying notes and schedules are part of these financial statements.

TRAVEL ALBERTA STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

	2022		2021	
	BUDGET	ACTUAL	ACTUAL	
ANNUAL (DEFICIT) SURPLUS	\$ (15)	\$ 296	\$ (5,874)	
Acquisition of Tangible Capital Assets (Note 7)		(213)	–	
Amortization of Tangible Capital Assets (Note 7)	15	29	18	
Decrease in Prepaid Expenses		(59)	–	
INCREASE/(DECREASE) IN NET FINANCIAL ASSETS	–	53	(5,856)	
NET FINANCIAL ASSETS AT BEGINNING OF YEAR	1,482	1,482	7,338	
NET FINANCIAL ASSETS AT END OF YEAR	\$ 1,482	\$ 1,535	\$ 1,482	

The accompanying notes and schedules are part of these financial statements.

TRAVEL ALBERTA STATEMENT OF CASH FLOWS

	2022		2021	
OPERATING TRANSACTIONS				
Annual (Deficit) Surplus	\$ 296	\$ (5,874)		
Non-cash Items Included in Annual (Deficit) Surplus				
Amortization of Tangible Capital Assets (Note 7)	29	18		
	325	(5,856)		
Decrease/(Increase) in Accounts Receivable	59	(220)		
(Increase) in Prepaid Expenses	(59)	–		
Increase/(Decrease) in Accounts Payable and Other Accrued Liabilities	6,467	(1,417)		
Cash Provided by (Applied to) Operating Transactions	6,792	(7,493)		
CAPITAL TRANSACTIONS				
Acquisition of Tangible Capital Assets (Note 7)	(213)	–		
Cash Applied to Capital Transactions	(213)	–		
INCREASE/(DECREASE) IN CASH AND CASH EQUIVALENTS	6,579	(7,493)		
CASH AND CASH EQUIVALENTS AT BEGINNING OF YEAR	5,075	12,568		
CASH AND CASH EQUIVALENTS AT END OF YEAR	\$ 11,654	\$ 5,075		

The accompanying notes and schedules are part of these financial statements.

NOTE 1: AUTHORITY AND PURPOSE

Travel Alberta (the “Corporation”) operates under the authority of the *Travel Alberta Act*, Chapter T-6.5, Statutes of Alberta 2008.

The purpose of the Corporation is to:

- ▶ market tourism assets, attractions and opportunities present in Alberta, in domestic, national and international markets;
- ▶ promote and support the development and growth of the tourism industry in Alberta to increase revenue and employment in, and the economic benefits generated by, the industry;
- ▶ promote Alberta as a destination for tourists and other visitors;
- ▶ assist Alberta communities and tourism industry operators to develop and market their products;
- ▶ provide visitor services, and
- ▶ exercise or perform any other powers, duties and functions as may be regulated from time to time by the Lieutenant Governor in Council;

The Corporation is an agent of the Crown in right of Alberta and as such has a tax exempt status.

NOTE 2: SUMMARY OF SIGNIFICANT ACCOUNTING POLICIES AND REPORTING PRACTICES

These financial statements are prepared in accordance with Canadian Public Sector Accounting Standards.

(A) REPORTING ENTITY

The reporting entity is Travel Alberta, which is part of the Ministry of Jobs, Economy and Innovation (Ministry) and for which the Minister of Jobs, Economy and Innovation (Minister) is accountable. The Ministry Annual Report provides a more comprehensive accounting of the financial position and results of the Ministry’s operations for which the Minister is accountable.

(B) BASIS OF FINANCIAL REPORTING

Revenues

All revenues are reported on the accrual basis of accounting. Cash received for which goods or services have not been provided by year end is recognized as unearned revenue and recorded in accounts payable and other accrued liabilities.

Revenue from Partners is received or receivable for specific marketing projects. The revenue is recognized as the projects take place.

Government Transfers

Transfers from all levels of governments are referred to as government transfers.

Government transfers and the associated externally restricted investment income are recognized as deferred contributions if the eligibility criteria for use of the transfer, or the stipulations together with the Corporation’s actions and communications as to the use of the transfer, create a liability. These transfers are recognized as revenue as the stipulations are met and, when applicable, the Corporation complies with its communicated use of these transfers.

All other government transfers, without stipulations for the use of the transfer, are recognized as revenue when the transfer is authorized and the Corporation meets the eligibility criteria (if any).

Investment Income

Investment income includes interest income and is recognized as revenue as earned.

Expenses

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

Grant Expense

Grants are recognized as expenses when the transfer is authorized and eligibility criteria (if any), have been met by the recipient and when a reasonable estimate of the amounts can be made.

Valuation of Financial Assets and Liabilities

The Corporation’s financial assets and liabilities are generally measured as follows:

<u>Financial Statement Component</u>	<u>Measurement Cost</u>
Cash and Cash Equivalents	Cost
Accounts Receivable	Lower of cost or net recoverable value
Accounts Payable and Other Accrued Liabilities	Cost

The carrying value of these financial assets and liabilities approximates their fair value.

The Corporation does not have any transactions involving financial instruments that are classified in the fair value category, has not engaged in any significant foreign currency transactions, and has no remeasurement gains and losses; therefore a Statement of Remeasurement Gains and Losses has not been presented.

Financial Assets

Financial assets are assets that could be used to discharge existing liabilities or finance future operations and are not for consumption in the normal course of operations.

Financial assets are the Corporation claims on external organizations and individuals.

Cash and Cash Equivalents

Cash comprises of cash on hand. Cash equivalents are short term, highly liquid, investments that are readily convertible to known amounts of cash and that are subject to an insignificant risk of change in value. Cash equivalents are held for the purpose of meeting short-term commitments rather than for investment purposes.

Accounts Receivable

Accounts receivable are recognized at the lower of cost or net recoverable value. A valuation allowance is recognized when recovery is uncertain.

Liabilities

Liabilities are present obligations of the Corporation to external organizations and individuals arising from past transactions or events occurring before the year end, the settlement of which is expected to result in the future sacrifice of economic benefits. They are recognized when there is an appropriate basis of measurement and management can reasonably estimate the amounts.

Foreign Currency Translation

Transaction amounts denominated in foreign currencies are translated into their Canadian dollar equivalents at exchange rates prevailing at transaction dates. Carrying values of monetary assets and liabilities and non-monetary items included in the fair value category reflect the exchange rates at the Statement of Financial Position date.

Non-Financial Assets

Non-financial assets are acquired, constructed, or developed assets that do not normally provide resources to discharge existing liabilities, but instead:

- a. are normally employed to deliver government services;
- b. may be consumed in the normal course of operations; and
- c. are not for sale in the normal course of operations.

Non-financial assets include tangible capital assets and prepaid expenses.

Tangible Capital Assets

Tangible capital assets are recognized at cost less accumulated amortization, 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 is amortized on straight-line basis over their estimated useful lives as follows:

Furniture and Equipment	5 Years
Computer Hardware and Software	3 Years
Leasehold Improvements	Term of Lease

Tangible capital assets are written down when conditions indicate that they no longer contribute to the Corporation’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 Statement of Operations.

The threshold for capitalizing new systems development is \$250,000 and the threshold for major systems enhancements is \$100,000. The threshold for all other tangible capital assets is \$5,000.

Prepaid Expenses

Prepaid expenses is recognized at cost and amortized based on the terms of the agreement.

Funds and Reserves

Certain amounts, as approved by the Corporation’s Board of Directors, have been set aside in accumulated surplus for future operating purposes. Transfers from funds and reserves are an adjustment to the respective fund, when approved by the Corporation’s Board of Directors and the Government of Alberta.

Measurement Uncertainty

Measurement uncertainty exists when there is a variance between the recognized or disclosed amount and another reasonably possible amount, whenever estimates are used. The provision for doubtful accounts is recognized based on an assessment of collectability of accounts receivable. Amortization of tangible capital assets is based on the estimated useful lives of tangible capital assets. Other Accrued Liabilities are based on management estimates of expenses incurred but not invoiced to the Corporation at March 31, 2022.

NOTE 3: FUTURE CHANGES IN ACCOUNTING STANDARDS

During the fiscal year 2022-23, the Corporation will adopt the following new accounting standard of the Public Sector Accounting Board:

► PS 3280 Asset Retirement Obligations

This accounting standard provides guidance on how to account for and report liabilities for retirement of tangible capital assets. The Corporation plans to adopt this accounting standard on a modified retroactive basis, consistent with the transitional provisions in PS 3280, and information presented for comparative purposes will be restated. The impact of the adoption of this accounting standard on the financial statements is currently being analyzed.

In addition to the above, the Public Sector Accounting Board has approved the following accounting standards, which are effective for fiscal years starting on or after April 1, 2023:

► PS 3400 Revenue

This accounting standard provides guidance on how to account for and report on revenue, and specifically, it differentiates between revenue arising from exchange and non-exchange transactions.

► PS 3160 Public Private Partnerships

This accounting standard provides guidance on how to account for public private partnerships between public and private sector entities, where the public sector entity procures infrastructure using a private sector partner.

The Corporation has not yet adopted these two accounting standards. Management is currently assessing the impact of these standards on the financial statements.

NOTE 4: BUDGET (in thousands)

A preliminary business plan with a budgeted deficit of \$15 was approved by the Board on May and the full financial plan was submitted to the Minister. The budget reported in the Statement Operations reflects the original \$15 deficit.

NOTE 5: CASH AND CASH EQUIVALENTS (in thousands)

Cash and cash equivalents consist of:

	2022	2021
Cash Equivalents	\$ 51	\$ 41
Cash ⁽¹⁾	11,603	5,034
	\$ 11,654	\$ 5,075

Cash and cash equivalents consists of Cash funds held in operating bank accounts and Cash Equivalents in form of deposits in the Consolidated Cash Investment Trust Fund (CCITF) of the Province of Alberta. The CCITF is administered by the Ministry of Treasury Board and Finance with the objective of providing competitive interest income to the depositors while maintaining appropriate security and liquidity of depositors’ capital.

The portfolio is comprised of high-quality short-term and mid-term fixed-income securities with a maximum term-to-maturity of three years. As at March 31, 2022 securities held by CCITF had a time- weighted return of 0.2% (2021: 0.4%) per annum. Due to the short-term nature of these deposits, the carrying value approximates fair value.

⁽¹⁾ The Cash of \$11,654 includes an amount of \$1,633 that is Restricted Accumulated Surplus (Note 8).

NOTE 6: ACCOUNTS PAYABLE AND OTHER ACCRUED LIABILITIES (in thousands)

	2022	2021
Accounts Payable	\$ 2,900	\$ 1,920
Other Liabilities	170	251
Other Accrued Liabilities	7,239	1,671
	\$ 10,309	\$ 3,842

NOTE 7: TANGIBLE CAPITAL ASSETS (in thousands)

	COMPUTER HARDWARE AND SOFTWARE	LEASEHOLD IMPROVEMENTS	FURNITURE AND EQUIPMENT	2022 TOTAL	2021 TOTAL
Estimated Useful Life	3 years	Term of Lease	5 years		
HISTORICAL COST					
Beginning of Year	\$ 208	\$ 407	\$ 92	\$ 707	\$ 707
Additions	187	26	—	213	—
Disposals, Including Write-Downs	—	—	—	—	—
	395	433	92	920	707
ACCUMULATED AMORTIZATION					
Beginning of Year	208	407	71	686	668
Amortization Expense	3	9	17	29	18
Effect of Disposals, Including Write-Downs	—	—	—	—	—
	211	416	88	715	686
Net Book Vale at March 31, 2022	\$ 184	\$ 17	\$ 4	\$ 205	\$
Net Book Value at March 31, 2021	\$ —	\$ —	\$ 21	\$	21

NOTE 8: ACCUMULATED SURPLUS (in thousands)

Accumulated surplus is comprised of the following:

	INVESTMENT IN TANGIBLE CAPITAL ASSETS	RESTRICTED ACCUMULATED SURPLUS ⁽¹⁾	UNRESTRICTED	20221 TOTAL	2021 TOTAL
Balance at Beginning of Year	\$ 21	\$ 1,521	\$ —	\$ 1,542	\$ 7,416
Annual Surplus (Deficit)	—	296	—	296	(5,874)
Net Investment in Capital Assets	184	(184)	—	—	—
Balance at the End of Year	\$ 205	\$ 1,633	\$ —	\$ 1,838	\$ 1,542

⁽¹⁾ The usage of the internally Restricted Accumulated Surplus allows sustainability of programs in future years when declines in funding would have otherwise required reductions in the program spending or supports investment in new strategically aligned initiatives. Transfers to and from this fund are approved by Corporation's Board of Directors and the Government of Alberta.

NOTE 9: CONTRACTUAL OBLIGATIONS (in thousands)

Contractual obligations are obligations of the Corporation to others that will become liabilities in the future when the terms of those contracts or agreements are met.

	2022	2021
Operating Leases	\$ 1,056	\$ 2,025
Service Contracts	49,007	30,626
	\$ 50,063	\$ 32,651

Estimated payment requirements for each of the next five years and thereafter are as follows:

	OPERATING LEASES	SERVICE CONTRACTS	TOTAL
2022-23	\$ 901	\$ 22,325	\$ 23,226
2023-24	61	20,217	20,278
2024-25	54	6,460	6,514
2025-26	40	5	45
2026-27	-	-	-
Thereafter	-	-	-
	\$ 1,056	\$ 49,007	\$ 50,063

NOTE 10: BENEFIT PLANS (in thousands)

The Corporation participates in the following multi-employer pension plans: the Management Employees Pension Plan (MEPP), Public Sector Pension Plan (PSPP) and Supplementary Retirement Plan for Public Service Managers (SRP). The expense for these pension plans is equivalent to the annual contributions of \$837 for the year ended March 31, 2022 (2021: \$726). The Corporation accounts for their multi- employer pension plans on a defined contribution basis. The Corporation is not responsible for future funding of the plan deficit other than through contribution increases.

At December 31, 2021, the Management Employees Pension Plan reported a surplus of \$1,348,160 (2020: surplus of \$809,850), the Public Service Pension Plan reported a surplus of \$4,588,479 (2020: surplus of \$2,223,582) and the Supplementary Retirement Plan for Public Service Managers reported a deficiency of \$20,982 (2020: deficiency of \$59,972).

The Corporation does not have sufficient plan information on the MEPP/PSPP/SRP to follow the standards for defined benefit accounting, and therefore follows the standards for defined contribution accounting. Accordingly, pension expense recognized for the MEPP/PSPP/SRP is comprised of employer contributions to the plan that are required for its employees during the year, which are calculated based on actuarially pre-determined amounts that are expected to provide the plan's future benefits.

As a result of the COVID-19 outbreak, declared a global pandemic on March 11, 2020, global financial markets and world economies have experienced significant volatility. Given the extent of the crisis, and varying levels of response and recovery of countries across the globe, additional uncertainty remains and will continue to exist with regards to fair value measurement of the pension plans investments.

NOTE 11: FINANCIAL RISK MANAGEMENT

The Corporation has the following financial instruments: accounts receivable, accounts payable and accrued liabilities.

The Corporation is exposed to a variety of financial risks associated with its use of financial instruments; interest rate risk, liquidity risk, other price risk and credit risk.

(a) Interest rate risk

Interest rate risk is the risk that the rate of return and future cash flows on the Corporation's cash and cash equivalents held in bank accounts will fluctuate because of changes in market interest rates. As the Corporation holds bank deposits that are interest bearing and accounts payable which are non-interest bearing, the Corporation is not exposed to significant interest rate risk relating to its financial assets and liabilities.

(b) Liquidity risk

Liquidity risk is the risk that the Corporation will encounter difficulty in meeting obligations associated with financial liabilities. The Corporation enters into transactions to purchase goods and services on credit.

Liquidity risk is measured by reviewing the Corporation's future net cash flows for the possibility of negative net cash flow. The Corporation manages the liquidity risk resulting from its accounts payable obligations by maintaining cash and cash equivalents resources in interest bearing bank deposits.

(c) Price risk

Other price risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate because of changes in market prices (other than those arising from interest rate risk or foreign currency risk), whether those changes are caused by factors specific to the individual financial instrument or its issuer, or factors affecting all similar financial instruments traded in the market. The Corporation's financial instruments are not exposed to changes in market prices.

(d) Credit risk

The Corporation is not exposed to any significant credit risk from potential non-payment of accounts receivable. As at March 31, 2022, the balance of accounts receivable is not materially significant and does not contain amounts that are uncollectible.

NOTE 12: COMPARATIVE FIGURES

Certain 2021 figures have been reclassified, where necessary, to conform to the 2022 presentation.

NOTE 13: APPROVAL OF FINANCIAL STATEMENTS

The Board of Directors approved the financial statements on May 16, 2022.

SCHEDULE 1

TRAVEL ALBERTA SCHEDULE TO FINANCIAL STATEMENTS

EXPENSES – DETAILED BY OBJECT (in thousands)

YEAR ENDED MARCH 31, 2022

		2022	2021
	BUDGET	ACTUAL	ACTUAL
Salaries, wages and employee benefits	\$ 8,629	\$ 8,414	\$ 7,508
Supplies and services	23,752	27,256	19,452
Grants ⁽¹⁾	28,500	28,786	22,726
Financial transactions and other	-	21	10
Amortization of tangible capital assets (Note 7)	15	29	18
TOTAL EXPENSES	\$ 60,896	\$ 64,506	\$ 49,714

⁽¹⁾ Grants include the Corporation's Cooperative Marketing Investment Program, COVID-19 Financial Assistance Grants and other grants.

SCHEDULE 2

TRAVEL ALBERTA SCHEDULE TO FINANCIAL STATEMENTS

SALARY AND BENEFITS DISCLOSURE

YEAR ENDED MARCH 31, 2022 (in thousands)

	2022			2021	
	BASE SALARY ⁽¹⁾	OTHER CASH BENEFITS ⁽²⁾	OTHER NON-CASH BENEFITS ⁽³⁾	TOTAL	TOTAL
Chair of the Board of Directors	\$ —	\$ 13	\$ 14	\$ 14	\$ 22
Members of the Board of Directors ⁽⁴⁾	—	32	5	37	45
Chief Executive Officer ⁽⁵⁾	249	13	46	308	294
Executive/Vice-Presidents:					
Vice President, Business Development ⁽⁶⁾	-	-	-	-	137
Senior Vice President, Chief Marketing Officer	176	-	38	214	203
Vice President, Destination Development ⁽⁷⁾	101	251	20	372	202
Senior Vice President, Chief Financial Officer	176	-	37	213	203
Vice President, Economic Development and Community Relations ⁽⁸⁾	115	122	23	260	99
Corporate Counsel ⁽⁹⁾	137	-	34	171	-
Vice President, Strategy, Research and Communications ⁽¹⁰⁾	121	-	27	148	-
Senior Vice President, Chief Commercial Officer ⁽¹¹⁾	12	-	2	14	-
	\$ 1,087	\$ 431	\$ 233	\$ 1,751	\$ 1,205

⁽¹⁾ Base salary includes regular salary.

⁽²⁾ Other cash benefits include honoraria, vehicle allowance, severances and vacation payouts. There were no bonuses paid in 2022.

⁽³⁾ Other non-cash benefits include the Corporation's share of all employee benefits and contributions or payments made on behalf of employees including pension, supplementary retirement plans, health care, dental coverage, group life insurance, professional memberships and tuition fees.

⁽⁴⁾ The board consists of seven independent members including the Chair, whose honorarium is disclosed separately. The positions were occupied by different individuals at different times during the previous year.

⁽⁵⁾ The position was occupied by three individuals at different times during the previous year. As of June 12, 2020 the Chief Executive Officer (CEO) resigned and the position was filled by an Interim CEO until November 15, 2020. A new CEO was hired on November 16, 2020. The salary and benefits cost for the Interim CEO was covered by the Ministry.

⁽⁶⁾ The position was only partially occupied during the previous year. As of November 6, 2020 the position was abolished.

⁽⁷⁾ The position was only partially occupied during the year. As of November 3, 2021 the position was abolished.

⁽⁸⁾ The position was only partially occupied during the year. The salary and benefits cost for this position was covered by the Ministry up to September 30, 2021. As of November 3, 2021 the position was abolished.

⁽⁹⁾ This position was created in the current year. The Corporate Counsel was hired on July 5, 2021.

⁽¹⁰⁾ This position was created in the current year. The Vice President, Strategy, Research and Communications was hired on May 3, 2021

⁽¹¹⁾ This position was created in the current year. The Senior Vice President, Chief Commercial Officer was hired on March 14, 2022.

TRAVEL ALBERTA SCHEDULE TO FINANCIAL STATEMENTS
RELATED PARTY TRANSACTIONS (in thousands)

YEAR ENDED MARCH 31, 2022

Related parties are those entities consolidated or accounted for on the modified equity basis in the Government of Alberta’s Consolidated Financial Statements. Related parties also include key management personnel and close family members of those individuals in the Corporation.

The Corporation paid or collected certain taxes and fees set by regulation for premiums, licences and other charges. These amounts were incurred in the normal course of business, reflect charges applicable to all users, and have been excluded from this schedule.

At March 31, 2022, related parties included:

Three private companies that have directors and/or officers who also serve as Directors of Travel Alberta.

All three organizations received an Investment Program Grant from Travel Alberta amounting to \$75, \$116, and \$500 respectively, during the year. These Grants were provided on normal commercial terms and in accordance with Grant program guidelines.

As at March 31, 2021 and March 31, 2022, there were no related parties transactions associated with:

- ▶ Key management personnel and close family members of those individuals in the Corporation.

The Corporation had the following transactions with related parties reported on the Statement of Operations and the Statement of Financial Position at the amount of consideration agreed upon between the related parties:

(in thousands)	2022		2021	
REVENUES				
Grants	\$	64,691	\$	39,747
Other		—		—
	\$	64,691	\$	39,747
EXPENSES				
Grants	\$	691	\$	150
Other Services		31		6
	\$	722	\$	156
RECEIVABLE FROM/(PAYABLE TO)				
	\$		\$	(46)

TRAVEL ALBERTA LEADERSHIP

BOARD OF DIRECTORS AS OF MARCH 31, 2021

The primary duty and responsibility of the Travel Alberta Board of Directors is to provide appropriate governance and strategic oversight, such that Travel Alberta fulfills its statutory mandate by following good corporate governance practices. Members of the Board, appointed by the Government of Alberta, were recruited from qualified applicants who collectively have the full range of competencies, experience, or personal attributes required to provide effective governance of the corporation. The Board is subject to the provisions of the Public Agencies Governance Framework.



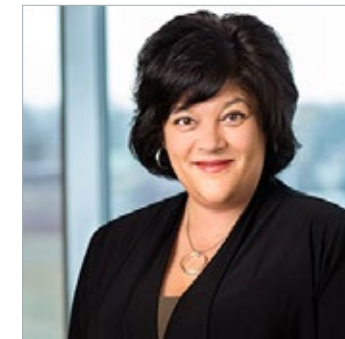
**LINDA A. SOUTHERN-
HEATHCOTT BEM**
CHAIR



NEIL YEATES
VICE-CHAIR



M. RYAN ROBB



KIREN SINGH CFA, ICD.D



JUANITA MAROIS



DAVID MCKENNA



**GAIL STEPANIK-KEBER,
ICD.D**

SENIOR LEADERSHIP TEAM



DAVID GOLDSTEIN
CHIEF EXECUTIVE OFFICER



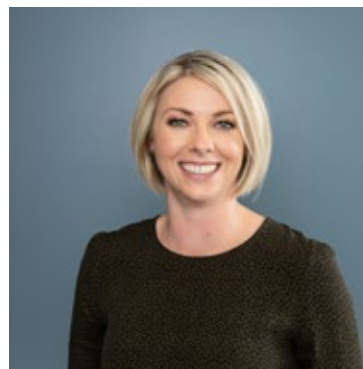
JON MAMELA
SENIOR VICE PRESIDENT,
CHIEF COMMERCIAL OFFICER



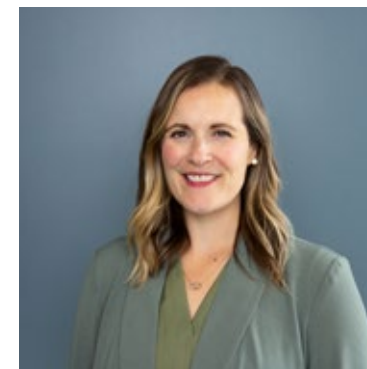
KARA CLAYPOOL
SENIOR VICE PRESIDENT,
CHIEF FINANCIAL OFFICER



TANNIS GAFFNEY
SENIOR VICE PRESIDENT,
CHIEF MARKETING OFFICER



DANIELLE VLEMMIKS
VICE PRESIDENT, STRATEGY, RESEARCH
AND COMMUNICATIONS



KYLA STOTT-JESS
CORPORATE COUNSEL

BOARD OF DIRECTOR COMMITTEES

GOVERNANCE & HUMAN RESOURCES

Governance and board nomination oversight duties:

- ▶ Monitor and make recommendations to the Board to enhance the effectiveness of Travel Alberta's corporate governance
- ▶ Monitor and make recommendations concerning applicable legislation, regulations and Ministerial direction or Memorandum of Understandings (MOU) concerning the governance of Travel Alberta
- ▶ Monitor and make recommendations concerning recruitment, compensation, performance evaluation and succession planning
- ▶ Make other reports as the Board may request or as the committee may deem appropriate

CHAIR
NEIL YEATES

AUDIT, FINANCE & RISK COMMITTEE

- ▶ Provide oversight and accountability to financial management processes
- ▶ Monitor and make recommendations to the Board on quarterly and annual financial statements and management, discussion, and analysis of the organization
- ▶ Review and assess internal financial controls
- ▶ Provide oversight and accountability for accumulated surpluses
- ▶ Address matters referred to it by the Board and report to the Board or as the committee may deem appropriate

CHAIR
KIREN SINGH



U Bar Ranch, Grande Cache
Travel Alberta / Ryan Bray



Peace River
Travel Alberta / Mike Seehagel

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