



New directions to reclaim growth

2011-2015 corporate plan summary





Table of contents

Message from the President & CEO	1
Executive summary	3
Part 1: Our business	7
1.1 Corporate profile	7
1.2 About us	8
Part 2: Our industry	13
2.1 Tourism in Canada	13
Part 3: Our brand	15
3.1 <i>Canada. Keep exploring</i>	15
3.2 Canada's unique selling propositions with industry	16
3.3 Path-to-purchase model	17
Part 4: Our world	18
4.1 Industry environment	18
4.2 Federal priorities	23
4.3 Financial partnerships	25
Part 5: Our strategic opportunities, factors influencing performance and risks	26
5.1 Opportunities	26
5.2 Factors influencing performance	27
5.3 Risks	30
Part 6: Our plan	32
6.1 Objectives	32
6.2 Priorities	33
6.3 Strategy framework	34
Part 7: Our results	46
7.1 Measuring performance	46
7.2 2011 Enterprise Balanced Scorecard	49
Part 8: Our financial plan	52
8.1 Financial statements, forecasts and capital budget	52
Appendix: Glossary of defined terms and abbreviations	58



Message from the President & CEO

As we began the process of planning the Canadian Tourism Commission's (CTC) corporate strategy for the 2011-2015 period, it was clear that we were no longer operating in a "business-as-usual" environment. With the 2010 Winter Games in our rear-view mirror, we are already delivering our post-Games conversion campaigns to harvest the "afterglow" and to sustain interest generated by the event. Specifically, we are targeting consumers in an effort to convert their interest in Canada into travel intentions, with a focus on "closing the sale." Additionally, with the global economic recovery underway, our stimulus program funding of \$48 million over two years will sunset in a matter of months. Within this context of change, we need to adapt and position our lines of investment to drive maximum results in support of our goal to grow tourism export revenues for Canada. We took the opportunity to launch a review of CTC's strategy and business lines in developing a new game plan based on an enhanced business model with a reduced core budget, and which would continue CTC's high standard of delivering results for Canadians.



With a goal to ensure that maximum investment is directed at CTC's marketing programs, that we are as streamlined as possible in our operations, and that we have the right structure in place, we consulted with our partners on the role of the CTC vis-à-vis the role of provincial and territorial marketing organizations. We agreed to collaborate to find efficiencies in order to increase our collective impact in the international marketplace and place a greater emphasis on roles as opposed to what is perhaps an outdated concept of simple partnership. More than ever, the CTC is being looked to for leadership and guidance.

To ensure that resources dedicated to demand generation are maximized, the CTC's new strategic direction beginning in 2011 will shift our marketing focus to international markets where we have both a leadership role and the ability to drive the best possible return on investment. Provincial and regional marketing organizations make significant investments under their own brands in the United States' leisure market, so we will cease our marketing activities there starting in 2011.

We will also reduce our cost structure so we can ensure that we have a leaner business model in the future. A new operational structure will allow us to streamline our organizational complexity and deliver our new business plan in a much more efficient way. One of the highlights of CTC's new operations structure is a regionalized approach to our international office footprint with a focus on making the most of our resources in a global environment. It is no longer practical or affordable for the CTC to have its own offices in each of our source markets. The transition to a regional hub office structure is considered best practice among other national marketing organizations, including our competitors.

By 2012, total savings from the combination of our strategic shift and operational changes will amount to \$15.9 million and will be reallocated to priority international markets where Canada's tourism brand has the most impact, meaning and potential for the Canadian tourism industry.

Underlying the 2011 tourism strategy is our vision of inspiring the world to explore Canada. It is this vision that informs our corporate objectives, which in turn puts us in the best possible position to achieve our goal of growing tourism export revenues for Canada.

First, our marketing increases demand for Canada's visitor economy and generates wealth for Canadians. Our effective tourism marketing, promotions and market development activities are founded on sound market research and will support the achievement of Canada's national tourism revenue goal of \$100 billion by 2015.

Second, we will focus on international markets and consumer market segments where Canada's tourism brand leads and yields the highest return on investment. We will convert high-yield customers by investing in appropriate communication channels based on insights from customer segmentation research and the path-to-purchase model.

CTC operates in a highly dynamic global tourism industry where innovation, marketplace conditions and consumer tastes drive a constantly evolving commercial environment. Change and adaptation is the one constant that all successful organizations must embrace in today's new economic reality. And with change comes opportunity. By shifting our strategy in new directions, we are ensuring that we will be in the best possible position to leverage emerging opportunities and establish our brand more readily where it will generate the highest possible return on investment for the Canadian economy.

I am confident that with our new strategy we will continue to inspire the world to explore Canada.

Keep exploring!

A handwritten signature in black ink, appearing to read 'Michele McKenzie', with a stylized flourish at the end.

Michele McKenzie

Executive summary

This is the Corporate Plan of the Canadian Tourism Commission (CTC) for the 2011-2015 period. Our Corporate Plan is an annual five-year rolling strategic plan submitted to the Government of Canada that outlines our:

- Corporate objectives and strategic priorities;
- Performance measurements; and
- Expected financial statements.

Canada's national tourism marketing organization

The CTC is a federal Crown corporation wholly owned by the Government of Canada. As set out in the *Canadian Tourism Commission Act*, our purpose is to sustain a vibrant and profitable tourism industry by supporting a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories. We promote Canada as an internationally competitive, premier four-season tourism destination where travellers have access to extra-ordinary experiences. We provide a consistent voice for Canada in the international tourism marketplace.

The immediate beneficiary of our activity is Canada's tourism industry, which includes approximately 177,911 tourism-related businesses and contributes some 616,800 jobs to the Canadian economy. The industry has long recognized the value of CTC marketing programs. We operate on the basis of public and private partnerships, with partner contributions historically matching (or exceeding) our federal funding. With CTC's Strategic Shift, CTC and its partners will be moving to a more profound, roles based approach to marketing. The CTC will continue to offer partnership opportunities, however with shifting lines of investment; the traditional target of 1:1 partnership ratio will be replaced by a new target of 0.6:1.

Operating context for the 2011-2015 Corporate Plan

The business strategy articulated in the 2011–2015 Corporate Plan is based on two foundational realities: 1. The CTC, with support from partners, successfully executed its strategy to leverage the media exposure created by the 2010 Winter Games. This generated an unprecedented number of international viewers that were exposed to the Olympic Games and messaging about Canada as a tourism destination; and 2. A shift in investments based on highest possible return on investment and to where Canada's tourism brand, *Canada. Keep exploring* naturally leads. These two foundational realities present the CTC with an opportunity to drive conversion.

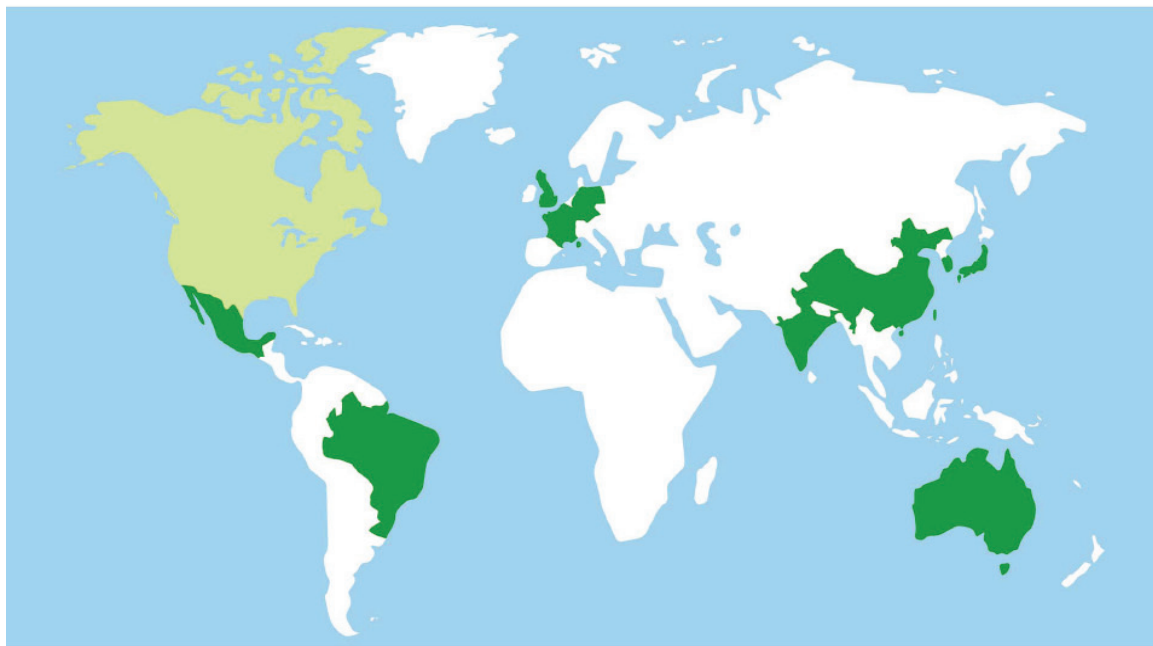
Canada needs to stimulate international visitation. Over the past decade, there has been a dramatic shift in the profile of travellers. Currently, 80% of tourism revenue is derived from domestic travellers; this percentage has increased from 65% in 2000. As would be the case for any industry, relying on 80+% of revenue from domestic market will not facilitate healthy growth opportunities for Canadian tourism businesses, particularly given the anticipated expansion of international tourism arrivals over the next several years as projected by the UNWTO.

In spring 2010, the CTC's senior management consulted with stakeholders and gathered feedback regarding the potential need for a new business model. The CTC engaged with the shareholder regarding its strategic shift and shared high-level updates regarding the progress of consultations. Results of consultations indicate that the majority of partners understand and support the CTC's strategic shift. Overall, partners expressed appreciation for the rationale and recognized the opportunity that the CTC and the tourism industry would be afforded by the shift.

Moving forward, the CTC's next five years will be supported by two key strategic shifts to focus on growth: 1) shift to a focus on roles; and 2) shift to a leaner, more scalable operation.

- 1. Shift to a focus on roles:** Beginning in 2011, the CTC will adapt its investment parameters to focus on where the *Canada. Keep exploring* brand leads. The CTC will maximize investment in mature and emerging international markets where Canada's brand has a leadership position (see map below). In addition, after two successful years in 2009 and 2010, the CTC will cease its investment in the domestic market. The CTC re-entered the domestic market with the launch of the successful LOCALS KNOW campaign in 2009, funded under a two-year federal stimulus program. Finally, we will cede marketing leadership in the US Leisure arena to Canadian partners who lead there with their own brand, but will remain invested in US marketing activities through Meetings, Conventions and Incentive Travel (MC&IT), Media and Public Relations, and Social Media.

Focus on Brand leadership roles

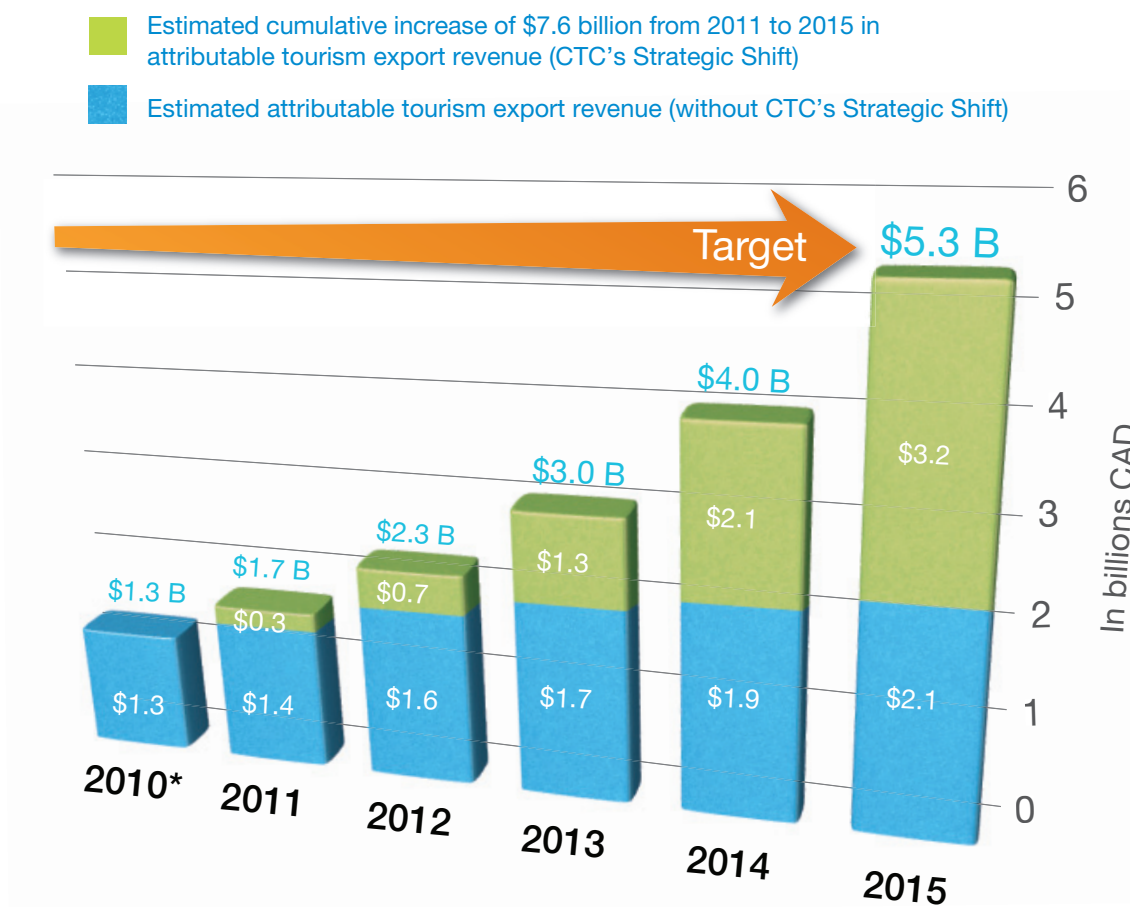


■ CTC Brand leads

■ Canadian partners Brand leads

2. Shift to a leaner, more scalable operation: The CTC's operational footprint, both at headquarters and internationally, is evolving to be leaner and more scalable, meaning that the CTC will be active in some international markets without establishing an office. We are also seeking partnerships in the form of co-location with provincial marketing organizations in some of our international markets to eliminate redundant overheads. We are driving to reduce cost and complexity in the organization.

By reducing overhead cost and complexity, and by reallocating marketing resources to international markets where the CTC's brand leads and drives a higher return on investment, we expect to generate approximately \$5.3 billion in attributable tourism export revenues to support Canada's national tourism revenue target of \$100 billion by 2015. This represents a potential cumulative increase in attributable tourism export revenue of \$7.6 billion from 2011 to 2015.



*2010 target based on 2009 baseline results

Note: Incremental increases in CTC estimated attributable tourism export revenue resulting from CTC's strategic shift are above CTC's base projection. Annual increases in base projection are primarily due to increases in revenues from China, India and Brazil. (Source: CTC Research Estimates, 2010).

Corporate objectives and strategic priorities

The 2011-2015 Corporate Plan lays out our objectives and priorities for the next five years and reaffirms the strategic goal of growing tourism export revenues for Canada. By concentrating our efforts on the following two objectives, we will be in the best position possible to achieve our mandate for the benefit of Canada's tourism industry:

- **Increase demand for Canada's visitor economy**

- Generate wealth for Canadians by focusing on both short-term and long-term potential for maximizing return on investment as markets mature and evolve.
- Engage in effective tourism marketing, promotions and market development activities supported by market research as we aim to support the achievement of Canada's national tourism revenue goal of \$100 billion by 2015.

- **Focus on markets where Canada's tourism brand leads and yields the highest return on investment**

- Concentrate on those geographic markets or consumer market segments where marketing at the national level (i.e. Canada's tourism brand) leads to the highest potential for return on investment.
- Convert high-yield customers by investing in appropriate communication channels based on insights from customer segmentation research and the path-to-purchase model.

In addition, the following four key priorities for action form the framework for how we will achieve our two objectives in the 2011-2015 period:

- **Ensure customer relevancy and differentiate Canada**

- Develop and maintain relevant communication with targeted potential travellers and ensure that the marketing message they receive is relevant and addresses their interests and expectations as consumers.
- Position Canada's tourism brand as one of the leading experiential tourism brands in the world, where travellers create extra-ordinary stories all their own.

- **Harvest the afterglow of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada**

- Engage with industry partners and international travel intermediaries to target consumers with the aim of converting consumer interest in Canada from media coverage of the 2010 Winter Games into travel intentions, with a focus on closing the sale.

- **Lead industry in international brand alignment and consistency**

- Work closely with industry and governments at all levels to communicate the advantage of a strong, consistent international tourism brand for Canada.
- Engage export-ready small and medium-sized tourism enterprises (SMEs) in CTC communications platforms to align supply with consumer demand in international markets and to strengthen the value of Canada's tourism brand by showcasing compelling product experiences.
- Lead industry and government in tourism marketing.
- Drive brand alignment and relevancy.

- **Foster organizational excellence**

- Be a "strategy-focused organization" with the right tools, people and resources in place to deliver.
- Maintain a positive and collaborative relationship with the shareholder.
- Focus on overhead management and implement cost containment measures.

Part 1: Our business

1.1 Corporate profile

Our goal

Grow tourism export revenues for Canada.

Our vision

Inspire the world to explore Canada.

Our mission

Harness Canada's collective voice to grow tourism export revenues.

Our role

In partnership with the Canadian tourism industry, we work to promote Canada as an internationally competitive, premier four-season tourism destination where travellers have access to extra-ordinary experiences. We provide a consistent voice for Canada in the international tourism marketplace.

Our legislated mandate

- To sustain a vibrant and profitable tourism industry.
- To market Canada as a desirable tourism destination.
- To support a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories with respect to Canadian tourism.
- To provide information about tourism to the Canadian private sector, the governments of Canada, the provinces and the territories.

Our markets

We are active in 11 international key geographic markets: the US, the UK, Germany, France, Mexico, Japan, China, South Korea, Australia, India and Brazil.

Our partners

Our partners include provincial and territorial governments, other federal departments and agencies, destination marketing organizations, the Canadian private sector and international travel trade and meeting professionals.

Our values

Innovation, collaboration, and respect.

1.2 About us

Constitution

The CTC is a federal Crown corporation wholly owned by the Government of Canada (the “shareholder”); it is accountable to Canada’s Parliament through the Minister of Industry.

Governance

In 2009, the CTC conducted a broad assessment of its Board governance structure. The results of the review recommended a new Board governance framework. Budget 2010 announced the elimination of 14 Governor-in-Council (GIC) positions on the CTC Board. This decision is consistent with the results of the 2009 Governance Review.

Currently, a 26-member Board of Directors governs the CTC. Its role is to provide stewardship and strategic direction. The GIC appoints the Chair of the Board, as well as the President & Chief Executive Officer (CEO). The Minister of Industry, with the approval of the Governor-in-Council, appoints the other directors, with the Deputy Minister of Industry Canada serving as an ex-officio director. Appointments to the Board are made to reflect the combined private/public sector nature of the industry. Four standing committees support the work of the Board:

- Executive Committee;
- Governance and Nominating Committee;
- Audit and Pension Committee; and
- Human Resources Committee.

The President & CEO reports to the Board of Directors, which in turn is accountable to Parliament through the Minister of Industry. The organization reports to the Crown through a five-year Corporate Plan and an Annual Report.

During the 2011-2015 planning period, changes to the structure of the CTC’s Board of Directors are expected. In April 2008, the Government of Canada, through the Minister of State (Small Business and Tourism), invited the Board to carry out a broad assessment of the governance structure of the CTC. In February 2009, we retained the services of an independent consulting firm with the appropriate expertise in governance to conduct the review. The scope of the review included the assessment of our current governance framework, recommendations of an optimal governance model based on best practices and our unique nature, and recommendations on the steps required to implement the proposed model.

Reflecting best practices, the final report recommends a new, streamlined, effective governance framework for the CTC as follows:

- The size of the Board of Directors should be reduced to between nine and 12 members in keeping with the average size of Canadian Crown corporation boards as well as best practice;
- The Executive Committee of the Board should be abolished;
- Board members should be chosen for their skills and experience relevant to the CTC’s strategic needs;
- Provincial and territorial deputy ministers should no longer serve on the Board. To provide direct liaison between the CTC and provincial and territorial deputy ministers on matters of mutual interest, the CTC has established a formal provincial and territorial deputy ministers’ forum that meets twice a year; and
- The CTC should continue its extensive engagement with the tourism industry through advisory committees and other formal and informal methods already in place.

The Board of Directors strongly supports all recommendations to move the CTC towards a more strategic organization, more relevant to government and industry, thereby enabling a truly modern corporate board to deliver effectively on the CTC's goal to grow tourism export revenues. The results of the assessment were approved by the Board of Directors in October 2009 and subsequently submitted to the Government of Canada. The 2010 Budget implementation bill, the *Jobs and Economic Growth Act*, introduced changes to the Board, including the elimination of 14 positions as part of the federal government's plan to improve efficiency and governance across federal departments and agencies.

While the implementation and timing of a new board structure is uncertain at this time, the CTC remains committed to reaching out and working with the tourism industry and has mechanisms in place to ensure that the CTC's Board and management are engaged with industry. These include:

- The continuation of the CTC's advisory committee structure and their important role of advising the Board of Directors and the President & CEO.
- The creation of a provincial/territorial tourism Deputy Minister's forum table that meets twice annually to ensure that all jurisdictions are current on the CTC's activities and have the opportunity to provide input.
- Regular meetings with the CTC's destination marketing counterparts at the provincial and territorial marketing organizations, as well as Destination Marketing Association of Canada (DMAC), an organization that represents Canadian Civic destination marketing.
- Annual meetings with like international National Tourism Organizations (NTOs) with the objective of establishing best practices and international benchmarks.

Outreach to industry



Legislative Powers and Obligations

Legislative Powers

The *Canadian Tourism Commission Act* and subsequent regulations provide the legislative basis for the establishment of the CTC and its activities.

The CTC is not governed by the *Public Service Employment Act* and is considered a separate employer. However, the CTC is governed by or subject to the requirements of several acts, including:

- *Financial Administration Act (FAA)*
- *Official Languages Act*
- *Privacy Act*
- *Access to Information Act*
- *Canadian Human Rights Act*
- *Canada Labour Code*
- *Employment Insurance Act*
- *Employment Equity Act*
- *Federal Accountability Act*
- *Public Servants Disclosure Protection Act*
- *Conflict of Interest Act*

Legislative Obligations

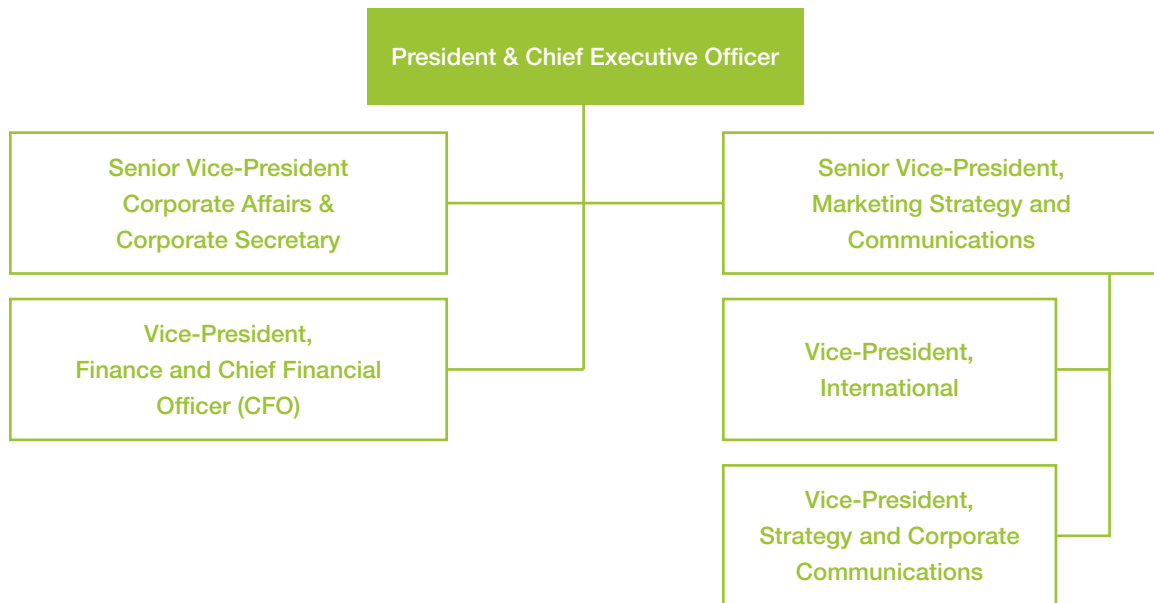
A Special Examination is mandated under the *Financial Administration Act (FAA)* and a report on the findings must be submitted to and approved by the Board of Directors. The next examination is expected to be released in 2016.

Accountability to Parliament

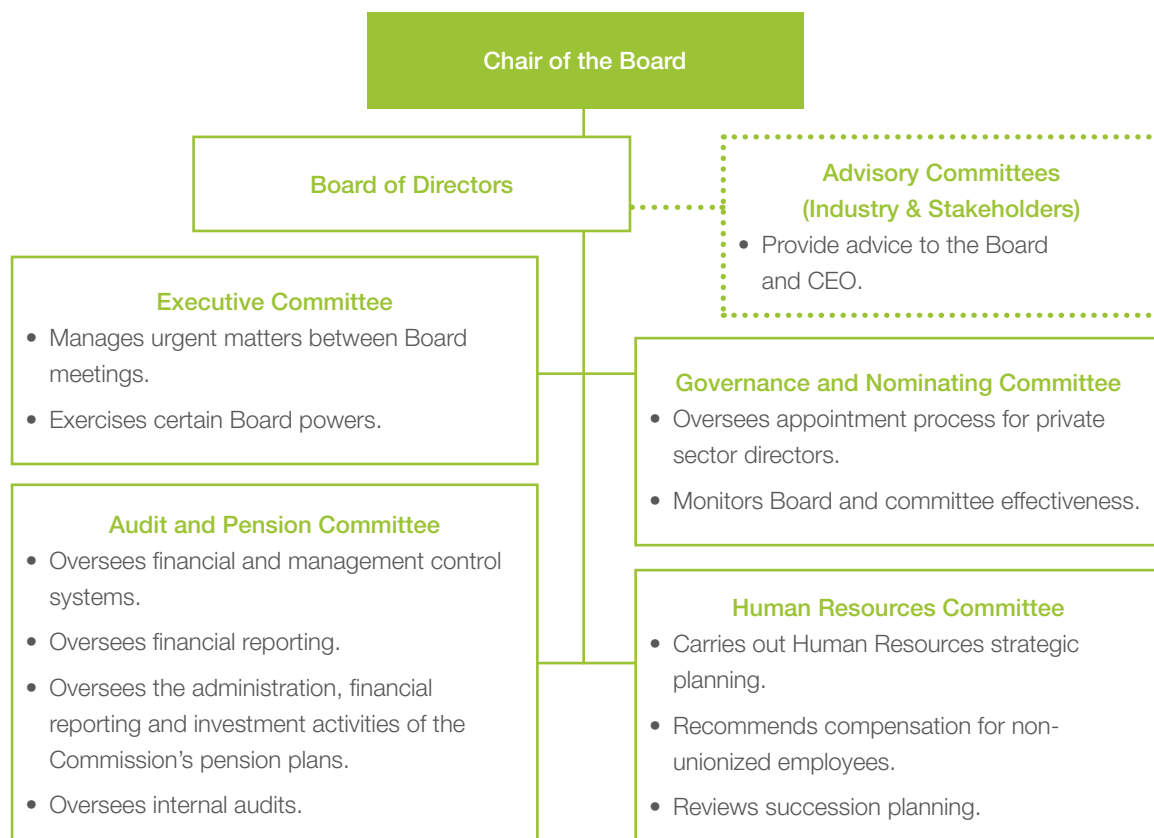
The Government of Canada primarily regulates Crown corporations through their enabling legislation and through the FAA. The CTC is currently listed under Part I, Schedule III of the FAA, and as such is required to:

- Submit an Annual Report, a five-year Corporate Plan and an Operating Budget to the responsible Minister; and
- Undergo regular audits by the Auditor General of Canada.

Senior Management Structure



Board and Committee Structure



Source markets and offices

The CTC is headquartered in Vancouver, British Columbia, and maintains a small branch office in the National Capital Region. Starting in 2011, our office in London, UK, will serve as the regional hub for our core markets of the UK, France, Germany and Australia. The CTC's headquarters in Vancouver will serve as the regional hub office for the emerging markets of India, China, Brazil, South Korea and the shocked markets of Japan and Mexico¹. In addition, we will maintain satellite offices in China and Japan.

The Meetings, Convention and Incentive Travel business will be headquartered in Vancouver, with several in-market sales representation in the US and internationally, primarily in the UK.

The CTC is currently active in the Americas (United States, Mexico and Brazil), Europe (United Kingdom, Germany and France), Asia (China, India, South Korea and Japan) and Australia. However, our new regional hub structure allows us to be nimble and opportunistic, adjust our marketing programs to reflect changing market conditions, and capitalize on new marketing opportunities as they arise

Staff

The CTC has 119 permanent positions, 90 of which (or 76%) are located at our head office in Vancouver. These positions are largely engaged in marketing, communications and research activities, as well as providing corporate services. There is also a small office in Ottawa, with two positions. In addition to our Canadian staff, we have 29 permanent positions (24%) delivering international marketing and sales services in our international markets.

¹ Shocked markets refer to formerly high performance markets that, due to external issues such as new visa requirements, pandemics or air access, require a return-to-basics approach on the ground to re-establish Canada as a potential tourism destination.

Part 2: Our industry

2.1 Tourism in Canada

Selling Canada abroad

The CTC advances Canada's competitive position by generating increased revenues for an industry that contributes significantly to the Canadian economy. Tourism represents approximately 2% of the Canadian Gross Domestic Product (GDP), with a value of \$27.7 billion in 2009. This equals approximately the economic value of agriculture, forestry, fishing and hunting combined.² Tourism generates "export revenues," as any item sold to an international tourist is considered an export.

The CTC works in the national interest to make Canada more competitive internationally, and takes advantage of technological changes in marketing to do so. CTC marketing campaigns have taken innovative approaches using streaming Tweets and Twit-pics about Canada in storescapes in US cities, while the CTC *Keep Exploring* Facebook community allows members to interact with CTC content on a regular basis. From multimedia campaigns to social media strategies, leveraging the latest advances in technology remains a key focus of the CTC's marketing strategy.

Benefitting Canada's tourism businesses

As well as bringing international money into the country, tourism provides work for thousands of Canadians. In 2009, Statistics Canada counted 177,911 tourism-related businesses in Canada. Although the majority of those businesses have fewer than 20 employees, tourism contributes 616,800 jobs to the Canadian economy. Small and medium-sized enterprises (SMEs) operate in communities large and small in every province and territory of Canada, and in many ways they are the economic backbone of the country. Currently, an estimated 10,000 Canadian businesses provide export-ready (i.e. internationally marketable) tourism services in five key areas: accommodation, food and beverage services, recreation and entertainment, transportation and travel services. They deliver strong economic, social and cultural benefits to Canadians in urban and rural areas alike.

National benefits

The immediate beneficiary of the CTC's activity is the tourism industry. Indeed, the industry has long recognized the value of our marketing programs. The ultimate beneficiary is the Canadian taxpayer, who enjoys tourism's contribution to the quality of life in Canada through public and private investments in parks, transportation infrastructure, attractions, events and event facilities. In addition to stimulating export revenue growth and job creation in Canada, we also stimulate high-value knowledge-based businesses and jobs for the Canadian economy (e.g. enabling technology, e-marketing, creative production, research, and the digital economy). The tourism marketing industry is a strong customer of Canada's creative and digital economies.

² Based on Statistics Canada 2009 data for Gross Domestic Product at basic prices, primary industries.

2009 Economic Picture

2009 was a challenging year for the tourism sector around the world, including Canada. Based on information available from Statistics Canada and CTC research, the overall performance figures for tourism in Canada in 2009 are as follows:

- Tourism revenues fell to \$69.5 billion, a decrease of 4.5% from 2008.
- Total international tourism revenue fell to \$14.1 billion, a decrease of 12.8% from 2008.
- Total domestic tourism revenue fell to \$55.4 billion, a decrease of 2.1% from 2008.
- Tourism's contribution to Canada's GDP fell to \$27.7 billion, a decrease of 4.2% from 2008.
- Estimated government revenues generated by tourism fell to \$19.2 billion, a decrease of 4.8% from 2008.
- Tourism generated over 616,800 jobs.
- CTC marketing campaigns generated \$228.7 million in attributable federal government tax revenues.

Sources: Statistics Canada Preliminary Estimates, National Tourism Indicators; CTC on estimated government revenues; Statistic's Canada's Government Revenue Attributable to Tourism (GRAT) and Quarterly National Tourism Indicators (NTI), 2007.

Part 3: Our brand

3.1 *Canada. Keep exploring*

Since the 2007 launch of Canada's revitalized tourism brand *Canada. Keep exploring* we have worked to build a bridge between the world's nature-based perceptions of Canada and the need to present more diverse and real Canadian travel experiences in a personal, emotional, relevant and interactive way. To revitalize Canada's tourism brand, we created a short list of compelling ideals to share with our audience. We call these our key insights, and every aspect of our brand has been designed to support them.



Key insights:

- **Expression**
Canada is a catalyst for my own expression, and gives me the freedom to create my own experiences.
- **Emotion**
What I see, taste, smell, hear and experience in Canada stirs my emotions.
- **Exploration**
Canada encourages me to indulge my curiosity and explore its geography, culture and people.
- **Brand promise**
Create your own extra-ordinary experiences.

Through *Canada. Keep exploring*, Canada is positioned as a destination of choice for discerning travellers. In the past, we have tried to represent Canada as all things to all people. Now, we will focus on what makes us special to a select group of high-yield, motivated and active international travellers. After much research and collaboration, we have identified five unique selling propositions for Canada, all of which add up to unforgettable, unequalled tourism experiences.

3.2 Canada's unique selling propositions with industry

After much research, collaboration and development, the CTC has identified five unique selling propositions (USPs) that showcase the experiences that make Canada unique in the global marketplace. These USPs set Canada apart from the competition by presenting the country as a distinctive, unique and extra-ordinary travel destination; they allow us to package and market experiences that are relevant to the interests and values of travellers identified by the Explorer Quotient™ (an innovative, state-of-the-art segmentation tool that enables us to pinpoint travellers in terms of particular travel preferences).

Consistent adherence to these five USPs in Canadian marketing ensures that all experiences that are marketed internationally support Canada's tourism brand. The propositions give us focus and a process by which to align sellable products. USPs help to shape messages globally through all channels to ensure that Canada remains distinct and competitive. While it is possible to find similar propositions elsewhere, what makes them special is how they manifest here in Canada. USPs help to make Canada the destination of choice for high-yield travellers.

Vibrant cities on the edge of nature

Canada is unique for having vibrant urban centres in close proximity to nature. Tour Halifax's spectacular harbour front, where the vibrant, old and new converge. Discover Toronto's lively neighbourhoods. Explore historic Québec City, the only walled city in North America.



Personal journeys by land, water and air

A journey is more than getting from one place to the next – it's about exploring, and discoveries made along the way. Cross the country by rail. Take a float plane from downtown Vancouver to a luxury lodge. Drift in a sailboat along the world's longest coastline.



Active adventure among awe-inspiring natural wonders

Travellers can find adventure by immersing themselves in nature's wonders, water, and wildlife, without having to sacrifice their creature comforts. Be mesmerized by the Aurora Borealis (from the comfort of a hot tub). Get soaked by Niagara Falls (and experience a private wine tasting tour at a nearby winery). Watch polar bears by day (and enjoy a gourmet dinner in the evening). Heli-ski in the Rockies in the morning (and spend the afternoon in a spa).



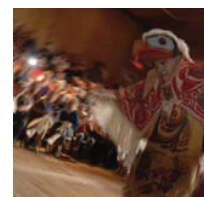
Award-winning Canadian local cuisine

Unique locally-sourced ingredients, a return to natural freshness and low-intensity farming, ethnic fusion, techniques, settings, and people all combine to make Canadian cuisine a savoury experience. Discover Ontario's ice wines or visit a micro-brewery in Nova Scotia. Find out how Quebec cheeses are made or learn to shuck oysters on Prince Edward Island.



Connecting with Canadians

Travellers can immerse themselves in the communities they visit. Absorb Canadian art at Montreal's art galleries. Discover Acadian culture at a summer kitchen party. Share stories with a local at the Yukon Storytelling Festival. Learn the legacies of the Great Plains people at Alberta's famous buffalo jump.



3.3 Path-to-purchase model

When making an actual travel purchase, consumer behaviour can be broken down into different steps that, when followed sequentially, trace a path from the consumer first hearing about the destination through to the actual point of purchasing an experience. The CTC has developed a “path-to-purchase model” to illustrate this process and to track Canada’s tourism brand performance at every stage of consumer purchases. Our model examines seven steps: 1) hearing about the destination; 2) the “future consideration” list; 3) the “serious consideration” list; 4) creating a movie; 5) planning a detailed itinerary; 6) finalizing trip arrangements; and 7) successfully purchasing a trip. Analysis of the model enables us to compare the brand in all markets and focus marketing activities to address the weak links in the chain. For example, Canada finds its greatest challenge at the “creating a movie” stage, which consists of inspiring consumers to begin imagining themselves actually having an experience. In other words, many consumers, although aware of Canada and even seriously considering visiting Canada, never reach the conscious creation of a “vacation movie” in their minds. In fact, regardless of the market, Canada loses roughly 50% of its audience at this juncture. Of those consumers that do move beyond this stage, many never progress to the next important step of planning an itinerary. This blockage between consideration and itinerary planning is one that marketing can influence. In fact, there are an estimated 19 million potential travellers to Canada blocked at this stage that, as marketers, we can help move towards purchase. Shifting desire to intent is a major hurdle for any destination marketer and seller to surmount and, in this way, the model allows for a more targeted approach to guide travellers along the path to purchase.

	Mexico	UK	France	Germany	Japan	South Korea	China	Australia	
Market potential	8.5M	27.5M	23.1M	26.2M	21.3M	13.3M	2.8M	6.9M	
Step 1									
▼ Hear about the destination	100%	100%	100%	100%	100%	100%	100%	100%	Brand Building
Step 2									
▼ On priority list A destination that they think about going to in the future	81.4%	82.6%	85.9%	81.1%	80.3%	83.7%	89.8%	81.9%	
Step 3									
▼ On seriously considering list Seriously considering in the next 2 years	5.0M 62.6%	12.0M 42.6%	10.0M 45.5%	13.0M 50.7%	7.0M 31.1%	7.0M 54.7%	2.0M 68.7%	3.0M 37.6%	
Step 4									
▼ Creating a “vacation movie” Starting to gather info—friends, internet, articles, brochures	3.0M 30.3%	5.0M 19.5%	5.0M 22.2%	6.0M 23.7%	3.0M 12.9%	3.0M 23.0%	1.0M 38.9%	1.0M 15.8%	
Step 5									Tactics Conversion
▼ Detailed itinerary planning Planning the details of an itinerary to Canada	0.9M 10.9%	1.7M 6.1%	1.1M 4.7%	2.0M 7.5%	0.7M 3.5%	1.1M 7.9%	0.4M 15.9%	0.2M 3.6%	
Step 6									
▼ Finalizing trip arrangements In the process of working out travel arrangements	3.2%	2.0%	1.3%	2.9%	0.7%	1.5%	2.7%	0.8%	
Step 7									
▼ Purchase Booked a trip to Canada	0.9%	1.0%	0.6%	0.5%	0.1%	0.2%	1.1%	0.3%	
2009 Overnight trips	0.178M	0.714M	0.406M	0.309M	0.198M	0.138M	0.160M	0.205M	
Arrivals to planning ratio	19.0%	43.0%	37.0%	16.0%	27.0%	13.0%	36.0%	83.0%	

Source: Path-to-Purchase Study, Insignia Research, 2009.

Part 4: Our world

4.1 Industry environment

Keeping abreast

In a fast-changing industry it is vital to have regular access to accurate, up-to-date information. To that end, the CTC monitors economic and market trends on a monthly basis and uses the information collected to support decision-making. We also make this data available to Canadian businesses on our corporate website (www.canada.travel/corporate), thus helping the Canadian industry to operate optimally at all times.

State of the global economy

Expectations of a renewed slowing in global economic activity have been reinforced by a number of factors including increasing signs of a consumer pullback in North America, the paltry pace of private sector job creation and increasing debt concerns in the US, the negative repercussions flowing from the oil spill in the Gulf of Mexico, fears regarding several floundering European economies (e.g. Greece, Spain, the UK), expectations of a larger-than-expected slowdown in China (the world's output growth leader), and increasing reflation concerns associated with the G20 commitment to engage fiscal repair.

The global economic recovery is under way, supported by continued improvements in financial conditions and stronger domestic demand growth in many emerging-market economies. The recovery continues to depend on exceptional monetary and fiscal stimuli, as well as extraordinary measures taken to support financial systems.

Already there is evidence of a slump in confidence, with consumers in many countries no longer benefitting from lucrative government-financed incentives, and businesses maintaining cautious hiring, production, and investment plans. Around the world, purchasing managers are reporting a slower pace of manufacturing, while barometers of service-led activity are also beginning to moderate.

The Bank of Canada projects Canada's economic recovery to continue to evolve, with the economy returning to full capacity at the end of 2011, and inflation to remain near 2%. The Bank projects that the economy will grow by 3.5% in 2010, 2.9% in 2011 and 2.2% in 2012.³ In the face of these volatile economic conditions, the CTC must remain flexible and nimble to drive the best possible returns in the fluid commercial environment for travel business.

State of the global tourism industry

International tourist arrivals grew by 7% in the first four months of 2010, according to the June 2010 issue of the United Nations World Tourism Organization (UNWTO) World Tourism Barometer.⁴ This growth confirms the recovery trend beginning in the last quarter of 2009 and comes despite the challenging conditions of recent months. While April's results were affected by the week-long closure of European airspace, globally the pace of recovery is faster than initially expected, driven largely by emerging markets. For the full year 2010, the UNWTO forecasts international tourist arrivals to grow by 3-4%.

³ Bank of Canada: www.bankofcanada.ca/en/mpr/pdf/2010/mprsumjuly10.pdf

⁴ UNWTO: www.unwto.org/media/news/en/press_det.php?id=6241

Other industry indicators such as air transport, which grew 6% in the first four months of 2010 according to the International Air Transport Association (IATA), confirm the resilience of the tourism sector and the fact that recovery is underway. Data from the accommodation sector also reflects improved performance, with occupancy and average room rates on the rise again.

International tourist arrivals from January to April 2010 totalled over 258 million. Although this volume is 2% lower than the same period in the record year 2008 with 264 million arrivals, it is an improvement over the negative results of 2009, which saw only 242 million arrivals.

2010 results will continue to benefit from the gradually improving economic situation, as well as from a number of high-profile events including the Winter Olympics in Vancouver, the FIFA Football World Cup in South Africa, the World Exposition in Shanghai and the Commonwealth Games in India. Unfortunately, tourism has also suffered the effects of a series of natural disasters, including a volcanic eruption in Iceland, earthquakes in Haiti, Chile, Southern California and Guatemala and severe flooding in a number of destinations including Machu Picchu (Peru) and parts of Europe.

State of the Canadian tourism industry

A depressed economic environment, new travel documentation requirements, volatility in fuel prices and a strong Canadian dollar led to a decline in leisure travel from the US in 2009. Since 2002, Canada's market-share of outbound travel from the US Leisure travel market has fallen by 7.2 percentage points while the market share of outbound travel from the US Meetings, Conventions and Incentive Travel (MC&IT) market has declined by 2.3 percentage points. Still, with 11.7 million overnight American travellers (Leisure and MC&IT) generating receipts of \$6.6 billion in 2009 while travelling in Canada⁵, the US market accounts for more than all of the CTC's other core overseas (i.e. non-US) markets' receipts combined (\$3.8 billion). Total international markets generated \$12.9 billion in overnight receipts in 2009, of which the CTC core markets accounted for 80%, or \$10.4 billion.⁶ International visitors generated an additional \$3.2 billion in receipts to Canada in the form of same-day expenditures and fares paid to Canadian carriers to enter or leave Canada.

Canada's hotel industry – an excellent indicator for the state of the private sector – experienced a \$4 billion loss in revenues in 2009 and a drop in average occupancy to 58% from 63% in 2008. As reported in its 2010 Canadian Travel Intentions survey released in February, the Hotel Association of Canada (HAC) expects business travel to be up 3% in 2010 from 2009, while leisure travel is projected to be down 4%. Looking ahead through 2010 and into 2011, HAC forecasts growth with a one or two point increase in the 58% occupancy level, as well as increases in rates and revenue per available room (RevPar).

⁵ These overnight tourism receipts exclude fares paid to Canadian carriers to enter or leave Canada; however, they do include fares paid to Canadian carriers for travel within Canada.

⁶ Statistics Canada preliminary results from the International Travel Survey.

New competition

As of June 2010, the UNWTO ranked Canada 15th in the world for international tourism arrivals (15.8 million) and 16th for international tourism receipts (US\$13.6 billion) in 2009. As for the future, increased global competition, a strong Canadian dollar and volatile fuel costs present certain challenges for Canada's tourism industry. The world is competing for tourists as never before, and travel is beginning to flow towards new, exotic and emerging destinations in Asia, Africa and the Middle East. Over the next 10 years, emerging regions are expected to post strong gains at the expense of Europe and the Americas. It is projected that, by 2020, Europe and the Americas together will barely achieve one billion in international arrivals, while Asia, Africa and the Middle East together will hit the 1.6 billion mark.

In terms of volume, Canada received fewer overnight trips from all of its core source markets in 2009, with the exception of China (+0.4%). These declines contributed to an overall drop of 8.4% for all CTC core markets and a decline of 8.3% for all international markets in 2009.

However, Canada was not alone in experiencing losses in international tourist arrivals over the last year. As the following table illustrates, some of Canada's established international competitors continued to experience losses in 2009. While the US experienced losses from all markets except China, Brazil and Australia, Australia experienced declines from the UK, Japan and South Korea, and the UK had setbacks from the US, Germany, Japan, China, Australia and India. This is consistent with the global trend of mature destinations losing business to emerging destinations.

2009 Estimated overnight trips by market (000s)

	Canada	09/08 (%)	US	09/08 (%)	AU	09/08 (%)	UK	09/08 (%)
US total	11,666	-6.7	-	-	480	+5.6	2,825	-4.2
UK	686	-18.1	3,899	-14.6	664	-1.2	-	-
France	388	-4.1	1,204	-3.2	93	+9.0	3,808	+4.7
Germany	291	-7.6	1,687	-5.4	161	+0.4	2,758	-4.9
Mexico	161	-37.4	13,164	-3.8	-	-	80	+23.1
Japan	180	-30.4	2,918	-10.2	355	-22.3	233	-2.5
South Korea	131	-24.0	744	-2.0	181	-17.1	-	-
China	159	+0.4	641	+1.3	366	+2.8	128	-5.9
Australia	188	-14.3	724	+4.9	-	-	901	-5.7
India	126	-2.0	549	-8.3	125	+7.6	270	-24.8
Brazil	57	-19.2	893	+16.0	-	-	-	-
Total core markets	14,033	-8.4	26,423	-6.2	2,426	-3.8	11,003	-2.1
Total international markets	15,583	-8.3	47,738	-5.4	5,585	+0.0	29,716	-6.8

Sources: Statistics Canada Preliminary Estimates; Tourism Australia; UK National Statistical Office; Office of Travel and Tourism Industries (USA).

In addition to decreases in international arrivals to Canada in 2009, total receipts from the CTC's core source markets also fell to an estimated \$9.4 billion in 2009, a decrease of 11.7% from 2008. At the same time, the average spend per person per night is estimated to have decreased by 0.9% to \$106.90 from \$107.90 in 2008.

The fact that tourist receipts have increased over 15 times more than tourist arrivals reflects the success of our strategy to target high-yield consumers. Although Canada's performance from a yield perspective remains flat, evidence based on data produced by the UNWTO shows that Canada's calculated yield from tourist arrivals and receipts still registered the third largest gain in the 1996-2008 period (see table). Against its main competitors, Canada's yield over the 12 years increased by 157.8%, for an annual average gain of 8.2%, or an estimated 6.0% in constant terms. To emphasize the point, while the volume of travellers to Canada decreased 2.3% over 1996-2008, tourist receipts from travellers increased 35.9% over the same period. Canada's average spend per trip is lower than long-haul destinations such as Australia because of the high volume of lower-yield US overnight travellers relative to the higher yield international travellers.

Average spend per trip (yield from tourist arrivals & receipts) (\$CDN)			
	1996	2008	08/96 (%)
Australia	\$1,554	\$4,702	202.5
China	\$315	\$821	160.6
Canada	\$365	\$941	157.8
France	\$333	\$747	124.3
UK	\$622	\$1,271	104.3
Turkey	\$461	\$938	103.5
Germany	\$850	\$1,712	101.4
US	\$1,099	\$2,023	84.1
Thailand	\$926	\$1,291	39.4

Source: UNWTO

Setting the stage for 2011, the first seven months of 2010 provided some grounds for optimism. There were approximately 8.1 million overnight visitor arrivals from CTC markets to Canada from January to July 2010, a 0.6% increase over the same period in 2009 (Source: Statistics Canada's International Travel: Advance Information service bulletin for July 2010).

Year-to-date increases (2010/2009) in overnight trips registered across almost all CTC key markets with notable gains in Japan (29.3%) and Brazil (25.5%). China rose to an all time high, up 19.1% over 2009. In addition, other CTC markets demonstrated rebounds and gains: South Korea (18.0%), India (17.8%), Australia (10.6%), France (6.8%) and Germany 8.4%.

Only two CTC markets registered a decline. Mexico continued its steep decline down (-39.8%) and the UK registered a small decline of 0.8%.

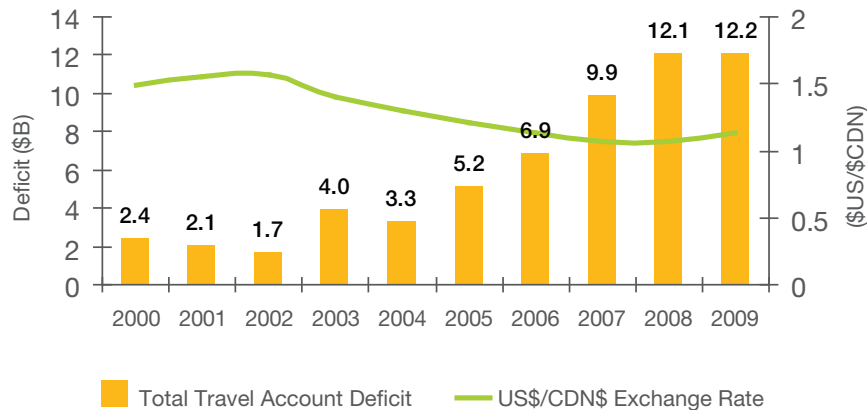
The rebound demonstrated in many of CTC's overseas markets demonstrates that the CTC's strategy of prudent diversification into emerging markets of Brazil and India in 2009 was effective and is starting to generate results for Canadians. In addition, the CTC's strategic shift for 2011 - 2015 will focus investment in overseas source markets that will further support recovery and growth trends.

The travel account

In 2009, total tourism revenue in Canada fell to an estimated \$69.5 billion (a decrease of 4.5% from 2008). Total tourism domestic demand fell to \$55.4 billion (a decrease of 2.1% from 2008) and total tourism export revenue fell to \$14.1 billion (a decrease of 12.8% from 2008), accounting for approximately 80% and 20% of Canada's total tourism revenue for 2009, respectively.

According to the International Travel Account, international tourism revenue – the total spending by foreign visitors on Canadian-produced tourism goods and services, including spending that may take place outside of Canada, such as the purchase of an airline ticket from a Canadian international carrier for travel to Canada – fell to \$15.5 billion in 2009 (a decrease of 6.2% from 2008). At the same time, spending in foreign countries by Canadians also fell to \$27.7 billion (a decrease of 3.3% from 2008). As a result, Canada's international travel deficit – the difference between what Canadian residents spend abroad and what international travellers spend in Canada – edged up by 0.7% in 2009 to an estimated \$12.2 billion.

Canadian Travel Deficit 2000-2009



4.2 Federal priorities

Government of Canada's perspective on priorities for the CTC

In the spring of 2010, the Honourable Rob Moore, Minister of State (Small Business & Tourism) met with the CTC's Board of Directors to discuss the challenges and opportunities facing the tourism industry. Following that meeting, Minister Moore highlighted the Government of Canada's perspective on priorities for the CTC to consider in its planning process for 2011-2015. As a result, pursuing the following opportunities will be an integral part of the CTC's five-year plan:

- **Approved Destination Status (ADS) with China**

In order to leverage the opportunity presented by Canada's Approved Designation Status with China, the CTC will dedicate additional resources in order to begin more comprehensive promotional activities in the China market.

- **Vancouver 2010 Olympic and Paralympic Winter Games**

In order to harvest the afterglow of the 2010 Winter Games, the CTC will continue to convert interest into sales by working with travel trade and pursuing direct-to-consumer marketing in priority international markets.

- **CTC strategic shift**

As the CTC shifts its strategic direction to rationalize costs and reallocate funds in order to generate the highest possible return on investment for the Canadian economy, we will focus on markets where Canada's tourism brand leads and yields the highest return on investment.

- **Excellence in public sector governance**

The CTC will continue to strive towards excellence in public sector governance and reflect the Government of Canada's direction on governance with a focus on accountability, transparency and sound financial stewardship.

- **Whole-of-government approach to supporting tourism growth**

Canada's tourism ministers, including federal, provincial and territorial representatives, have expressed confidence that the long-term growth potential for Canada's tourism industry is strong. In September 2009, they set a new national tourism revenue target of \$100 billion by 2015, representing an increase of approximately \$29 billion over 2009 revenue. The CTC will continue to work closely with federal partners on the whole-of-government approach to support tourism growth and help Canada reach the national target. The CTC expects to generate approximately \$5.3 billion in attributable tourism export revenue to support Canada's national tourism revenue target of \$100 billion by 2015, representing a potential cumulative increase in attributable international tourism export revenue of \$7.6 billion from 2011 to 2015.

Federal Tourism Strategy

In the 2009 budget, the Government of Canada recognized the need and opportunity to bring greater coherence to national tourism activities. To improve the effectiveness of the Government's support in this area, it was announced that the Minister of State for Small Business and Tourism would lead the development of a Federal Tourism Strategy to guide future investments in creating a more coherent whole-of-government approach to supporting the tourism sector.

During National Tourism Week in 2009, Prime Minister Stephen Harper met with leaders in Canada's tourism industry and announced that the federal government was taking the next step towards a new Federal Tourism Strategy that seeks to broaden access to, and awareness of, Canadian tourist attractions. "Tourism is an increasingly important industry that supports small businesses in every region of our country and keeps thousands of Canadians employed," said the Prime Minister. "Our Economic Action Plan makes several major investments to strengthen this vital sector. The next step is to improve the coordination of our efforts and better sell Canada as a tourist destination for both domestic and international visitors."

The Federal Tourism Strategy Framework identifies the following four priorities:

- 1) Increasing awareness of Canada as a premier tourist destination;
- 2) Facilitating ease of access and movement for travellers while ensuring the safety and integrity of Canada's borders;
- 3) Encouraging product development and investments in Canadian tourism assets and products; and
- 4) Fostering an adequate supply of skills and labour to enhance visitor experiences through quality service and hospitality.

In the 2011-2015 period, the CTC will continue to work with federal departments and agencies to contribute, wherever possible, to address these priorities.

Modernizing our Board structure

In 2009, the CTC conducted a governance review to assess its current governance framework and considered recommendations of an optimal governance model based on best practices and the unique nature of the CTC. Implementation of these changes will help us become more strategic and relevant to industry and government by creating a truly modern corporate Board structure best able to deliver on our mission. See page 11 for more information on our new Board structure.

Re-aligning our business model

The CTC will re-align its business model to focus on maximizing the investment in high-growth potential source markets where Canada's tourism brand leads, in order to generate demand from high-yield international travellers. This shift will result in substantially higher overall return on investment. While we will discontinue "direct-to-consumer" marketing and leisure sales programs in the US Leisure market, we will remain substantially invested in the US MC&IT program and meaningfully invest in Media and Public Relations and Social Media. We will work closely with our partners in managing the transition with a view to optimizing the collective investments of all partners involved in promoting Canada as a premier tourism destination.

Export-Ready Experiences

The CTC will establish an inventory of export-ready experiences that exemplify Canada's tourism brand. This collection will be showcased through promotional efforts in order to create a stronger alignment between supply and demand. See page 42 for more information on the collection.

4.3 Financial partnerships

Partnership contributions

The CTC operates on the basis of public and private partnerships, with partner contributions historically matching (or exceeding) our federal funding, which helped to achieve a maximum return-on-investment for the taxpayer.

There are four types of CTC partnership arrangements with contributions:

- **CTC-led marketing or sales campaigns:** Arrangements whereby we directly sell advertising opportunities to our partners. For example, when partners buy advertising space in CTC publications, or partners buy space at CTC-led events.
- **Partner-led marketing or sales campaigns:** Arrangements whereby partners take the lead in managing campaigns and sell advertising opportunities to us.
- **Parallel partnerships:** Arrangements whereby we run parallel advertising with our partners. These partnerships are based on signed agreements whereby we and our partners align our campaign strategies. For example, we begin the campaign by exposing the market to Canada messages. After a set period of time, the partner enters the market with specific destination messaging and leverages the momentum we already established.
- **In-kind partner contributions:** In-kind partner contributions are arrangements whereby partners contribute to our marketing or sales campaigns with goods or services rather than financial contributions. For example, when partners contribute to CTC-organized media familiarization (FAM) trips by covering transportation or accommodation costs, etc., or partners invite us to advertise in publications or at events without cost.

Over the 2011-2015 planning period, we will continue to leverage partner contributions in order to increase the impact of the government's investment in Canada's tourism marketing. However, as a result of the CTC's strategic shift, the CTC will cede leadership in the domestic and US Leisure markets to our Canadian partners and take a stronger leadership position internationally.

This will impact the partnership landscape of the CTC. Partnership consultations suggest that many provincial and major Canadian destination tourism marketers, the CTC's primary marketing partners from a financial point of view, will either maintain or increase their investments in the domestic or US Leisure source markets.

The CTC's strategic shift reduces duplication of marketing efforts in Canada and the US, and this is strongly supported by partners. While the CTC remains fully committed to working in partnership and offering partnering programs and access to the marketplace, our traditional target of 1:1 partnership ratio will no longer be feasible. The CTC management estimates that a target of 0.6:1 for the 2011 fiscal year is reasonable.

In addition to the four traditional partnership arrangements, the CTC will explore new and innovative types of partnerships designed to address needs identified by partners such as assistance with bringing tourism experiences to the international marketplace in a manner that is strategic, brand-aligned, and customer focused.

While new types of partnerships need to be formally defined and established by the CTC and its partners, the CTC remains committed to working in partnership with Canadian and international tourism partners to effectively promote Canada internationally.

Part 5:

Our strategic opportunities, factors influencing performance and risks

5.1 Opportunities

Rising demand

The Conference Board of Canada forecasts that the demand for tourism goods and services in Canada will rise from \$130 billion in 2005 to \$220 billion in 2025 (adjusted for inflation to 1997 dollars).⁷ Much of the increase in demand relates to growth in population. By 2013, increases in the number of people aged 25 to 64 are expected to create a population of some 1.2 billion people in the CTC's core source markets (a 7.0% increase over 2007 levels, or 80 million people). According to the UNWTO, although international tourist arrivals fell from 924 million in 2008 to 880 million in 2009 (a decline of 4.3%), arrivals are still expected to reach an estimated 1.6 billion by 2020.⁸

At the same time that the number of potential travellers in the world is increasing, it is perhaps even more significant that levels of disposable income are also growing. This trend speaks directly to the CTC's strategy to convert high-yield consumers who tend to remain in Canada longer and contribute more to the economy. Markets such as China, India and Brazil, as well as South-East Asian, Eastern European and Latin American countries, are becoming important outbound markets, backed by growing middle classes on the one hand, and liberalizing policies promoting mobility on the other. For example, according to UNWTO figures, Chinese tourists spent a total of \$42 billion in 2007. China is expected to become the fourth largest source of tourists in the world by 2020 and generate as many as 100 million outbound tourists annually.

Growing interest in experiential travel

Consumers are increasingly seeking travel opportunities that deliver new experiences, satisfy curiosity and add novelty and exoticism to their lives. Travel tour operators are responding to travellers' holiday needs by introducing a range of new activities, experiences, itineraries and tours for luxury travellers. For increasingly sophisticated tourists, travel is becoming more and more about new experiences and adventures for their own personal fulfillment, and also about value for money. Correspondingly, Canada's tourism brand is leveraging this trend in travel preference by offering consumers opportunities to create their own unique stories and experiences.

Approved Destination Status from China

On December 3, 2009, Prime Minister Harper announced that China was prepared to officially grant Approved Destination Status (ADS) to Canada, meaning that the CTC and its partners would be able to advertise Canada to consumers and promote travel to Canada in China. A Memorandum of Understanding (MOU) was signed by the two countries on June 24, 2010 in order to formalize ADS. Administration of the ADS Scheme in Canada is provided by the Tourism Industry Association of Canada's (TIAC) Office of ADS Administration, which approves ADS tour operators and administers sanctions and/or penalties to ADS tour operators, including the suspension and withdrawal of ADS designation for breach of the requirements outlined in the ADS program.

⁷ Canadian Tourism Human Resource Council's (CTHRC) report "In Short Supply." 2008:

http://cthrc.ca/~media/Files/CTHRC/Home/research_publications/labour_market_information/sd-tourism-brochure-national-en.ashx

⁸ UNWTO: www.unwto.org

As a result of this new opportunity, the CTC will augment marketing activities in China for fiscal 2011 by building on our strategy to target high-yield travellers and our existing incentive travel strategy in China. Incentive travel continues to be a key sales motivation tool for multi-national and Chinese companies, and is a market growth segment that is rapidly expanding into long-haul destinations.

5.2 Factors influencing performance

Economic uncertainty

Although the global economic recovery is under-way, a number of factors continue to reinforce a slump in consumer confidence. While tourism has historically proven resilient to economic turbulence, the current uncertainty in global markets has resulted in many travellers delaying trips. As the recovery continues and consumers begin to resume their travel patterns, Canada's tourism industry must be ready to accommodate this growth after cutting back to ensure survival through the downturn. It continues to be extremely important to market Canada's tourism brand during times of economic uncertainty in order to protect market share.

Fuel costs

The volatile price of crude oil impacts the cost of travel and the tourism industry by influencing the price of fuel. In 2008, the price of crude oil climbed during the first half of the year to an all-time high of US\$147.27 a barrel- in July – more than double what it was a year earlier – before falling below US\$40 by the end of 2008. Oil costs continued to rise in 2009 on the back of a stronger economic outlook, and the International Air Transport Association's (IATA) 2010 forecast for oil prices is between US\$75-79 a barrel. This continued market volatility will make it difficult for the tourism industry to strategically plan for the future and manage costs. As such, volatile fuel costs will continue to impact the performance of Canada's visitor economy.

Air access & Capacity

Limited air access continues to be an impediment in international air travel to Canada. Canada still has limited or no air agreements with five of its markets: Australia, Brazil, China, India and Mexico. The Government of Canada recently signed or updated air agreements with the following countries: South Korea (July 15, 2009); European Union (December 18, 2009); Cuba (February 7, 2010); Morocco (February 9, 2010); Tunisia (March 1, 2010); Ethiopia (March 1, 2010); and El Salvador (April 29, 2010).

Airline markets rose strongly at the end of 2009 and early in 2010, but growth remains concentrated in the emerging markets of Asia, Latin America and the Middle East, with benefits accruing mainly to airlines in these regions. Airlines in the large developed markets of Europe and North America face much more sluggish market growth. This uneven recovery in economies, freight and travel markets is reflected in the divergent performance of airlines in different regions. Helped by the strong year-end, IATA cut its estimate of 2009 net losses from US\$11 billion to US\$9.4 billion. More significantly, it now forecasts smaller losses in 2010 of US\$2.8 billion, compared to its previous forecast of US\$5.6 billion, with the largest improvements benefiting airlines in Asia and Latin America.

Exchange rates

The strength of the Canadian dollar affects Canada's international competitiveness. As the economic recovery began to take hold in 2009, the Canadian dollar increased in value and briefly reached parity with the US dollar. While a strong Canadian dollar is good for Canada's purchasing power and living standards, it also threatens to slow the economic recovery by undermining our manufacturing sector, export base and domestic competitiveness. A strong Canadian dollar weakens the competitive advantage of Canada's tourism industry as US travellers no longer have the benefit of a favourable exchange rate. Visits by foreigners to Canada have been falling since the dollar began increasing in value in 2001. In the past year alone, the Canadian dollar has risen 24% against the US dollar. In addition, the Canadian dollar is up 24% against the Euro. It reached a 25-year high against the British pound this year, and is up 20% over the past year. This has resulted in a significant increase in comparative costs for many international travellers. The increasing value of the Canadian dollar also means Canadians can travel more inexpensively to other parts of the world, meaning many will choose international excursions rather than trips within Canada.

Competitive funding levels

The CTC's 2009 enterprise risk management exercise identified that the CTC has a challenge competing within its funding profile when compared to its competition. This risk is enhanced by increased investments by many of Canada's competitors in recent years. Among Canada's main competing international destinations of Australia, the UK and New Zealand, only New Zealand (with a population of 4.2 million) has a lower tourism budget than Canada with respect to base appropriations. Like the CTC, other national tourism marketing organizations partner with industry to leverage their budget allocations. While Canada has invested in additional tourism marketing to help combat the economic downturn, so have many of our competitors.

Tourism marketing organization	2010 base appropriations (\$CDN)	Percentage of GDP
Las Vegas Convention & Visitors Authority	\$274.8 million	n/a
Tourism India	\$251.2 million	5.9% as of 2006
Tourism Australia	\$122.6 million	2.6% as of 2008/09
VisitBritain	\$89.1 million	n/a
Canadian Tourism Commission	\$77.4 million	2.0%
Tourism Ireland	\$70.2 million	4.9% as of 2009
Tourism New Zealand	\$54.3 million	3.8% - as of 2009
California Travel & Tourism Commission	\$51.4 million	n/a

Sources: CTC Research using Bank of Canada average exchange rate for 2009: US\$1=CAN\$1.14197729; Australia \$1=CAN\$0.8969; UK £1= CAN\$1.78035578; New Zealand \$1=CAN\$0.7193; 1 Rupee=CAN\$0.02360; €1=CAN\$1.5855.

On March 4, 2010, US President Barack Obama signed into law the *US Travel Promotion Act of 2009*, creating a new public-private partnership between the US government and the nation's travel and tourism industry. The new law calls for the creation of the "Corporation for Travel Promotion," which will oversee the development and implementation of a global marketing and promotion campaign aimed at increasing the number of international visitors to the United States. The bill authorized US\$10 million in start-up funds in fiscal year 2010. In subsequent years, the corporation will be funded partially through a US\$10 fee charged bi-annually to visitors from countries included in the Visa Waiver Program (mostly in Europe and excluding Canada), and partially through a matching program of up to US\$100 million in private sector contributions. If the corporation is able to raise the projected US\$200 million annually, the organization would be one of the largest national tourism communications programs in the world.

Historically, the lack of both a US national tourism marketing organization and a strong tourism brand under which to unite US destinations in the global tourism industry has been strategically advantageous for Canada. Our tourism brand has had to compete for international visitors against a number of disaggregated US states and cities with their own international tourism marketing budgets. Over the next few years, as the Corporation for Travel Promotion is established and begins to market the US under a unified brand, the CTC will face even more competition in the global marketplace. At the same time, however, the Corporation for Travel Promotion could potentially become an effective interlocutor for the CTC, and we are exploring the possibility of jointly promoting North America when and where appropriate.

As the world starts to emerge from the recent financial crisis and governments' focus in G20 and other countries turns to fiscal responsibility, no clear pattern has yet emerged with regards to the effect on competitive NTO funding levels. As part of its visioning process associated with the 2011-2015 Corporate Plan, the CTC investigated, to the best of its ability with international best practice groups, what the short and medium-term competitive funding landscape would most likely look like. While it is quite possible that some of the CTC's competitors, particularly in the Eurozone, will have their budgets impacted as part of broader austerity programs, it is also likely that key competitors such as Australia, New Zealand and emerging economies will continue to maintain or increase their investments in tourism marketing and promotion.

5.3 Risks

Risk assessment

The CTC monitors significant organizational risks and implements appropriate mitigation plans to reduce these risks to acceptable levels. An enterprise risk assessment, conducted by a third party, was performed for 2010. The assessment identified a number of specific risks, as outlined in the chart below. CTC management will update its program of mitigation responses and will report on the effectiveness of the Commission's mitigation activities in the Annual Report.

Risk (Residual)	2010 Rating	2008 Rating	Change	Mitigation Activities
Government Funding – Core Decrease in core government funding affects program activities			N/C	Focus on restructuring the organization and streamlining operations to cut costs and increase efficiency; focus on organizational excellence and maintain our corporate reputation; demonstrate alignment of tourism to government priorities (i.e. revenues generated from tourism).
Management Development Enhancement of leadership and management skills for mid-management personnel			N/C	Continued implementation of training for key members identified in succession plan; continue balanced scorecard approach to align people with strategy.
Shareholder Engagement Alignment of priorities			↑	Enhance communication and government relations; ensure the alignment of government priorities against the CTC mandate.
Tourism Industry Vulnerability within the tourism industry			N/C	Support development and implementation of federal tourism strategy to collaborate across government more strategically; continue to communicate tourism's contribution to the economy.
Fixed Costs Increasing compliance costs and other costs as a result of being a Crown corporation			↓	Continue to identify efficiencies and minimize organizational complexity, resulting in reduced overhead costs.
Organization Complexity Operations in 12 markets			N/C	A continued effort and focus to minimize the complexity of the organization and streamline operations in order to increase operational efficiency; engage in effective global marketing approach using local agents (GSAs).
Transition The new business model		---	New Risk	Ensure that transition plans are developed and communicated, and training is provided as required.

Risk (Residual)	2010 Rating	2008 Rating	Change	Mitigation Activities
Technology Effectiveness Ability to leverage IT capability to effectively conduct internal processes		---	New Risk	Continue with Information Technology (IT) Governance Committee that is in place to review information systems needs; planning is well underway for a new IT system (process maps, business requirements).
Marketing Effectiveness Ability to execute marketing strategy		---	New Risk	Alignment of brand to ensure coherent marketing messages; work together with partners and agencies to align investment and branding efforts.
Government Funding – Special Projects Special Project funding with increased reporting requirements		---	New Risk	Demonstrate alignment of tourism to government priorities (i.e. revenues generated from tourism); ensure that the CTC is capable of easily meeting new reporting requirements that come with special funding.

Medium-high risks	
Medium risks	
Low risks	
N/C	No change
↓	Decrease from previous year
↑	Increase from previous year

Part 6: Our plan

This 2011-2015 Corporate Plan lays out objectives, priorities and strategies for the next five years and reaffirms the strategic goal of growing tourism export revenues for Canada. The strategies build on foundations set out in the previous plan and reflect recent efforts to promote Canada's tourism brand, *Canada. Keep exploring.* In general terms, the CTC will continue to utilize targeted, focused marketing so as to reposition Canada as a destination where travellers have access to extra-ordinary experiences.

6.1 Objectives

The CTC's plan is founded on two main objectives, with high-level measures and strategies for each as follows:

Objective 1. Increase demand for Canada's visitor economy

Key measures

- Tourism export revenue
- Tourism GDP
- Tourism employment
- International tourist receipts from CTC's markets
- Average spend per person per night among CTC's markets
- Tourism domestic demand (revenue)

Key strategies

- We will generate wealth for Canadians by focusing on both short-term and long-term potential for maximizing return on investment as markets mature and evolve.
- We will engage in effective tourism marketing, promotions and market development activities based on market research to support the achievement of Canada's national tourism revenue goal of \$100 billion by 2015.

Risks and Mitigation

- **Tourism Industry.** External factors such as shocks (Swine flu, terrorism, etc.), policy changes (Mexican visa, passport requirements), and Canada's high cost structure (high tax regime, airline fees, etc.) may result in an adverse impact on tourism spending, and reduced funding. This risk will be mitigated by working in collaboration with other federal partners including by supporting the development and implementation of a federal tourism strategy. In addition, a crisis communication plan that addresses external shocks has been developed.

Objective 2. Focus on markets where Canada's tourism brand leads and yields the highest return on investment

Key measures

- Marketing campaign ROI
- Economic contribution of key account co-op promotions
- Economic contribution of CTC's MC&IT program
- Attributable tourism export revenue
- Attributable jobs created and/or maintained
- Attributable federal tax revenue

Key strategies

- We will concentrate on those geographic markets or consumer market segments where marketing at the national level (i.e. Canada's tourism brand) leads to the highest potential for return on investment.
- We will convert high-yield customers by investing in appropriate communication channels based on insights from customer segmentation research and the path-to-purchase model.

Risks and Mitigation

- **Government Funding – Core.** Overall core government funding has decreased significantly over time, which effectively reduces funds for marketing activities. This restricts the CTC's ability to meet its mandate, deliver against expectations of growth, and effectively compete. The risk of a declining a-base budget is being mitigated to the extent possible by continued focus on restructuring the organization and streamlining operations to cut costs and increase efficiency.

6.2 Priorities

The Corporate Plan is built around four key priorities for action:

- Ensure customer relevancy and differentiate Canada;
- Harvest the afterglow of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada;
- Lead industry in international brand alignment and consistency; and
- Foster organizational excellence.

6.3 Strategy framework

The structure of the Corporate Plan is illustrated below, outlining the relationship of the various perspectives to our corporate vision, mission, priorities, objectives and overall goal.

Why do we exist?	<h3>Goal</h3> <p>Grow tourism export revenues for Canada</p>
Where do we want to go?	<p>↑</p> <h3>Objectives</h3> <ul style="list-style-type: none"> • Increase demand for Canada's visitor economy • Focus on markets where Canada's tourism brand leads and yields the highest return on investment
What do we need to do to get there?	<p>↑</p> <h3>Priorities</h3> <ul style="list-style-type: none"> • Ensure customer relevancy and differentiate Canada • Harvest the afterglow of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada • Lead industry in international brand alignment and consistency • Foster organizational excellence <p>↑</p>
Vision	Inspire the world to explore Canada
Mission	<p>Harness Canada's collective voice to grow tourism export revenues</p> <ul style="list-style-type: none"> • Shareholder & stakeholder perspective: "How do we engage government and industry partners?" • Budget financial perspective: "What do we need to accomplish financially?" • Customer perspective: "What inspires travellers to visit Canada?" • Internal business processes perspective: "At which internal business processes must we excel?" • Learning and growth: "How can we continue to improve and create value?"

Perspectives

The CTC envisions the following five-pronged approach to each priority to ensure that each element of the program addresses specific perspectives: the Shareholder and Stakeholder perspective; the Budget and Finance perspective; the Customer perspective; the Internal Operations perspective; and the Learning and Growth perspective. In this way, we will continue to take the views of the shareholder, stakeholders and customers into consideration in the application of our strategies. At the same time, we will consider how internal business processes and financial and budgetary realities affect the program. We will continue to routinely define lessons learned and look for opportunities to evolve and grow.

2011-2015 Priorities

The CTC has analyzed each of its four priorities for action in terms of risk and has implemented mitigation plans. As well, for each priority there is a series of detailed strategies that will allow us to meet our objectives and, ultimately, our goal to increase tourism export revenues for Canada. For each priority, at least one key result has been defined and a number of additional performance measures are listed in the Enterprise Balanced Scorecard.

Priority 1. Ensure customer relevancy and differentiate Canada

Key Measure

- Aided destination awareness
- Aided destination consideration
- Country brand rank

Key Strategies

- We will develop and maintain relevant communication with targeted potential travellers and ensure that the marketing messaging they receive is relevant and addresses their interests and expectations as consumers.
- We will position Canada's tourism brand as a leading experiential brand in the world where travellers create extra-ordinary stories all their own.

Risks and Mitigation

- **Marketing effectiveness.** At the core of the CTC's business is an effective marketing strategy. The CTC's challenge is putting out the right marketing messages that have the most impact on growing tourism export revenues. This risk is being mitigated with effective marketing informed by research.
- **Technology effectiveness.** The need for technological effectiveness will be mitigated through the activities of the IT Governance Model that is in place to review information systems needs and implementation of new IT systems.

Learning more about the potential traveller

The idea behind *Canada. Keep exploring* is to speak to the curious traveller, inviting them to live a life less ordinary in a land defined by a spirit of geographic, cultural and personal exploration. While we still use traditional demographic tools to find our audience, we now have a more sophisticated tool for connecting with those consumers who will be most receptive to our message. This proprietary social segmentation model is called the Explorer Quotient™ (EQ). It allows us to understand not just how people travel, but why they travel. The EQ model segments consumers into nine types. Each type has its own psychographic profile, giving us much richer insight into consumer behaviours and preferences compared to demographic-based models. Using the EQ model, we can talk to travellers in their own language, matching their needs and desires with truly unforgettable and relevant Canadian experiences.

Offering more compelling experiences and content

Communicating a tourism experience is very different from marketing a tourism product. When people promote a product, they talk about what they have to offer. When people communicate an experience, they talk about what the consumer wants to feel. Our promise to the traveller is that when they visit Canada, they will have the freedom to create their own unique, extra-ordinary and authentic moments. Our brand identity standards detail what is needed to tell stories about amazing Canadian experiences, all in a way that complements our key insights and appeals to our primary EQ types. By emphasizing such experiences reflected in Canada's unique selling propositions, we strongly differentiate Canada from other destinations. The goal is to surprise potential travellers, change their perception of Canada and inspire them to visit.

Interacting with the potential traveller and strengthening our online presence

The CTC has invested significantly in e-marketing over the last couple of years. Over the next five years, we will continue to invest in the creation of online experiences designed to convert interested visitors into customers. Internet technology allows us and our partners to develop unique communications strategies for particular regions, cultures, countries and languages. It ensures that Canada is presented in a way that is relevant to local needs and cultures and, at the same time, consistent in terms of content and quality. An effective e-marketing system not only makes it easier for customers to research Canada as a travel destination, but it also differentiates Canada from competing nations.

EQ, our proprietary segmentation tool, is changing the way that Canadian travel experiences are developed, marketed and sold. The EQ tool gives us a deeper understanding into travellers' personal beliefs, social values and views of the world, including what travel experiences they buy, what brands they like, what media they watch and read, even the kinds of photos they like to take on vacation.

The nine major traveller groups – we call them Explorer Types – have their own motivations and preferences while on vacation. Three of these types, Cultural Explorers, Authentic Experiencers and Free Spirits, are our best prospects for positioning Canada as a travel destination of choice. They have a keen interest in the kinds of experiences we offer, plus the income profiles and passport ownership numbers that make them ideal high-yield, long-haul travellers.

For more information about these and our other Explorer Types, visit www.canada.travel/corporate for an introduction to EQ, or find out your own Explorer Type, at www.canada.travel/eq.



Standing out from the competition

We have had enormous success in launching Canada's tourism brand *Canada. Keep exploring* in world markets and establishing a visual identity for Canada. In 2009, Canada's tourism brand earned the number two spot on the list of the world's top country brands for the second year in a row according to *FutureBrand's Country Brand Index*, jumping from 6th place in 2007 and 12th in 2006. Our challenge is to take Canada's positive brand association and present consumers with compelling reasons to visit Canada. We will continue to position Canada's tourism brand as a leading storytelling brand, and Canada as a destination from which travellers will bring home extra-ordinary stories.

Market investment and execution strategy

Research shows that the CTC's marketing activities in source markets have significantly different results depending on the maturity of the market and the awareness of Canada as a tourism destination. As a result, we will focus on developing two distinct operational approaches and weigh investments in channels and deployment of human resources appropriately: one for new/emerging (or shocked/re-emerging) markets, and one for traditional/mature markets.

- **Traditional/core markets: UK, France, Germany, Australia, International MC&IT**

These markets are well-entrenched for Canada with a strong, established culture of international travel developed over decades by strong economic growth. Because of their high value, competitors invest heavily in these markets, subsequently giving Canada's advertising a lower level of impact known as a low relative share of voice. The general strategy for these markets is enhancement by focusing on retaining the foundation for optimal market investment with strong marketing and promotion activities. Research activities will focus on gaining a better understanding of the market opportunities along the path-to-purchase.

- **New/emerging or shocked/re-emerging markets: India, Brazil, South Korea, China, Mexico, Japan**

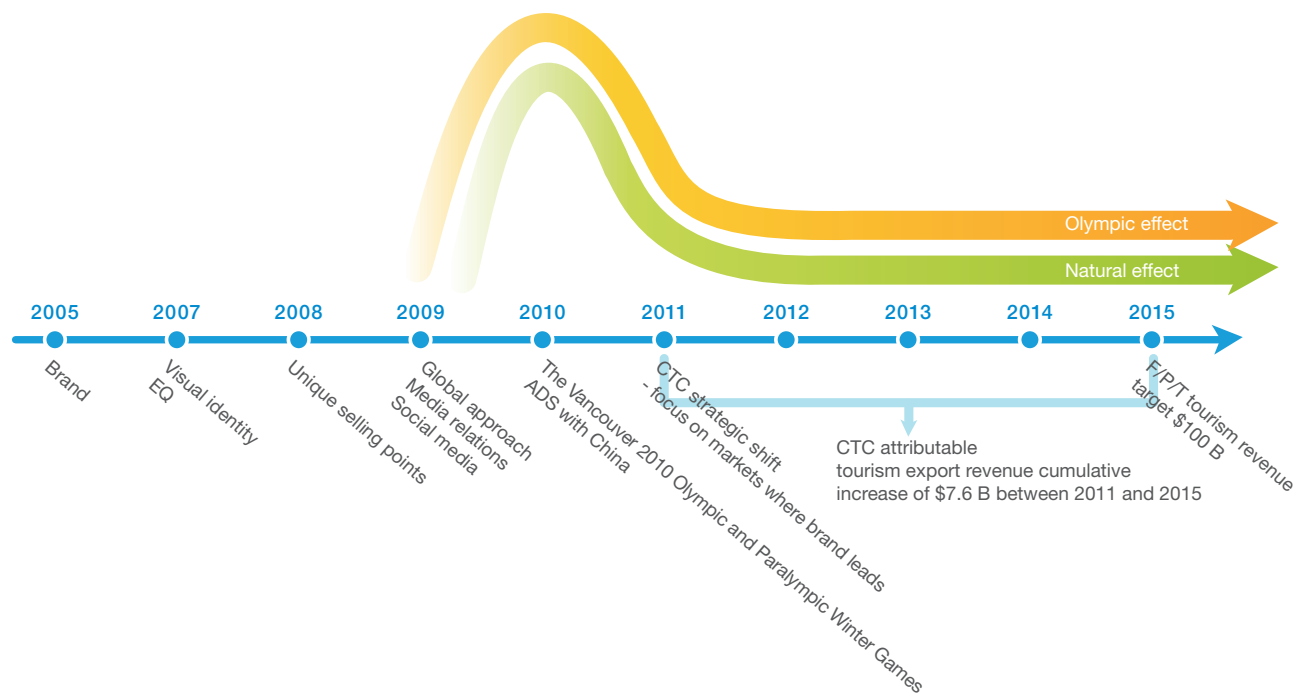
These markets (India, Brazil, South Korea and China) are relatively new to international travel brought about by a rising middle class in the last 10 to 20 years. At the same time, shocked/re-emerging markets (Mexico and Japan), formerly high performance markets for Canada, require a return-to-basics approach on the ground to re-establish Canada as a potential tourism destination because of external issues such as new visa requirements, pandemics or air access. Emerging (and re-emerging) markets are generally characterized by being in the early stages of establishing (or re-establishing) a competitive advantage for Canada with lower partner investment, but also less competition and a higher potential to gain a share of voice in the marketplace. The general strategy for these markets is development by focusing on setting the foundation for optimal market investment and demand generation. Research activities will focus on gaining a better understanding of the market opportunities and potential engagement strategies.

The Global Platform

In 2008, the CTC developed a Global Platform and strategy as part of a 10-year plan to inspire the world to explore Canada. The strategy focuses on global markets and consumer market segments with the highest potential for return on investment. Research shows that social value and travel value factors are consistent across all core source markets, thus reinforcing that we can globally focus on three EQ types, Cultural Explorers, Authentic Experiences and Free Spirits for positioning Canada as a travel destination of choice and to deliver on optimal growth in tourism export revenues. For these three EQ types, travel is a lifestyle; they are some of the most passionate and constant high-yield international travellers in the world. The Global Platform is designed to align Canada's tourism brand with the travel preferences identified by the EQ segmentation tool.

The Global Platform has enabled the marketing, sales and communications teams to advance perceptions of a Canadian travel experience to create a renewed sense of urgency to visit. It will also continue to deliver on operational efficiencies tied to reducing spending on creative, photography, copy and agency fees and increased production values tied to the development of EQ-relevant imagery and broadcast marketing, sales and media assets that bring Canada's travel experiences to life. This strategy has already shown positive signs of generating year-over-year improvement and has been well received by key stakeholders in the tourism industry. Rewards from this approach have been realized in marketing effectiveness, as the CTC's campaign return on investment doubled from its 10-year average of 50:1 to a 2009 result of 101:1. Its application to harvesting the afterglow of the Vancouver 2010 Olympic and Paralympic Winter Games is expected to produce continued strong return on investment.

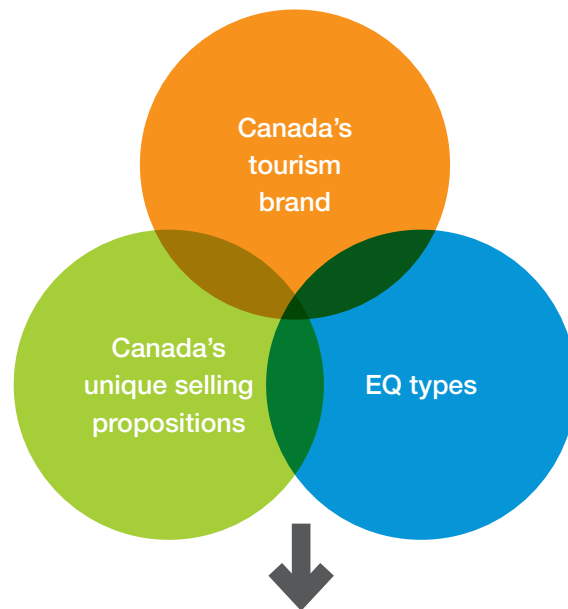
Ensuring customer relevancy and differentiating Canada:



Key filters

Over the next five years, the CTC will continue to take a bold approach in all marketing, sales and communications efforts in order to build on the past three years' efforts to shift consumer perceptions of Canada from simply beautiful landscapes to uniquely Canadian characteristics that will inspire the explorer to have extra-ordinary experiences. In order to focus efforts in relation to priorities and to stay on strategy, we will subject all activities to three key filters: Canada's tourism brand, Canada's unique selling propositions and Explorer Quotient (EQ) segments. These three filters will operate as follows:

- **Canada's tourism brand:** By evaluating all activities in terms of consistency with the *Canada. Keep exploring* brand, the tourism industry will give Canada a strong, coherent and immediately recognizable image in the world.
- **Canada's unique selling propositions:** By shaping products and defining messages in light of travel experiences that consistently differentiate Canada from other destinations, the tourism industry will market its products/experiences more effectively.
- **EQ types:** By shaping and marketing products/experiences in terms of the social behaviours and travel preferences of consumers, as determined by the EQ segmentation tool, the tourism industry will deliver more relevant products to consumers.



Priority 2. Harvest the afterglow of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada

Key Measure

- Brand strength score index (measure under development)

Key Strategies

- We will engage with industry partners and international travel intermediaries to target consumers with the aim of converting consumer interest in Canada from media coverage of the 2010 Winter Games into travel intentions with a focus on closing the sale.

Seizing the opportunity

In 2007, the Government of Canada granted the CTC \$26 million over five years to fully leverage the media exposure afforded by the 2010 Winter Games. With approximately 3 billion world viewers, the event represented a once-in-a-generation opportunity to enhance the world's awareness of Canada as a premier tourism destination. The CTC's five year 2010 Winter Games Tourism Strategy, which was distributed to a wide audience, including industry, government and 2010 Games partners, was developed to maximize the Government of Canada's investment and was built on a three-phased approach to be implemented between 2008 and 2012:

- **Phase 1: Before the Games**

We used the run-up to the 2010 Winter Games to create a tourism personality for Canada (i.e. brand building) and to strengthen partner relationships. In particular, we developed an enhanced and sustained relationship with the media and new business partners. We also developed assets (e.g. video, images, and stories) required for subsequent phases of the project. One of the legacies of this phase was of the involvement of the CTC's partners, mainly Canada's provinces and territories, in the development of assets to ensure that all regions of Canada received positive exposure during the 2010 Winter Games.

- **Phase 2: During the Games**

During the active period of the 2010 Winter Games, we leveraged relationships established in Phase 1 but shifted our focus to media relations and Web communications. Media relations activities showcased the "refreshed" Canadian experience through dynamic and intriguing images and stories targeted to global media and through our enhanced Websites (e.g. consumer, corporate, media). This strategy was well executed resulting in extraordinary results. Through March 31, 2010, audience reach associated with CTC assets or Canada's tourism brand *Canada. Keep exploring* had reached over 5 billion through broadcast and 4.9 billion through print and other media channels.

- **Phase 3: After the Games**

Following the close of the Games, we began working with partners to harvest the "afterglow" and to sustain interest generated by the event by extending it to new travel experiences in Canada. Throughout 2011 and 2012 we will continue to work with partners to target consumers and convert their interest in Canada into travel intentions, with a focus on "closing the sale."

Priority 3. Lead industry in international brand alignment and consistency

Key Measure

- Partner brand alignment
- Partner satisfaction

Key Strategies

- We will work closely with industry provincial/territorial marketing organizations (PMOs) and travel trade key accounts to communicate the advantage of a strong, consistent international tourism brand for Canada.
- We will engage export-ready small and medium-sized enterprises (SMEs) in CTC communications platforms to align supply with consumer demand in international markets and to strengthen the value of Canada's tourism brand by showcasing compelling product experiences.
- We will lead industry and government in tourism marketing.
- We will drive brand alignment and relevancy.

Promoting the “experience”

The CTC will continue to work with SMEs to encourage them to think of their Canada product as an experience. To help these businesses develop powerful and consistent messages for the marketplace, we have developed the following three toolkits that enable them to differentiate the experiences they offer from those being sold in other parts of the world:

- Launched in 2008 and updated in 2009 with the latest market data, the CTC's *Experiences Toolkit* is a marketing tool designed to aid SMEs in positioning and marketing their products as experiences, rather than commodities; it helps to create a collective Canadian voice for the presentation of exceptional and distinctive experiences to the marketplace. The free guide includes expert advice, from finding the best customers to positioning a product in the marketplace. By demonstrating the shift from product to experience, providing tips so SMEs can add value to their tourism business, and sharing examples of best practices from across Canada, the Toolkit enables SMEs to add to their bottom line and be more competitive in today's ever-changing marketplace.

The Experiences Toolkit can be accessed by visiting www.canada.travel/experiencetoolkit

- Originally launched in 2007 and updated in 2009, the CTC's *Brand Toolkit* is a set of guidelines designed to strengthen the creative impact of Canada's tourism brand, and ultimately to ensure that Canada's brand is adopted consistently across all markets and in all corporate and marketing applications, including print advertising, publications, online, broadcast, events and tradeshow and merchandise. The *Brand Toolkit* encourages CTC tourism partners big and small to adopt the essence of Canada's tourism brand to drive



business, help update old perceptions about Canada, and promote tourism products as distinct tourism experiences. This Toolkit includes information regarding the proper use of brand elements such as logos, colours, typography, proprietary graphics and photography. The brand essence section also includes information on important elements that differentiate Canada's tourism brand, such as our brand personality, our unique selling propositions (USPs), and our new EQ Explorer Types. The Brand Toolkit can be accessed by visiting www.canada.travel/brandtoolkit

- Launched in 2009 and built specifically for the industry, the *EQ Toolkit* offers SMEs several advantages that are unique in the world of destination marketing. This Toolkit is designed to give SMEs the power to:
 - Identify which explorers are willing to buy their experiences;
 - Develop and enhance products and itineraries to give explorers exactly what they're looking for;
 - Re-imagine ad creative so that it speaks directly to key Explorer Types, and then target those explorers with effective campaign strategies and a relevant media mix; and
 - Know exactly what it takes to make the sale with each Explorer Type.
- With an interactive presentation and a selection of EQ guides, this Toolkit equips SMEs with the packaging and positioning power of EQ. Our hope is that these important front-line businesses will see the value in aligning themselves more closely with Canada's current and future campaigns, which are becoming more and more focused on closing the sale with consumers. Over the next five years, we will continue to leverage information gleaned through the EQ to drive marketing-related decision-making, providing Canada with a stronger competitive advantage. The EQ Toolkit can be accessed by visiting <http://en-corporate.canada.travel/EQToolkit>



Export-Ready Experiences

The CTC is currently developing an inventory of experiences that exemplify Canada's tourism brand and can be showcased through our channels (i.e. leisure-focused advertising, sales, media and public relations, social media and incentive travel) to create stronger alignment between supply and demand. This inventory will build on the Significant 28 Aboriginal Cultural Tourism Experiences (2007 and 2008) and the Canadian Spa Experiences Collection (2008 and 2009) initiatives. The inventory will be a more holistic effort and will contribute to changing consumers' traditional perceptions of Canada by adding depth and dimension to Canada's tourism brand. In addition, this program will provide opportunities for tourism operators with relevant export-ready experiences to gain greater profile in our source markets, providing a solid platform for export-driven sales. The program will also inspire developing and near-export-ready Canadian tourism products to strive to reach the next level. This initiative, once developed, will also provide opportunities for us to work with PMOs and other federal departments and agencies, such as Agriculture and Agri-Food Canada, Parks Canada, Indian and Northern Affairs Canada, Canadian Heritage, Atlantic Canada Opportunities Agency, etc., to ensure that the best export-ready experiences

are included in the collection. In this way, we are continuing to work with industry, stakeholders and our federal partners to identify export-ready experiences that support the delivery of Canada's tourism brand, *Canada. Keep exploring.*

Priority 4. Foster organizational excellence

Key Measure

- Shareholder engagement index
- Partner contributions
- Overhead costs
- Systems effectiveness
- Core values index
- Employee engagement index

Key Strategies

- We will be a “strategy-focused organization” with the right tools, people and resources in place to deliver.
- We will maintain a positive and collaborative relationship with the shareholder.
- We will focus on overhead management and implement cost containment measures.

Risks and Mitigation

- **Management development.** The CTC will address this risk by continuing to promote good leadership through implementation of a leadership development program.
- **Shareholder engagement.** The CTC will continue to align government priorities against its CTC mandate and maintain a positive and collaborative relationship with the shareholder.
- **Fixed costs.** Non controllable fixed costs continue to remain an issue as there are certain unique financial pressures of being a Crown corporation (i.e. complex pensions arrangements and operating in foreign countries). To mitigate this risk the CTC will continue to identify efficiencies and minimize organizational complexity, resulting in reduced overhead costs.
- **Organizational complexity.** There are inherent complexities with the CTC having operations in various global markets (i.e. privacy and consumer laws, legal, labour laws, payroll and tax regimes). The CTC will continue its effort to minimize the complexity of the organization and streamline operations in order to increase operational efficiency.
- **Transition.** To mitigate risks associated with the transition to the CTC's new business model, the CTC will ensure that transition plans are developed and communicated, and training is provided as required.

Strategy-focused organization

The CTC is now in year three of its journey towards becoming a stronger strategy-focused organization. We adopted the Kaplan & Norton/Harvard Business School approach of organizational behaviour and management that is considered best practice for mission-driven organizations, including implementing the Balanced Scorecard performance management framework. We are now at a stage where individual units have adapted and are leveraging this tool to optimize performance. We have also developed and implemented a series of tools specific to the discipline of destination marketing that helps guide the planning process that complements our comprehensive strategic management framework. Both resources guide execution against our strategy. Our corporate strategy will continue to drive operational planning, resource allocation, target setting, marketing and sales briefing, and will remain the filter for all organizational decision making.

Fostering a positive corporate culture

Canada. Keep exploring is more than a tagline to market the country; it defines us as an organization committed to searching for best practices. We aim to foster a work environment that promotes and celebrates excellence. The global roll-out of Canada's tourism brand gives us an opportunity to discuss our global ethic with employees and to explore their roles within the organization. We will invest in learning and leadership development to ensure that we have the right talent in the right positions. Through our human resources strategy, we will also continue to implement and develop the structures and tools needed to support the delivery of strategic priorities.

Promoting core values

Clearly articulated values remind employees of what they stand for as members of the team and outline a code of conduct for all. In consultation with our employees, we have identified and defined our three core values: innovation, collaboration and respect.

Maintaining focus on government relations

The CTC has a number of government and private-sector "stakeholders" and one "shareholder" (that is, the federal government). By enhancing the shareholder's perception of our activities and products, we will bolster our ability to grow tourism export revenues for the Canadian economy. Over the 2011-2015 period, we will continue our focus on government relations. We will monitor and respond to all opportunities for governmental support. We will establish, build and maintain relationships with key government officials and policy-makers. We will facilitate open communication with federal departments and will monitor public policy, as well as parliamentary, political and media issues that could affect our organization.

Managing corporate reputation

Leveraging Canada's tourism brand, *Canada. Keep exploring* is a priority for us. Directly linked with this objective is the goal of enhancing our leadership role in coordinating marketing activities within Canada's tourism industry. The tourism sector, in its broadest sense, includes much of what makes up a nation, including infrastructure, government and private services, the environment, arts and culture and community engagement. As Canada's national tourism marketing organization, we will seek to leverage Canada's tourism brand in support of broader national objectives.

Communicating effectively with industry, the public and the shareholder

The success of our organization depends on our ability to partner effectively with the private sector, as well as with the governments of Canada, the provinces and the territories. The health of these partnerships hinges in turn on effective communication. We will increase industry, public and shareholder engagement by proactively communicating with the relevant players.

Corporate reporting

We will respect statutory reporting obligations that ensure the proper accountability to Parliament, including the annual tabling of corporate plans and annual reports. We submit high-quality corporate documents, clearly and concisely presented, aligned with government strategic priorities and delivered within established statutory time frames. The Memorandum of Understanding between the CTC and Industry Canada will continue to support strong understanding between us and the shareholder in relation to our mandate, governance, finances and reporting.

Federal Identity Program

As a Part I, Schedule III Crown corporation we are subject to the Federal Identity Program (FIP). In adherence to this program, we will continue to employ our FIP Action Plan to guide us in ensuring appropriate and consistent usage of FIP identifiers.

Official languages

We are committed to both official languages having equality of status and equal rights and privileges within the Commission. We provide services and communicate with our stakeholders, suppliers and partners in their preferred official language from both our offices in Vancouver and Ottawa. We ensure that our corporate culture promotes the effective use of both official languages in the workplace. We are also committed to involving the English and French linguistic minority tourism business communities in Canada, to ensure fair access to our tourism support services.

The Office of the Commissioner of Official Languages (OCOL) released its 2008-2009 report cards in May 2009, focusing on the performance of 15 separate employers, including the CTC. The CTC was the only institution subject to a report card in 2008-2009 to earn a rating of “Exemplary” or “A.” In addition, the CTC’s bilingual approach to its execution of 2010 Winter Games programs was recognized as a “best practice” by the Pacific Federal Council’s Official Languages Committee, in its *Regional Federal Olympic and Paralympic Best Practices Compendium* publication.

Over the 2011-2015 period, we will continue to respect the equal status of both official languages, promote the effective use of both languages in the workplace and provide services to both language communities.

Part 7: Our results

7.1 Measuring performance

Performance measurement on an ongoing basis enables us to assess our progress on fulfilling our strategy and mission, and provides us with the information needed to guide our decision-making processes.

Balanced Scorecard

In 2008, we fully adopted the Balanced Scorecard (BSC) as our performance measurement framework. The BSC manages the CTC's strategy by linking objectives, performance measures and initiatives to the strategy at all levels. By integrating financial and non-financial measures, it provides a holistic view of the organization's overall performance. Furthermore, the BSC—by acting as a strategy management tool, as well as a measurement tool—assists in strategy execution: it helps management remain focused on the strategy.

The Scorecard identifies objectives and priorities that are critical to moving us forward in implementing our strategy. Corresponding measures and initiatives have been identified; these work together according to five different perspectives (Shareholder and Stakeholder; Customer; Budget and Finance; Internal Operations; and Learning and Growth) to achieve the CTC's goal of increasing tourism export revenues.

We measure organizational performance in relation to the external environment, but we also monitor and adapt to the tourism economy. Therefore, the Scorecard contains a mixture of CTC performance measures and tourism industry indicators.

Oversight

Execution of the CTC strategy, to be effective, requires oversight by management and the Board of Directors. In addition, the Audit & Pension Committee will review organizational performance against the Scorecard on an annual basis. Performance results will be communicated to Parliament through the CTC's Annual Report.

Steering Wheel

In 2009, a strategic Steering Wheel was developed to replace the CTC's Strategy Map. The Steering Wheel for the 2011-2015 period is simple to read and understand, making it an effective tool to communicate the CTC's strategy and the key drivers.



Outcomes Logic Model

In 2009, an Outcomes Logic Model was developed to clearly demonstrate how our investments in outputs lead to outcomes against our strategic objectives and move the customer down the path to purchase. These outcomes contribute to broader tourism industry outcomes and high-level societal outcomes, such as increases in tourism revenue, employment and taxation revenue.

Canadian Tourism Commission's Outcomes & Performance Indicators



7.2 2011 Enterprise Balanced Scorecard

Perspective	Measure	Unit	2009		2010		2011		
			Target	Result	Target	Result	Target	Result	
1. Shareholder & Stakeholder	1.1 Objective: Increase demand for Canada's visitor economy								
	Tourism Industry Indicators								
	a	Tourism export revenue	\$		14.1 billion				
	b	Tourism GDP	%		2.0				
	c	Tourism employment	#		616,800				
	d	International tourist receipts from CTC's markets	\$		9.9 billion				
	e	Average spend per person per night among CTC's markets	\$		114.60				
	f	Tourism domestic demand (revenue)	\$		55.4 billion				
	CTC Performance Measures								
	1.2 Objective: Focus on markets where Canada's tourism brand leads and yields the highest return on investment								
	a	MARKETING CAMPAIGN ROI	ratio	50 : 1	101 : 1	50 : 1		75:1	
	b	Economic contribution of key account co-op promotions*	\$						Benchmark
	c	Economic contribution of CTC's MC&IT program*	\$						Benchmark
	d	Attributable tourism export revenue*	\$		1.66 billion			1.72 billion	
	e	Attributable jobs created and/or maintained*	#		15,284			15,824	
f	Attributable federal tax revenue*	\$		228.7 million			240.5 million		
1.3 Priority: Lead industry in international brand alignment and consistency									
a	Partner brand alignment	%	33	57			60.0		
b	Partner satisfaction	%	80	85			80.0		
1.4 Priority: Harvest the afterglow of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada									
a	Brand strength score index (measure under development)	\$						TBD	
1.5 Priority: Foster organizational excellence									
a	Shareholder engagement index	%	70	89	75		75.0		
2. Customer	2.1 Priority: Ensure customer relevancy and differentiate Canada								
	a	AIDED DESTINATION AWARENESS	%	35.0	33.5	38.5		35:0	
	b	Aided destination consideration	%	77.0	71.6	77.0		74.0	
c	Country brand rank	Top 5: yes/no	yes (4)	yes (2)	yes (5)		yes (5)		
3. Budget & Finance	3.1 Priority: Foster organizational excellence								
	a	PARTNER CONTRIBUTION	ratio	1 : 1	1.26 : 1	1 : 1		0.6:1	
b	Overhead costs	%	18 maximum	14.5	18 maximum		18 maximum		
4. Internal Operations	4.1 Priority: Foster organizational excellence								
a	Systems effectiveness	%			benchmark		benchmark + 2%		
5. Learning & Growth	5.1 Priority: Foster organizational excellence								
	a	Core values index	%	65.0	58.3	70.0		70.0	
b	EMPLOYEE ENGAGEMENT INDEX	%	65.0	62.5	65.0		65.0		

BOLD CAPS = CTC Critical Metric

× = New Measure for 2011

While the CTC contributes to the achievement of broader tourism industry outcomes, such as increases in tourism revenue and employment, the efforts of other provincial/territorial and destination marketing organizations, as well as tourism SMEs, also have an impact on the performance of the tourism sector. Given that it is difficult to link the results in the tourism sector directly to the efforts of the CTC, the CTC does not set targets for tourism industry indicators.

2011 Enterprise Balanced Scorecard Measure Definitions

1.1a Tourism export revenue: Total spend by foreign visitors on Canadian-produced tourism goods and services. Purchases may take place outside of Canada if the goods or services are supplied by a Canadian company (e.g. purchase of an airline ticket from a Canadian international carrier for travel to Canada). *Source: National Tourism Indicators, Statistics Canada.*

1.1b Tourism Gross Domestic Product (GDP): Unduplicated value of production, within the boundaries of a region, of goods and services purchased by tourists; represented as a share of total GDP. *Source: National Tourism Indicators, Statistics Canada.*

1.1c Tourism employment: Number of jobs generated, directly or indirectly, by tourism spending. It is based on an estimate of jobs rather than “hours of work.” Thus, someone who works 10 hours a week counts for as much, by this measure, as someone who works 50 hours a week. *Source: National Tourism Indicators, Statistics Canada.*

1.1d International tourist receipts from CTC's markets: Total spend by visitors from CTC's core markets on Canadian-produced tourism goods and services during stays of at least one night. Purchases may take place outside of Canada if the goods or services are supplied by a Canadian company e.g. purchase of an airline ticket from a Canadian international carrier to travel to Canada. *Source: International Travel Survey, Statistics Canada.*

1.1e Average spend per person per night among CTC's markets: Measure of yield achieved from inbound visitors from CTC's core markets, based on total trip spend and the number of nights spent in Canada.

1.1f Tourism domestic demand (revenue): Total spend in Canada by Canadians on domestically produced commodities. Note: not seasonally adjusted. *Source: National Tourism Indicators, Statistics Canada.*

1.2a Marketing campaign ROI: Value of tourist receipts generated by CTC's core marketing campaigns per dollar spent to execute the campaign. This form of conversion counts those individuals who were considering travelling to Canada but had not yet booked a trip prior to being exposed to the campaign, and were positively influenced to visit or book a trip to Canada upon seeing the advertising.

1.2b Economic contribution of key account co-op promotions: Economic value (i.e. visitor spending) generated as a result of CTC's travel trade sales from key travel trade accounts. Key accounts vary by market, and are those that produce the most sales for the CTC or have the potential to do so, or those that are of strategic importance. The economic value will be calculated based on a sound and research-supported methodology.

1.2c Economic contribution of CTC's MC&IT program: Economic value (i.e. visitor spending) generated as a result of CTC's MC&IT leads conversion. The economic value will be calculated based on a sound and research-supported methodology.

1.2d Attributable tourism export revenue: Export tourism revenue (see definition for 1.1a) that is attributable to CTC's direct-to-consumer, travel trade, and MC&IT activities. Based on CTC's Advertising Tracking and Conversion Studies data, as well as MC&IT leads conversion and travel trade sales measures.

1.2e Attributable jobs created and/or maintained: Estimated attributable employment from tourism revenue generated by CTC's marketing, travel trade and MC&IT programs. The formula used to calculate the value is as follows: (Estimated Export Revenue) / \$112,670 (a ratio of total tourism demand in Canada to total jobs generated from tourism activities. In 2008, on average, one job was created for every \$112,670 in tourism spending across tourism industries). *Source: Statistics Canada.*

1.2f Attributable federal tax revenue: Estimated attributable federal tax revenue generated by CTC's marketing, travel trade and MC&IT programs. Calculations based on CTC's Advertising Tracking and Conversion Studies data and Statistics Canada's Government Revenue Attributable to Tourism (GRAT) indicators.

1.3a Partner brand alignment: Percentage of partners who have aligned with at least one element of the CTC brand: visual identity (e.g. logo, colour palette, typography, pattern bar graphics); tone and writing style; experiential photography style; and/or assets (video, text, social media). *Source: CTC Bi-Annual Partner Survey.*

1.3b Partner satisfaction: Percentage of partners who are satisfied with their relationship with the CTC. *Source: CTC's Bi-Annual Partner Survey.*

1.4a Canada strength score index: The index of the strength of Canada's tourism brand in CTC's markets. *Source: Interbrand's Valuation.Study.*

1.5a Shareholder engagement index: Percentage of Government shareholders who feel they receive the right level of support and information from the CTC. *Source: CTC Annual Shareholder Survey.*

2.1a Aided destination awareness: Percentage of long-haul travellers in CTC markets who rate their knowledge of vacation opportunities in Canada as "excellent" or "very good" after having been prompted with a set of predetermined destinations.

2.1b Aided destination consideration: Percentage of long-haul travellers in CTC markets who are somewhat or very interested in visiting Canada in the next two years when prompted about Canada among a set of competitive destinations.

2.1c Country brand rank: Annual rank of country brands, according to FutureBrand's Country Brand Index. The approach incorporates a global quantitative survey, expert opinions and external statistics which are compared and combined to better understand drivers, preference, importance and relativism of country brands.

3.1a Partner contribution: Ratio of total partner contributions (e.g. cash, in-kind, parallel, 3rd party) versus CTC investment (i.e. Parliamentary appropriations).

3.1b Overhead costs: Overhead costs divided by total appropriations and partnership cash revenues. Overhead is defined as total compensation and operating costs excluding compensation, professional services and contract help costs directly related to marketing and sales units. Overhead also excludes website maintenance costs.

4.1a Systems effectiveness: Employee satisfaction with the support provided by applicable IT applications.

5.1a Core values index: Average value of three Employee Survey questions regarding how the company overall effectively demonstrates the CTC's core values of innovation, collaboration and respect.

5.1b Employee engagement index: An index measuring an employee's belief in the CTC's mission and vision, and their commitment to the CTC as demonstrated through their hard work, passion and organizational pride.

Part 8: Our financial plan

8.1 Financial statements, forecasts and capital budget

2011-2015 Financial Plan

CTC Financial Statements and Forecasts

The financial analysis includes actual and projected financial information for the fiscal years 2009 to 2015. Specifically, the following CTC financial statements and forecasts are included:

- A Balance sheet as at December 31, 2009 to December 31, 2015;
- A Statement of operations, comprehensive income and accumulated deficit for the years ending December 31, 2009 to December 31, 2015;
- A Statement of cash flow for the years ending December 31, 2009 to December 31, 2015;
- A Reconciliation of Parliamentary Appropriations to Government Fiscal Year for the years ending December 31, 2009 to December 31, 2015; and
- Operating and Capital Budgets for the years ending December 31, 2009 to December 31, 2011.

As a federal Crown corporation, the CTC is largely funded through appropriations. Core funding is currently at \$74.7 million. Funding levels have fluctuated since the inception of the organization due to one-time funding, and adjustments to the core funding to take into account transfers from other agencies/departments.

The CTC is an organization that actively partners with industry to develop marketing programs. Although in most partnership arrangements the CTC is not the organization that disburses the funds, this does occur in some cases. The CTC received approximately \$15 million from partners in 2009. Corresponding program expenses offset these funds.

Major Assumptions

The Financial Statements, Operating and Capital Budgets are based on the following assumptions:

- Appropriations in 2008/09 were reduced by \$536,000 from \$76.6 million to \$76.0 million. This cut is reflected in the 2009 fiscal year of the CTC.
- Further reductions, representing across-the-board efficiency percentage reductions to base appropriations, of 0.3% (\$230,000) in 2009-2010, 0.55% (\$421,000) in 2010-2011 and 0.85% (\$649,000) in 2011-2012 on an ongoing basis. These cuts are reflected in the CTC's fiscal years 2010, 2011 and 2012.
- As part of Budget 2010, the federal government announced strategic review savings from the CTC of \$0.9 million in 2010/11, \$4.2 million in 2011/12 and on-going, which will translate into reductions to core funding in the respective years. The CTC will absorb these cuts starting in fiscal year 2011.
- Budget 2010 also included additional cost containment measures, which state that we will not be funded for salary increases resulting from collective agreements for three years beginning in 2010/11, and are expected to find efficiencies within our operating vote to fund these increases.
- One-time funding of \$26 million to support the CTC in delivering programs related to the Vancouver 2010 Olympic and Paralympic Winter Games will be utilized over a 5-year period, commencing in fiscal 2008.
- One-time funding of \$48 million to support an economic stimulus strategy will be utilized over a 3-year period, commencing in fiscal 2009.

Canadian Tourism Commission
Balance sheet
As at December 31, 2009 to December 31, 2015
(in thousands)

	Actual Dec 31, 2009	Estimated Dec 31, 2010	Planned Dec 31, 2011	Planned Dec 31, 2012	Planned Dec 31, 2013	Planned Dec 31, 2014	Planned Dec 31, 2015
Assets							
Current assets							
Cash	\$ 21,790	\$ 23,309	\$ 14,290	\$ 16,028	\$ 15,936	\$ 15,910	\$ 15,890
Accounts receivable:							
Partnership contributions	2,288	2,300	2,300	2,300	2,300	2,300	2,300
Government of Canada	912	1,000	1,000	1,000	1,000	1,000	1,000
Other	592	700	700	700	700	700	700
Prepaid expenses and other assets	3,002	3,300	3,300	3,300	3,300	3,300	3,300
	<u>28,584</u>	<u>30,609</u>	<u>21,590</u>	<u>23,328</u>	<u>23,236</u>	<u>23,210</u>	<u>23,190</u>
Non-current Assets							
Property and equipment	2,758	3,281	2,876	2,595	1,904	1,450	1,194
Intangible assets	2,556	1,313	394	27	0	0	0
	<u>\$ 33,898</u>	<u>\$ 35,202</u>	<u>\$ 24,860</u>	<u>\$ 25,951</u>	<u>\$ 25,140</u>	<u>\$ 24,660</u>	<u>\$ 24,385</u>
Liabilities							
Current liabilities							
Accounts payable and accrued liabilities:							
Trade	\$ 10,400	\$ 12,900	\$ 9,208	\$ 7,946	\$ 7,853	\$ 7,827	\$ 7,807
Employee compensation	1,996	1,500	1,500	1,500	1,500	1,500	1,500
Government of Canada	36	500	500	500	500	500	500
Deferred parliamentary appropriations	11,742	12,261	7,851	10,851	10,851	10,851	10,851
Deferred revenue	2,528	1,566	650	650	650	650	650
Accrued benefit liability	-	-	-	-	-	-	-
	<u>26,702</u>	<u>28,727</u>	<u>19,709</u>	<u>21,447</u>	<u>21,354</u>	<u>21,328</u>	<u>21,308</u>
Deferred capital funding	5,384	4,663	3,339	2,692	1,974	1,521	1,265
Accrued benefit liability	865	865	865	865	865	865	865
	<u>6,249</u>	<u>5,528</u>	<u>4,204</u>	<u>3,557</u>	<u>2,839</u>	<u>2,386</u>	<u>2,130</u>
Accumulated (deficit)/surplus	947	947	947	947	947	947	947
	<u>\$ 33,898</u>	<u>\$ 35,202</u>	<u>\$ 24,860</u>	<u>\$ 25,951</u>	<u>\$ 25,140</u>	<u>\$ 24,660</u>	<u>\$ 24,385</u>

Canadian Tourism Commission
Statement of operations, comprehensive income and accumulated deficit
For the years ending December 31, 2009 to December 31, 2015
(in thousands)

	Actual Dec 31, 2009	Estimated Dec 31, 2010	Planned Dec 31, 2011	Planned Dec 31, 2012	Planned Dec 31, 2013	Planned Dec 31, 2014	Planned Dec 31, 2015
Revenue							
Partnership contributions	\$ 14,973	\$ 15,662	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500
Other	557	33	100	100	100	100	100
	<u>15,530</u>	<u>15,696</u>	<u>6,600</u>	<u>6,600</u>	<u>6,600</u>	<u>6,600</u>	<u>6,600</u>
Expenses							
Marketing and sales	96,422	106,811	76,703	65,463	65,030	65,570	66,082
Corporate services	12,814	19,245	12,742	12,240	11,710	11,207	10,730
Strategy and planning	1,259	1,254	802	762	724	688	654
Amortization of property and equipment	1,291	442	915	630	1,042	804	606
Amortization of intangible assets	1,334	1,244	919	367	26	-	-
	<u>113,120</u>	<u>128,996</u>	<u>92,081</u>	<u>79,463</u>	<u>78,533</u>	<u>78,269</u>	<u>78,071</u>
Net cost of operations	(97,590)	(113,300)	(85,481)	(72,863)	(71,933)	(71,669)	(71,471)
Parliamentary appropriations	96,588	111,614	83,647	71,865	70,865	70,865	70,865
Amortization of deferred capital funding	2,625	1,686	1,833	997	1,067	804	606
	<u>99,213</u>	<u>113,300</u>	<u>85,481</u>	<u>72,863</u>	<u>71,933</u>	<u>71,669</u>	<u>71,471</u>
Net results of operations and comprehensive income for the year	1,623	-	-	-	-	-	-
Accumulated (deficit)/surplus, beginning of year	\$ (676)	\$ 947	\$ 947	\$ 947	\$ 947	\$ 947	\$ 947
Accumulated (deficit)/surplus, end of year	<u>\$ 947</u>	<u>\$ 947</u>	<u>\$ 947</u>	<u>\$ 947</u>	<u>\$ 947</u>	<u>\$ 947</u>	<u>\$ 947</u>

Note: certain comparative figures have been reclassified to conform with the presentation adopted in the current year.

Canadian Tourism Commission
Statement of cash flows
For the years ending December 31, 2009 to December 31, 2015
(in thousands)

	Actual Dec. 31, 2009	Estimated Dec. 31, 2010	Planned Dec. 31, 2011	Planned Dec. 31, 2012	Planned Dec. 31, 2013	Planned Dec. 31, 2014	Planned Dec. 31, 2015
Operating activities:							
Cash paid to employees and suppliers	\$ (118,993)	\$ (127,262)	\$ (95,366)	\$ (80,077)	\$ (77,907)	\$ (77,841)	\$ (77,835)
Parliamentary appropriations used to fund operating activities	102,475	113,097	79,747	75,215	71,215	71,215	71,215
Cash receipts from partners	14,830	15,650	6,500	6,500	6,500	6,500	6,500
Interest income received	557	33	100	100	100	100	100
Cash flows from / (used in) operating activities	(1,131)	1,519	(9,019)	1,738	(92)	(26)	(20)
Investing activities:							
Acquisition of property and equipment	(1,453)	(965)	(510)	(350)	(350)	(350)	(350)
Acquisition of intangible assets	(1,885)	-	-	-	-	-	-
Cash flows from / (used in) investing activities	(3,338)	(965)	(510)	(350)	(350)	(350)	(350)
Financing activities:							
Parliamentary appropriations used for the acquisition of capital assets	3,338	965	510	350	350	350	350
Foreign exchange gain / (loss) on cash held in foreign currencies	(247)	-	-	-	-	-	-
Increase / (decrease) in cash for the year	(1,378)	1,519	(9,019)	1,738	(92)	(26)	(20)
Cash, beginning of year	23,168	21,790	23,309	14,290	16,028	15,936	15,910
Cash, end of year	\$ 21,790	\$ 23,309	\$ 14,290	\$ 16,028	\$ 15,936	\$ 15,910	\$ 15,890

Canadian Tourism Commission
Reconciliation of Parliamentary Appropriations to Government Fiscal Year
For the years ending December 31, 2009 to December 31, 2015
(in thousands)

	Actual 2008	Actual 2009	Estimated 2010	Planned 2011	Planned 2012	Planned 2013	Planned 2014	Planned 2015
Amount provided for operating and capital expenditures:								
Amounts voted:								
Main estimates	\$ 76,577	\$ 82,646	\$ 83,526	\$ 99,747	\$ 75,215	\$ 71,215	\$ 71,215	\$ 71,215
Supplementary Estimates A	5	10	-	-	-	-	-	-
Supplementary Estimates B	2,700	-	4	8,000	-	-	-	-
Treasury Board Vote 15	-	-	1,572	-	-	-	-	-
Treasury Board Vote 35	-	-	20,000	-	-	-	-	-
	79,282	82,656	105,102	107,747	75,215	71,215	71,215	71,215
Less: Portion recognized in previous calendar year	(50,491)	(56,096)	(73,365)	(80,842)	(57,253)	(54,253)	(54,253)	(54,253)
	28,791	26,561	31,736	26,905	17,962	16,962	16,962	16,962
Amounts voted								
Main estimates	82,646	83,526	99,747	75,215	71,215	71,215	71,215	71,215
Supplementary Estimates A	10	4	-	-	-	-	-	-
Supplementary Estimates B - additional Stimulus	-	-	8,000	-	-	-	-	-
Treasury Board Vote 15	-	-	1,572	-	-	-	-	-
Treasury Board Vote 35	-	-	20,000	-	-	-	-	-
	82,656	105,102	107,747	75,215	71,215	71,215	71,215	71,215
Less: Portion to be recognized in next calendar year	(20,705)	(19,994)	(14,643)	(10,112)	(6,112)	(6,112)	(6,112)	(6,112)
Parliamentary appropriations receivable/(deferred) at year end	(5,855)	(11,742)	(12,261)	(7,851)	(10,851)	(10,851)	(10,851)	(10,851)
	56,096	73,365	80,842	57,253	54,253	54,253	54,253	54,253
Amount used to purchase capital assets	(2,157)	(3,338)	(965)	(510)	(350)	(350)	(350)	(350)
	\$ 82,730	\$ 96,588	\$ 111,614	\$ 83,647	\$ 71,865	\$ 70,865	\$ 70,865	\$ 70,865

Note: This schedule serves to reconcile the government funding period of April to March to the CTC's fiscal period of January to December. Each fiscal year (2009, 2010, etc.) can be funded by two government fiscal periods. For example, the CTC year of 2009 can be funded by appropriations from 2008/09 and 2009/10.

Variance Analysis for the year ending December 31, 2009

Canadian Tourism Commission Operating and Capital Budget For the year ended December 31, 2009

	Actual Dec 31, 2009	Planned Dec 31, 2009	Variance
Operating and Capital Costs:			
Marketing and Sales	\$ 98,263,038	\$ 101,069,944	\$ 2,806,906
Strategy and Planning	1,258,794	1,311,115	52,321
Corporate Services	15,260,795	17,665,692	2,404,897
	<u>114,782,627</u>	<u>120,046,751</u>	<u>5,264,124</u>
Funded by:			
Parliamentary Appropriations	106,032,352	106,032,352	-
Partnership Income	14,973,367	13,464,399	1,508,968
Other	556,633	550,000	6,633
	<u>121,562,352</u>	<u>120,046,751</u>	<u>1,515,601</u>
Net Surplus	\$ 6,779,725	\$ -	\$ 6,779,725

Note: Expenses include amounts funded by partnership income.

Analysis for the year ended December 31, 2010

Canadian Tourism Commission Operating and Capital Budget For the year ending December 31, 2010

	Estimated Dec 31, 2010	Planned Dec 31, 2010	Variance
Operating and Capital Costs:			
Marketing and Sales	\$ 106,810,709	\$ 105,483,284	\$ (1,327,425)
Strategy and Planning	1,254,337	1,264,737	10,400
Corporate Services	20,209,427	19,963,098	(246,329)
	<u>128,274,473</u>	<u>126,711,119</u>	<u>(1,563,354)</u>
Funded by:			
Parliamentary Appropriations	112,655,253	112,655,253	-
Partnership Income	15,662,102	14,055,866	1,606,236
Other	33,494	-	33,494
	<u>128,350,849</u>	<u>126,711,119</u>	<u>1,639,730</u>
Net Surplus	\$ 76,376	\$ -	\$ 76,376

Note: Expenses include amounts funded by partnership income.

Analysis for the year ending December 31, 2011

**Canadian Tourism Commission
Operating and Capital Budget
For the years ending December 31, 2009 to December 31, 2011**

	<u>Actual Dec 31, 2009</u>	<u>Estimated Dec 31, 2010</u>	<u>Planned Dec 31, 2011</u>
Operating and Capital Costs:			
Marketing and Sales	\$ 98,263,038	\$ 106,810,709	\$ 76,702,915
Strategy and Planning	1,258,794	1,254,337	802,456
Corporate Services	15,260,795	20,209,427	13,251,867
	<u>114,782,627</u>	<u>128,274,473</u>	<u>90,757,238</u>
Funded by:			
Parliamentary Appropriations	106,032,352	112,655,253	84,157,238
Partnership Income	14,973,367	15,662,102	6,500,000
Other	556,633	33,494	100,000
	<u>121,562,352</u>	<u>128,350,849</u>	<u>90,757,238</u>
Net Surplus	<u>\$ 6,779,725</u>	<u>\$ 76,376</u>	<u>\$ -</u>

Capital Budget analysis for the year ended December 31, 2009

**Canadian Tourism Commission
Capital Budget
For the year ended December 31, 2009**

	Actual Dec. 31/09	Planned Dec. 31/09	Variance
Property and Equipment			
Leasehold improvements	\$ 1,086,052	\$ 160,000	\$ (926,052)
Office furniture	21,012	122,315	101,303
Computer equipment and software	349,291	512,000	162,709
Intangible Assets			
Website	1,881,634	1,950,000	68,366
	<u>\$ 3,337,989</u>	<u>\$ 2,744,315</u>	<u>\$ (593,674)</u>

Capital Budget analysis for the year ending December 31, 2010

Canadian Tourism Commission Capital Budget For the year ending December 31, 2010			
	Estimated Dec. 31/10	Planned Dec. 31/10	Variance
Property and Equipment			
Leasehold improvements	\$ 639,500	\$ 110,000	\$ (529,500)
Office furniture	60,500	60,500	-
Computer equipment and software	264,500	264,500	-
Intangible Assets			
Website	-	750,000	750,000
	<u>\$ 964,500</u>	<u>\$ 1,185,000</u>	<u>\$ 220,500</u>

Capital Budget analysis for the years ending December 31, 2011 - 2014

Canadian Tourism Commission Capital Budget For the years ending December 31, 2009 to December 31, 2015							
	Actual Dec. 31/09	Estimated Dec. 31/10	Planned Dec. 31/11	Planned Dec. 31/12	Planned Dec. 31/13	Planned Dec. 31/14	Planned Dec. 31/15
Property and Equipment							
Leasehold improvements	\$ 1,086,052	\$ 639,500	\$ 60,000	\$ 50,000	\$ 50,000	\$ 50,000	\$ 50,000
Office furniture	21,012	60,500	50,000	50,000	50,000	50,000	50,000
Computer equipment and software	349,291	264,500	400,000	250,000	250,000	250,000	250,000
Intangible Assets							
Website	1,881,634	-	-	-	-	-	-
	<u>\$ 3,337,989</u>	<u>\$ 964,500</u>	<u>\$ 510,000</u>	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 350,000</u>	<u>\$ 350,000</u>

Appendix: Glossary of defined terms and abbreviations

Defined terms

Destination Marketing Organization (DMO): A company or other entity involved in the business of increasing tourism to a destination or improving its public image.

Explorer Quotient™ (EQ): An innovative research tool that identifies the underlying emotional motivators of travellers beyond traditional demographics like age and geography.

Global Tourism Watch (GTW): An annual tracking study initiated by the CTC in 2007 to gather information on each of its core markets.

Tourism export revenue: Spending by foreign visitors on Canadian-produced tourism goods and services, including spending that may take place outside of Canada, such as the purchase of an airline ticket from a Canadian international carrier in order to travel to Canada.

International tourist arrivals: Total number of arrivals (not persons) in Canada who are overnight visitors staying at least one night in a collective or private accommodation. Note: a person who makes several trips to Canada during a given period will be counted as a new arrival each time.

Provincial Marketing Organization (PMO): A provincial entity involved in the business of increasing tourism to a province or improving its public image.

Tourism employment: Measure of the number of jobs in an industry generated by, or attributable to, tourism spending on the goods and/or services produced by that industry. It is based on an estimate of jobs rather than “hours of work.” Thus, someone who works 10 hours a week counts for as much, by this measure, as someone who works 50 hours a week.

Tourism Gross Domestic Product (GDP): Unduplicated value of production, within the boundaries of a region, of goods and services purchased by tourists.

Tourism revenue: Spending of Canadian and foreign visitors on domestically-produced commodities, as reported by Statistics Canada as total tourism demand in the Canadian Tourism Satellite Account. It is the sum of tourism domestic demand and tourism exports.

Tourist receipts: Expenditures made by visitors from abroad generated by overnight trips, as reported by Statistics Canada as overnight international trip spending.

Abbreviations

BSC	Balanced Scorecard
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CTC	Canadian Tourism Commission
DMO	Destination Marketing Organization
EQ	Explorer Quotient™
ERA	Enterprise Risk Assessment
FAM	Familiarization
GDP	Gross Domestic Product
GTW	Global Tourism Watch
MC&IT	Meetings, Convention & Incentive Travel
MOU	Memorandum of Understanding
NTO	National Tourism Marketing Organization
OCOL	Office of the Commissioner of Official Languages
PMO	Provincial and Territorial Marketing Organization
RevPar	Revenue per available room
ROI	Return on Investment
SME	Small and Medium-Sized Enterprise
TIAC	Tourism Industry Association of Canada
UNWTO	United Nations World Tourism Organization
USP	Unique Selling Proposition

