



Canadian Tourism
Commission

Commission canadienne
du tourisme

Canada

TOURISM AS CANADA'S ENGINE FOR GROWTH

2014-2018 Corporate Plan Summary



“Canada’s spectacular beauty attracts visitors from across the globe to every region of our country. These visitors create jobs and sustain local economies. Our Government will continue to work with industry partners to promote Canada as a top destination for tourism.”

– **Speech from the Throne**
October 16, 2013

“Tourism is an important economic driver and community builder in all regions of Canada... Our government understands the importance of tourism to the country’s economy.”

– **The Honourable Maxime Bernier**
Minister of State (Small Business and Tourism, and Agriculture)





As one of the world's fastest growing sectors, tourism presents a strong global opportunity for Canada's economic growth. Tourism dollars don't stop at the airport, restaurant or hotel. Tourism dollars spread to schools, factories and industries across the country. Indeed, tourism acts as a catalyst, setting off a flurry of interest and activity around all other industries.

The tourism industry is vital to the social and cultural identity and as well as the integrity of Canada, and makes an essential contribution to the economic well-being of Canadians. In addition to these direct benefits, economic growth through tourism offers significant value to Canada in terms of driving international trade and investment.



ABOUT US

THE CANADIAN TOURISM COMMISSION (CTC) was created under the *Canadian Tourism Commission Act (CTC Act)* to:

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

As the national body for tourism promotion, the CTC provides a consistent voice for Canada's tourism industry in the international tourism marketplace. We are an appropriations-based Crown corporation, founded on the principle of public/private sector partnerships.

As Canada's national tourism marketer, we lead the promotion of Canada as a premier, year-round tourism destination in the global markets that offer superior potential for return. Our initiatives position Canada as a place where vacationers enjoy extraordinary experiences, and as an attractive destination to hold international meetings and incentive trips. Although resources are concentrated on select high-potential markets in the Americas, Europe, Asia and Australia, we maintain a constant pulse on other markets of interest.



OUR MISSION

To harness Canada's
collective voice to grow
tourism export revenue

OUR VISION

To inspire the world to
explore Canada

OUR GOAL

To grow tourism export revenue
for Canada in markets offering
the highest return and where
the Canada brand leads





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INTERIM PRESIDENT & CEO'S MESSAGE

TOURISM REVENUE GREW BY three percent in 2012. Tourism is contributing to the Canadian economy but all of us who work in this industry know our potential is so much greater.

Tourism is Canada's trump card. It is Canada's #1 service export. It is the sector supporting regions that have few other economic opportunities. The dollars generated by tourism don't stop at the airport, restaurants or hotels; tourism dollars spread to schools, factories and industries across the country.

On behalf of the CTC team at home and internationally, I'm very pleased to present this year's Corporate Plan. Our strategic direction remains constant: grow tourism export revenue for Canada in markets offering the highest return and where the Canada brand leads.

The CTC supports Canada's tourism industry, and it is the industry's input that shapes this Plan. Our strategy is a reflection of consultations with members of the tourism industry, from small business owners and prominent thought leaders, as well as tourism marketing boards and governments.



National investment in tourism marketing is a proven and efficient lever to generating awareness of Canada, a priority under the Government of Canada's Federal Tourism Strategy.

Investing in international tourism marketing efforts supports the Government of Canada's agenda for economic growth. We know there is opportunity for new growth by leveraging Canada's trade priorities through tourism. The CTC's Business Events Canada will adapt its sales focus to align with the federal government's Global Markets Action Plan. With this increased alignment, international delegates from priority industries will experience Canada's economic opportunity first-hand while advocating for Canada as the best place to do business and invest.

What's good for
tourism is good
for Canada.



Our industry partners tell us that our brand ‘platforms’ or onramps for industry are highly valued – platforms such as market research, Canadian Signature Experiences, CTC-led tradeshows and marketplaces, and many co-invested activities. These are seen as critical for the success and future growth of the industry. In past years, the CTC has done a thorough job of reporting its attributable revenue and returns on program investment for the Government of Canada. However, these onramps for businesses that we put in place need to be better valued. This will enrich our reporting, and provide a more holistic view of the CTC’s impact on the Canadian tourism industry and benefits for the Government of Canada. We will start an evaluation in 2014.

Last and never least, we view efficiency as an ongoing process at the CTC. Going forward we will continue to take measures that enhance efficiencies without compromising our commitment to excellence and marketing innovation.

Keep Exploring!

Greg Klassen



EXECUTIVE SUMMARY

BENEFITING CANADA

International leisure and business tourism is a significant source of foreign exchange revenue for Canada. While it has the power to create immediate jobs and foster long-term economic growth, its potential reaches far beyond that.

When you welcome tourists,
you welcome investors.

Tourism is Canada's number one service export¹. Canada's tourism export industry is dynamic as it generates income, employment, investment and exports, all of which contribute to Canada's economic growth. Canada's tourism export industry also generates valuable spin-off benefits including infrastructure development for use by other industries.

Canada is not just an international tourism destination. It's also a business partner.

Canada's tourism industry opens doors for other priority sectors. Business travel allows entrepreneurs to develop relationships with potential customers and suppliers in overseas locations². Business tourism in particular stimulates future investment as business travellers see firsthand the potential for investment in a country while attending a meeting, conference or exhibition, and then potentially return later to establish business operations³.

Tourism, in essence, builds business. And what is good for tourism is good for Canada.

Canada has an opportunity to leverage tourism into broader investments and business partnerships. As Canada aims to expand its export networks to partners such as China, India and Brazil, increased tourism from these countries will go a long way towards solidifying these trade relationships⁴.

Canada is standing at a position of strength. Tourism is the single most powerful driver of a country's reputation, and right now our reputation is flying above the competition. Canada is poised to take advantage of the world's growing demand for international travel, and of our recognition as a centre of excellence in many trade sectors.

¹ Table 376-0108 – International transactions in services, by category, quarterly (dollars), CANSIM (database), Statistics Canada.

² World Travel & Tourism Council, *The Economic Advantages of Travel & Tourism*, November 2012.

³ Business Tourism Partnership, *Business Tourism Leads The Way*, July 2005.

⁴ The Canadian Chamber of Commerce, *Restoring Canadian Tourism*, July 2013.

But we also have challenges to overcome. Emerging destinations are on the rise, and they are marketing with full force to take advantage of the world's increasing demand for travel. The CTC remains committed to delivering value for the tourism industry, worthwhile opportunities for partners, and strong economic returns for Canadians.

Our growth-oriented strategy going forward is to take advantage of our key strengths, and to build some new ones along the way. Our stakeholders in the tourism industry tell us they value our presence, and that without our leadership and solid marketing platforms, growing their businesses would be much more difficult to do.

The CTC supports Canada's tourism industry, and it is the industry's input that shapes how we support it. As such, our strategy is a reflection of consultations with members of the tourism industry, from small business owners and prominent thought leaders, to tourism marketing boards and government supporters.

National investment in tourism marketing is a proven and efficient lever to generating awareness of Canada, a priority under the Government of Canada's Federal Tourism Strategy. And because of the CTC's proven ability to attract partnership dollars, the investment in tourism promotion is amplified twofold⁵.

Investing in international tourism marketing efforts also has the power to accelerate job creation and economic growth which extends to many of Canada's priority business sectors beyond tourism. As such, our ultimate goal is to grow tourism export revenue for Canada in markets offering the highest return and where the Canada brand leads both now and in the future. This goal is premised on three themes that represent the pillars of our strategy, which are supported by five objectives operationalizing the execution of the strategy. Overarching targets for 2014 include generating \$425 million in incremental tourism revenue for Canada, and supporting 3,200 jobs in Canada's tourism industry. Key targets are summarized in the table below:

We provide Canadian industry with an efficient and consistently branded onramp into profitable markets, while delivering a positive return to the Government of Canada in the process.

PERFORMANCE MEASURES	2014 TARGETS
Number of leisure travellers converted	263,000
Attributable tourism export revenue	\$425 million
Attributable federal tax revenue	\$56 million
Attributable jobs supported	3,200
Country brand rank	Top 5

The tourism marketing activities to stem from our strategy for 2014-2018 will no doubt result in incremental tourism demand for Canada, and contribute to greater economic growth for its communities and cities.

⁵ Based on 5-year average of partnership contribution ratios.

THE CTC'S 2014-2018 STRATEGY

OUR GOAL

(ULTIMATE OUTCOME)

To grow tourism export revenue for Canada in markets offering the highest return and where the Canada brand leads

STRATEGIC THEMES

(INTERMEDIATE OUTCOMES)

Generate demand for Canada's visitor economy

Deliver branded platforms to help Canadian tourism businesses sell Canada

Advance corporate excellence and efficiency



OPERATIONAL OBJECTIVES FOR 2014

1. Seed the 2017 Youth Program
2. Explore options for broader business events consistent with Canada's trade agenda
3. Further develop branded platforms for industry in the interest of both immediate and potential returns
4. Work to more holistically define the value of the CTC to industry beyond traditional return on investment measures
5. Continue ongoing work on efficiencies



A HISTORY OF STRONG RETURNS

THE 2010 OLYMPIC GAMES

The 2010 Olympic and Paralympic Winter Games presented a once-in-a-lifetime opportunity for Canada to showcase itself on a golden stage and inspire the world to visit. Backed by a Government of Canada \$26-million investment, the CTC embarked on a 5-year, tourism-focused strategy aimed at leveraging the Games to accelerate global awareness of Canada by marketing the country as a desirable tourism destination.

NOTABLE CTC RESULTS:

- Generated \$853 million in incremental tourism revenue for Canada between 2008 and 2012.
- Audience exposure to Games' messaging influenced by the CTC was 12 billion impressions.
- Business Events Canada secured over \$14 million in potential future business and \$1 million in definite business in 2010, as a result of leveraging the Olympic Games.

CANADA'S ECONOMIC ACTION PLAN

As part of the federal government's strategy to stimulate economic growth, Canada's Economic Action Plan entrusted the CTC with \$48 million over a two-year period starting in 2009. The infusion of this special funding enabled us to engage in an advertising program within Canada and undertake new activities in the priority international markets of the US, China, India and Brazil.

The bulk of the special one-time funding was used to develop *Locals Know*, a national advertising program urging Canadians to spend their travel dollars exploring "the Canada they didn't know". Over its two-year life, the *Locals Know* campaign was a tremendous success, and was instrumental in convincing Canadian consumers planning to travel abroad to consider a Canada vacation instead.

The special funding also enabled us to expand our marketing presence in the US Leisure market. By adding Chicago to our list of target cities in the US, we were able to draw in an estimated 132,000 additional travellers to Canada worth over \$72 million in tourism revenue, and nearly \$10 million in federal tax revenue over the two-year period.

Lastly, this one-time funding allowed the CTC to explore new opportunities in the emerging markets of China, India and Brazil.

NOTABLE CTC RESULTS THROUGH LOCALS KNOW:

- From 2009 to 2011, convinced 4.5 million Canadians to explore Canada, including one million who switched their travel plans from an international to a Canadian trip.
- Generated \$1.2 billion in tourism revenue for Canada, and over \$150 million in federal tax revenue in 2010 and 2011.
- Supported over 10,720 jobs in Canada's tourism sector.

100TH ANNIVERSARY OF THE CALGARY STAMPEDE

The Calgary Stampede, billed as the "Greatest Outdoor Show on Earth", is a jewel in Canada's event calendar – one of the oldest continuous events in Canada. 2012 marked the 100th anniversary of the Calgary Stampede, and recognizing the significance of this historic milestone, the federal government supported the landmark celebration through Canada's Economic Action Plan. The \$5 million Government of Canada investment presented an opportunity for the CTC to market the 100th anniversary celebrations to increase international awareness of the event, and draw international travellers to the Stampede celebrations and to Alberta more broadly.

NOTABLE CTC RESULTS:

- Generated an estimated \$9.2 million in incremental tourism revenue for Canada in 2012.
- Generated an estimated \$2.8 million in government revenue, including \$1.2 million in federal government revenue in 2012.
- Supported 71 jobs for Canadian tourism businesses.

GLOBAL TOURISM INDUSTRY

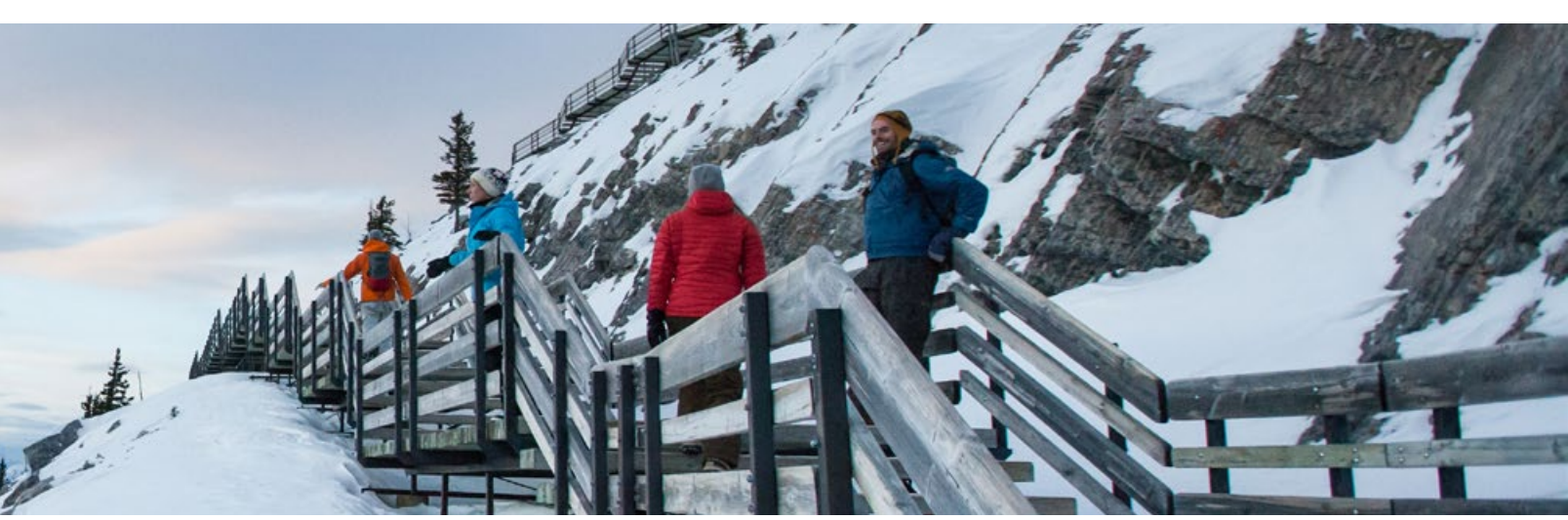


TOURISM IS A TRILLION DOLLAR global business generating fierce competition within the industry. Tourists spend \$3 billion a day, or \$2 million a minute, making tourism a lucrative industry in which countries can invest to help stimulate their economies and drive trade and investment. It has also become one of the world's fastest-growing industries. International tourist arrivals surpassed the one billion mark in 2012, and by 2030, this number is expected to reach 1.8 billion⁶.

Preliminary results indicate that tourism remained strong throughout the first eight months of 2013. Between January and August, the number of international tourists worldwide reached a record 747 million, a 5% growth compared to the same period in 2012. These strong results were fueled by increasing demand in Europe, Asia and the Pacific, and the Middle East, indicating an improvement in confidence. Growth in North American travel was also up by 3%. These strong and positive results reflect a generally robust tourism sector which is expected to continue into 2014, despite ongoing economic challenges in some parts of the world⁷.

⁶ World Tourism Organization, *UNWTO Tourism Highlights, 2012 Edition*, 2012.

⁷ World Tourism Organization, *UNWTO World Tourism Barometer*, Volume 11, October 2013.



CANADA'S COMPETITIVE LANDSCAPE

Globally the tourism economy continues to grow rapidly. As a result, the competition continues to grow fierce. Investments in marketing by countries around the world have been well documented; however for the context of the CTC's forward looking plan, this analysis provides the state of play of Canada's key competitors.

Tourism Australia

Tourism Australia operates with a budget of roughly \$150 million AUD (\$150 million CAD), comprising \$135 million AUD from parliamentary appropriations and roughly \$15 million AUD for a dedicated Asia Marketing Fund generated through the Air Passenger Movement Charge. This level of investment is stable when compared to the previous years.

Tourism New Zealand

In 2013, Tourism New Zealand received an additional \$20 million USD (\$21 million CAD) on an ongoing basis to more aggressively market to Asia and to create a Meetings and Conventions program. The announcement viewed the growth of Asia as an additional, not substitutive, opportunity. Tourism New Zealand's appropriations now stand at \$100 million USD (\$105 million CAD) per year. However, it is perceived that this additional funding will bring additional scrutiny, and it is anticipated that Tourism New Zealand will adopt some of the CTC's robust advertising measurement approaches.

VisitBritain

VisitBritain is emerging from a period of austerity. The organization received special project funding for the 2012 Olympic Games and the Queen's Diamond Jubilee. VisitBritain's base funding is £38 million (\$64 million CAD), with additional project funding for China and other parts of Asia of £20 million (\$34 million CAD).

Brand USA

In 2014, Brand USA will be in year three of its five year initial mandate as a result of the US Travel Promotion Act. Brand USA receives \$100 million USD (\$105 million CAD) from the Electronic System for Travel Authorization from visa waiver countries and at least \$100 million USD (\$105 million CAD) through partnerships.

TOURISM INDUSTRY IN CANADA



Tourism plays a significant role in our economy

Canada's tourism industry is a fundamental economic driver, creating jobs and providing support to all levels of government. The industry supports over 610,000 jobs⁸ and over 159,000 tourism businesses⁹, and in 2012, generated nearly \$82 billion in tourism revenue, \$16.1 billion from international tourism¹⁰.

Canada is welcoming more visitors

In 2012, Canada welcomed 16 million international overnight visitors, up 1.7% over 2011, largely driven by a 2.5% increase from the US market, which shows promising signs of recovery. While Canada experienced some decreased visitation from two of Canada's top source markets, Germany and the UK, significant improvements were seen in the emerging markets of Brazil, China and Mexico.

International visitors are spending more

International overnight visitors spent \$12.3 billion during their trips to Canada in 2012, a 2.3% increase over 2011. Spending by visitors from China surged nearly 20%, surpassing Germany to become the third most valuable overseas market. We are seeing positive signs for continued growth in 2013 and into 2014, with increases to hotel room occupancy rates and record level airline sales.

Visitor demographics and youth travel

Travellers to Canada are becoming younger. Overseas arrivals from visitors aged 24 and under surged 24% to represent 20% of the total. France had the highest number of youth travellers (99,500) among CTC overseas markets, while Mexico had the highest proportion of travellers aged 24 and under (34%) among all age demographics.

With the number of international travelers is poised to continue rising significantly, Canada has a tremendous opportunity to seize a sizeable share of the market. We have already seen positive growth in recent years, and the momentum is strong going into 2014. The CTC will continue to work collaboratively with Canada's tourism industry to inspire travelers to explore Canada.

⁸ Statistics Canada, *National Tourism Indicators, Quarterly Estimates*, Second quarter, 2013.

⁹ CTC Research, A reconciliation between the Tourism Satellite Account and Statistics Canada's Business Register (December 2012) at the establishment level.

¹⁰ Statistics Canada, *National Tourism Indicators, Quarterly Estimates*, Second quarter, 2013.



WORKING IN PARTNERSHIP

THE CTC WAS FOUNDED on the principle of partnerships, and it is these partnerships that strengthen the Canada brand internationally and intensify the marketing power of Canada.

On average, industry partners have doubled the value of CTC's annual appropriation, and while that result is harder to meet in leaner times, it is an extremely impressive demonstration of mutual commitment and collaboration. In 2012, partner contributions to the CTC totaled nearly \$62 million, boosting our collective marketing muscle to \$138 million. Our partners include provincial, territorial and municipal governments at all levels, regional and destination marketing organizations, members from the private sector, and international travel trade and meeting professionals.

The Canadian tourism industry is vital to the social and cultural identity of Canada, above and beyond its contribution to the economy and the well-being of Canadians. It is an industry the Canadian Tourism Commission and partners are privileged to support.

The CTC is very proud of all the industry partners who join them at the table, at every level, to match dollars and collaborate on marketing initiatives and programs.

In 2012, partner contributions totalled nearly \$62 million as follows:

- \$9.9 million in cash contributions for CTC-led marketing campaigns
- \$15.8 million in in-kind contributions for CTC-led marketing campaigns or media tours
- \$36.0 million in contributions by partners where the CTC bought into partner-led campaigns

These partnerships resulted in a contribution ratio of 0.8 : 1 against our appropriations of approximately \$76 million and exceeded our target of 0.6 : 1. This result demonstrates the continued relevancy of our programs to partners.

STRATEGIC CONTEXT

TRENDS

Despite continued global and economic uncertainty, world tourism remains resilient and poised for growth, underpinned by some notable trends.

Growth from emerging economies

Over the last few years, the world has seen impressive growth from emerging economic powerhouses. Rising middle classes from these emerging markets have a thirst for travel, and China is no exception. With a fast-growing middle class, China has now become the top spender on international tourism, and economic growth from this and other Asian and Latin American markets is expected to continue fuelling the demand for outbound travel.

Recovery in traditional markets

Canada's traditional source markets are showing signs of recovery. The US and UK markets are bouncing back positively following several years of austerity. Visitors from Australia, New Zealand and Japan are also on the rise.

Immersive travel

More and more travellers are seeking authentic and experience-based travel, visiting exotic destinations and immersing themselves in foreign language and culture.

Rise of millennials and baby boomers

The average traveller is getting younger. One in every five visitors to Canada is under age 24, reflecting the desire of Gen Y to see the world now. At the same time, retiring baby boomers are taking advantage of their accumulated wealth and free time to travel.

Social media

As more and more consumers switch to online and mobile technology, they are turning to social media platforms to plan and enjoy travel, and to share and recollect their holiday experiences. Parallel to this are travel bloggers who are rapidly gaining influence as new voices when it comes to travel choices.

OPPORTUNITIES

With a number of tourism opportunities on the world horizon, the time is now for Canada to capitalize on them in order to capture its share of the growing world tourism market.

Global tourism demand

With economic growth comes increasing wealth. Greater disposable incomes, particularly in Asia and South America, have sparked a growing desire for world travel. These regions are contributing greatly to the growing number of international tourist arrivals, which increased by 4% in 2012¹¹.

Positive international image

Canada's image globally is at an all-time high. According to the Reputation Institute¹², it's been the country with the best reputation in the world for three years running. It's also the number two place to do business.

Growing business tourism

Canada is internationally recognized as a centre of excellence, and federal commitment has been established to further build our innovative capacity in various sectors to fuel foreign trade and investment.

Increased domestic air capacity

Through the growing networks of Canadian airline partners, regional air service has recently been increased to service smaller Canadian communities. This growth in regional air capacity has the potential to better facilitate the mobility of international travellers wishing to explore Canada outside of major travel hubs.

CHALLENGES

Canada is intent on claiming its share of the world's travel market, but there are competitive shortcomings impeding Canada's ability.

Intense competition

Canada faces aggressive competition from traditional competitors such as the UK and Australia, as well as from the US which has recently established a national tourism marketing body. Recognizing the economic benefits of tourism, these countries are investing significantly in their promotional efforts in order to bolster their hold on the outbound travel market.

Emerging destinations

As governments around the world recognize the value of tourism as a vehicle for job creation and economic growth through foreign exchange revenue, competitors are marketing at full strength. The emergence of new and exotic destinations is challenging the arrivals share of well-established destinations like Canada. Today's travellers are just as likely to see persuasive messaging from Turkey, Malaysia, South America or Africa as they are from the UK or France.

Access to visas

The liberalization of worldwide visa policies by competing destinations places Canada at a disadvantage, as travellers are susceptible to substitution.

Price competitiveness

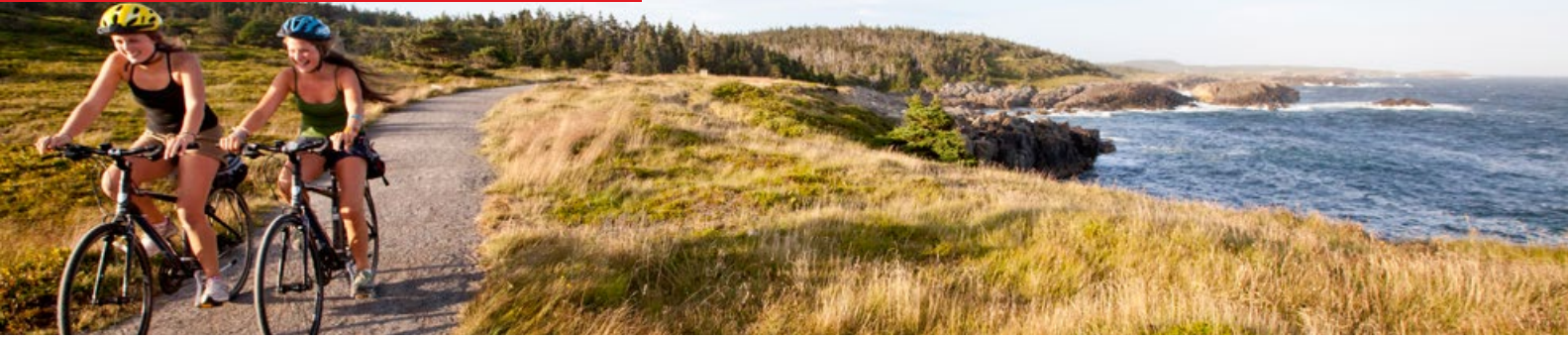
Travelling to Canada is regarded as expensive relative to many other destinations. The high costs of transport to and within the country help to place Canada's tourism sector at 124th out of 140 countries for price competitiveness¹³.

¹¹ World Tourism Organization, *UNWTO Tourism Highlights, 2013 Edition*, 2013.

¹² Reputation Institute, *2013 Country RepTrak™ Topline Report*, 2013.

¹³ World Economic Forum, *The Travel & Tourism Competitiveness Report 2013, Reducing Barriers to Economic Growth and Job Creation*, 2013.

THE ROAD AHEAD



OUR STRATEGIC PLAN FOR 2014-2018

The CTC remains focussed on the pursuit of a high-yield and growth strategy. We believe that it is the lucrative international travellers from our key markets that will generate the highest sources of revenue and growth for Canada's tourism industry. This strategy has proven successful in the past – by targeting customers that stay longer and spend more, return for Canada is growing.

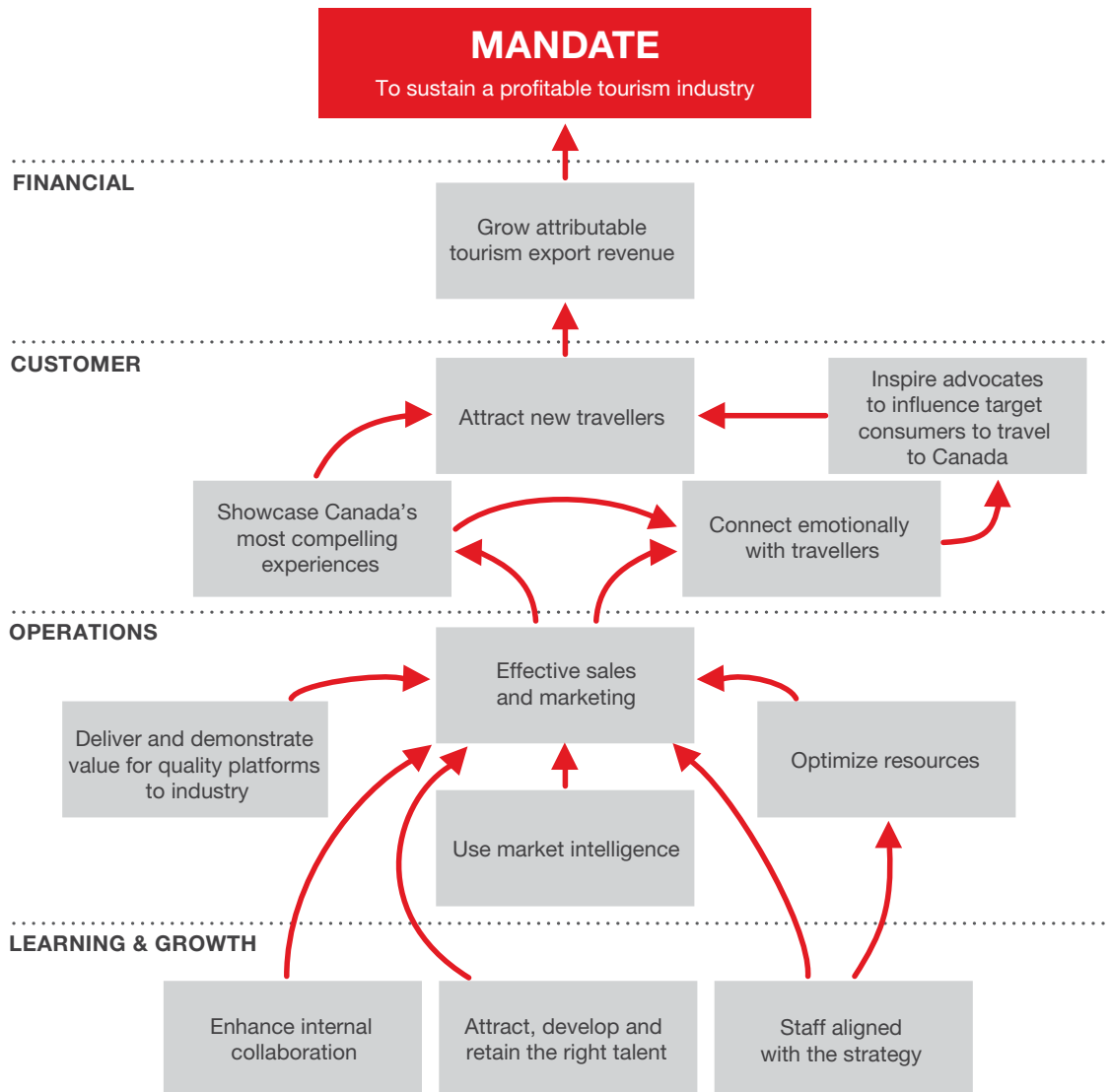
Our strategic plan for 2014-2018 reaffirms our strategic goal of growing tourism export revenue for Canada in markets offering the highest return and where the Canada brand leads. This goal is premised on three overarching themes that represent the pillars on which the strategy is built, and is further supported by five objectives which operationalize the execution of the strategy and are identified as key priorities for action in 2014.

The three key themes of the strategic plan for 2014-2018 and the five operational objectives for 2014 are laid out in three strategic documents:

1. The **Strategy Map** visually articulates the perspectives of an efficient strategy focussed organization and demonstrates how the CTC's operational objectives work together to deliver on the four Objects of the CTC Act. The CTC Board of Directors interprets these four objects as working together "to sustain a profitable tourism industry".
2. The **Logic Model** provides a visual depiction of the CTC's main outputs and how these drive measurable results at all levels of the organization.
3. The **Balanced Scorecard** articulates key performance measures, identifies targets and reports on results achieved on an annual basis. The Balanced Scorecard is a tool which is cascaded throughout the organization to provide superior operational focus and alignment.

STRATEGY MAP

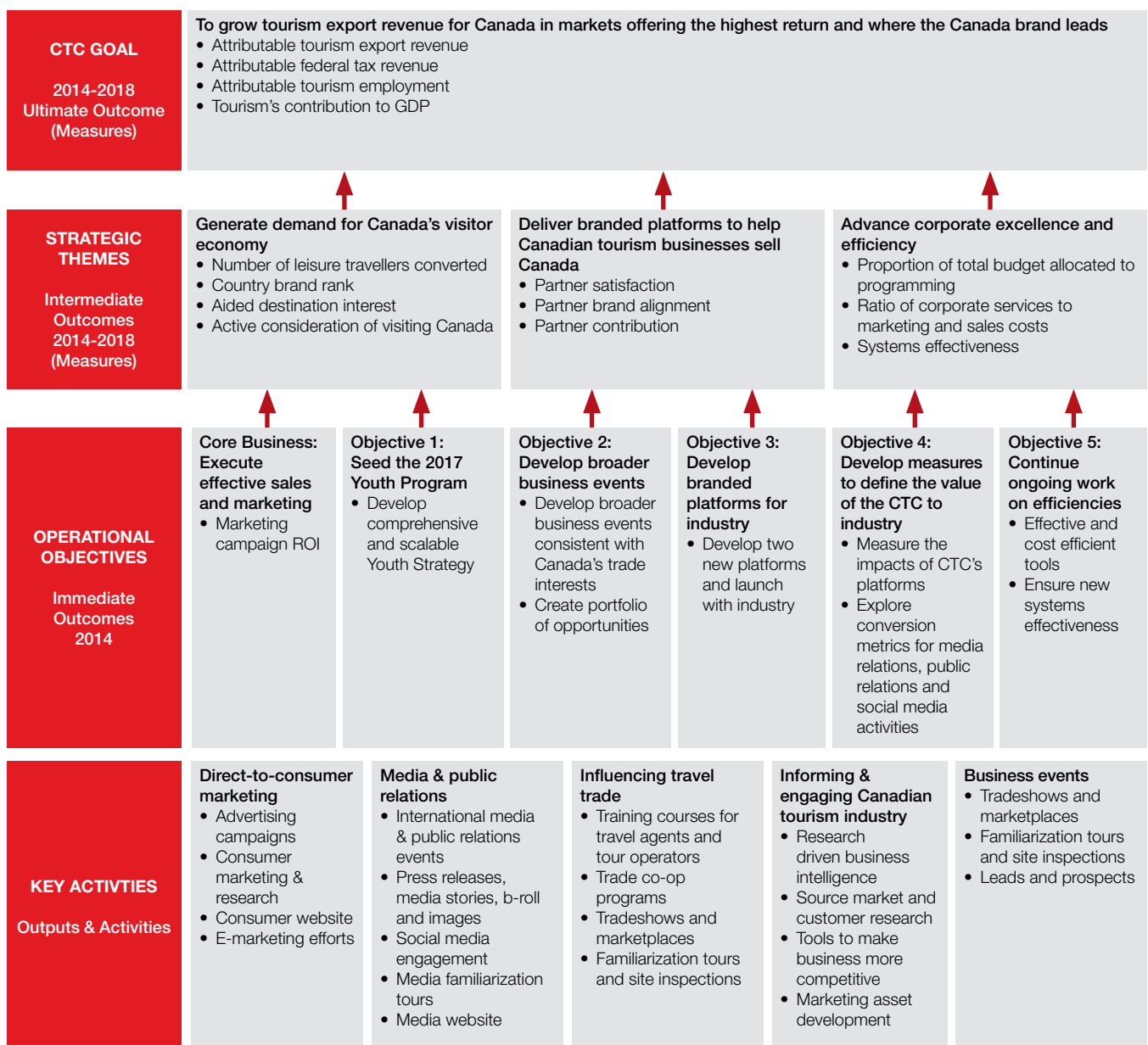
This Strategy Map visually articulates the perspectives of an efficient strategy focussed organization and demonstrates how the CTC's operational objectives work together to deliver on the four Objects of the CTC Act. The CTC Board of Directors interprets these four objects as working together "to sustain a profitable tourism industry".



LOGIC MODEL

This Logic Model provides a visual depiction of the CTC's main outputs and how these drive measurable results at all levels of the organization over the short, medium and long term. This model also demonstrates how CTC activities and outputs provide information, tools, resources and opportunities for Canadian businesses to leverage to help export their Canadian tourism product more efficiently and effectively. The specific indicators and targets for each box are then identified and reported on in the Balanced Scorecard, either at the enterprise level or the operating unit level.

In terms of time horizons, the CTC Goal (Ultimate Outcome) and Strategic Themes (Intermediate Outcomes) are the core business of the CTC and are delivered on over the life of the Corporate Plan 2014-2018. The Operational Objectives (Immediate Outcomes) are the strategic priorities of the CTC in the short-term and are to be delivered in 2014. These also contribute to the longer term objectives.



STRATEGIC THEMES

This section provides more details about each of the three strategic themes and five operational objectives identified in the Corporate Plan.

Strategic Theme 1: Generate demand for Canada's visitor economy

At the CTC, our business is marketing Canada to the world, for the benefit of the Canadian economy. Our focus is to sustain a profitable tourism industry by growing tourism export revenue for Canada. This is accomplished through our core business of marketing Canada as a tourism destination abroad and generating demand for Canadian tourism product in order to bring new dollars into the country. It is this foreign exchange revenue which helps to support jobs and revenue for Canadian tourism businesses.

The CTC works together with Canada's provincial, territorial and destination marketing organizations and private sector entities under a unified *Canada. Keep Exploring* brand to efficiently reach the lucrative international traveller. The tourism private sector, largely comprising small businesses and entrepreneurs, values the access to global markets offered by a national coordinating body which many would not reach if working independently.

Additionally, research shows that when marketing to international customers, it is the *national* tourism brand that is most impactful as travellers think of 'Canada' (over 20%), while less than 1% have an awareness of the individual provinces, territories or iconic attractions¹⁴.

In all that we do, we endeavour to build business for Canada's economy that transcends the visitor economy. This has become a governing principle at the CTC and extends to all aspects of our marketing channels.

CTC PERFORMANCE MEASURES	PERSPECTIVE	2014 TARGET
Marketing campaign ROI	Customer	62 : 1 [†]
Number of leisure travellers converted	Customer	263,000 [†]
Number of delegates generated through business events	Customer	Benchmark
Attributable tourism export revenue from leisure programs	Financial	\$383 million [†]
Attributable tourism export revenue from BEC sales activities	Financial	\$42 million
Attributable tourism export revenue	Financial	\$425 million [†]
Attributable federal tax revenue	Financial	\$56 million [†]
Attributable jobs supported	Financial	3,200 [†]
Country brand rank	Customer	Top 5
Aided destination interest	Operations	78%
Active consideration of visiting Canada	Operations	18%

[†] Targets based on measurement studies planned for markets of Australia, China, France, Germany and the UK.

¹⁴ CTC Global Tourism Watch Survey, 2011.

Strategic Theme 2: Deliver branded platforms to help Canadian tourism businesses sell Canada

The CTC operates on a partnership model. We provide a strong national brand under which Canadian tourism businesses and marketing organizations can align. We also provide a range of branded platforms that are designed to give international exposure to Canadian tourism businesses. Branded platforms are services or activities that are most efficiently delivered under a branded leadership, coupled with the knowledge, expertise and coordinating ability of a national tourism marketing organization. In other words, there are certain functions the tourism industry relies on the CTC to deliver which the industry would have tremendous difficulty delivering on its own. Examples include market research, the collection of Canadian Signature Experiences, tradeshow, marketplaces, business events, and promotional activities and materials. These platforms enable tourism businesses to help promote their products internationally, and can be delivered efficiently and effectively by a tourism marketing organization that holds national leadership and international reach.

Industry business leaders and other levels of Canadian government have expressed the tremendous value they place on these platforms, and have strongly encouraged the CTC to continue developing and refining these platforms.

CTC PERFORMANCE MEASURES	PERSPECTIVE	2014 TARGET
Partner brand alignment	Operations	82%
Partner satisfaction	Operations	89%
Partner contribution	Operations	0.6 : 1

Strategic Theme 3: Advance corporate excellence and efficiency

Creative energy and specialized skills anchor our business and marketing acumen. We are committed to attracting, developing and retaining the right talent, and strive to be an employer of choice. At the same time, efficiency is a matter of ongoing business for us. Over the past several years, the CTC has transformed its business to be a lean and focussed marketing organization. We are dedicated to delivering superior results against our strategy in an efficient manner, and we will continually seek ways to streamline operations and maximize programming budgets.

CTC PERFORMANCE MEASURES	PERSPECTIVE	2014 TARGET
Systems effectiveness	Operations	65%
Proportion of total budget allocated to programming	Operations	≥ 62.6%
Ratio of corporate services to marketing and sales costs	Operations	≤ 15.4%
Core values index	Learning & Growth	70%
Employee engagement index	Learning & Growth	65%

OPERATIONAL OBJECTIVES FOR 2014

While strategic themes represent the fundamental pillars of our strategy for the next five years, operational objectives are our time-sensitive priorities for the coming year.

Objective 1: Seed the 2017 Youth Program

Move from the current state of a well-articulated Youth Strategy to a fully developed Youth Program by the end of 2014. This program will be scalable to respond to potential Government of Canada and partner investment.

In 2014, the CTC plans to roll-out a Youth Program which will inspire a new generation of travellers to visit Canada. Canada's upcoming 150th birthday in 2017 is the perfect hook to inspire young Canadians to explore their country, and to fall in love with all that our country has to offer. Over the next three years, our "Your Canada" Youth Program will support twin goals: (1) grow tourism revenue in support of jobs and economic growth, and (2) strengthen Canadian pride and identity.

The youth travel segment is a valuable market – it's large, fast-growing and high revenue as young travellers stay longer and spend more. Youth travellers also bring diversification for the industry by being more immune to economic shocks, going off the beaten path, and supporting smaller, local businesses. A youth travel initiative would not only have an immediate economic return, but would also be an investment to support tourism over the long term as Canada would benefit from the lifetime value of these young travellers through repeat visitation. These youth can also serve as powerful advocates for the country as they share their Canadian travel experiences online or while travelling abroad. This program would fill an important gap – right now Canada does not have any travel marketing targeted specifically to youth, unlike a number of our competitors who are investing in this market and getting ahead in positioning themselves as youthful destinations (e.g. Australia, New Zealand). Despite having similar offerings to these countries, Canada is lagging behind with Canadian youth believing their country to be unexciting, lacking awareness of what there is to do, and having concerns about affordability.

The CTC's Board of Directors has endorsed a strategic plan whereby we will invest a small amount to prepare Canada's industry to engage this important market for the future. This program will be scalable to respond to potential Government of Canada and partner investment.

More than 80% of Canada's tourism is domestic and this initiative will work to secure future business for Canada and the long term sustainability of the domestic market. This would bring important benefits for the economy, in line with our mandate of supporting the profitability of the Canadian tourism industry. The focus would be on motivating Canadian youth to travel in Canada rather than abroad, keeping those dollars in the country to support growth and jobs.

Youth travellers represent a large and lucrative market:

- Internationally, youth total 187 million travellers, representing 20% of annual global arrivals, and are tourism's fastest-growing traveller segment (increasing 3-5% per year).
- Domestically youth present a large opportunity as well – there are 5.2 million Canadians between the ages of 19-29, reflecting 15% of the population.
- For young Canadian travellers, the average length of their most recent trip was 14 nights, and 72% spent more than \$1,000 per trip (41% spend more than \$2,000 per trip).

- Research from Statistics Canada, 2010 and TNS Canada, 2011

The program also serves as a starting point for appealing to international youth. Millennial travellers are the best form of marketing as they have the ability to influence their peer groups around the globe through the power of advocacy. Millennials take photos, share them with friends and constantly pass on tips with peers. Attracting visitors from this group is good for business because they are more likely to share positive reviews and recommendations with friends than their older counterparts.

Marketing to the younger demographic requires a different approach than marketing to other traveller groups. Not surprisingly, social media plays a huge part in this group's travel aspirations, and will need to form the basis of unique marketing communications in order to attract the planet's most savvy users of social media, smartphones and the Internet.

The youth demographic represents a lifetime benefit to Canada in terms of repeat visitation. Research shows that if travellers have a memorable experience of visiting a destination in their younger years, they are more likely to return when they are older, likely with a family and a greater disposable income.

The CTC has proven success in delivering similar programs. An example is the CTC's \$20 million *Locals Know* campaign (an Economic Action Plan program) in 2009 and 2010, which was extremely effective in changing Canadians' perceptions of what travel in Canada has to offer. The campaign surprised them with the Canada they didn't know and led them down the path to purchase by engaging industry partners to provide special offers. The campaign mobilized a large amount of travel: 4.5 million more Canadian trips including 1 million diverted from foreign destinations, \$1.2 billion more tourism revenue, and over 10,000 industry jobs supported in the midst of the economic downturn. This provided a large economic return on a limited investment.

ACTIVITIES FOR 2014:

- Build an industry advisory council
- Refresh research on factors motivating youth travel
- Develop a brand position that appeals to young Canadians
- Identify program performance measures and targets for converted travellers

CTC PERFORMANCE MEASURES	PERSPECTIVE	2014 TARGET
Develop comprehensive youth program ¹⁵	Operations	Yes

¹⁵ The CTC recognizes that this is an output metric for 2014. As the youth program is seeded in 2014, we will identify quantifiable metrics for future years.

Objective 2: Explore options for broader business events consistent with Canada's trade agenda

Largely complete, by the end of 2014, the adaptation of our sales focus to align with the Global Markets Action Plan.

Supporting Canada's trade agenda through tourism is a natural and efficient vehicle for driving incremental trade and investment in Canada.

Business tourism plays a crucial role in bolstering Canada's international business goals. Business events, including meetings and incentive travel, often provide delegates and visitors with their first look at Canada and present a clear opportunity to forge valuable relationships, generate new investment and offer future growth opportunities for the country.

Business Events Canada (BEC) is a division of the CTC and represents the new brand platform for the International Meetings, Conventions and Incentive Travel program. This strategic change reflects the division's efforts at helping to foster the long-term competitiveness of the tourism sector, and signifies the continuing importance of the meetings industry to Canada's economy. This repositioning is taking place concurrently with the core business of generating leads and prospects for Canada's meetings and events business.

BEC is adapting its sales focus to align with the federal government's Global Markets Action Plan which identifies Canada as a centre of excellence in priority trade sectors. The division is working with the Department of Foreign Affairs, Trade and Development (DFATD) to trial this approach on the Life Science vertical market. With an increased focus on business and economic development, BEC will show how meetings held in Canada can lure international delegates from different industries to invest in Canada's economy and enhance Canada's brand reputation and competitiveness around the world.

Working as part of a tourism consortium, BEC helped bring the annual TED Conference to Vancouver, BC starting in 2014. This success garnered worldwide attention for the city and for Canada as a whole, highlighting the country as a centre for innovation.



Incentive travel and travel pertaining to meetings and conventions attract close to two million visitors each year to Canada from the US, France, Germany and the UK. Canada is also the number one location for outbound meetings business from the US.

Source: Statistics Canada, International Travel Survey, 2011 Travel Characteristics

As the CTC's work is founded upon sound research, BEC is currently undertaking research to inform the development of a relevant strategy containing appropriate activities and tactics that our partners can support.

Ultimately, BEC will be focused on the creation of a portfolio of opportunities for partners, both large and small, from all industries that are consistent with Canada's centre of excellence trade industries¹⁶.

ACTIVITIES FOR 2014:

- Develop a relevant BEC strategy that our partners can support
- Create a portfolio of opportunities for partners from all industries that are consistent with Canada's centre of excellence trade industries
- Work with DFATD to trial run in the Life Sciences sector to align with the Global Markets Action Plan

CTC PERFORMANCE MEASURES	PERSPECTIVE	2014 TARGET
Number of delegates generated through business events ¹⁷	Customer	Benchmark
Attributable tourism export revenue from BEC sales activities	Financial	\$42 million
Adapt BEC sales focus to align with Global Markets Action Plan ¹⁸	Operations	Yes

¹⁶ Canada is recognized as a centre of excellence in the following trade industries: aerospace; clean technology; infrastructure/ engineering; life sciences; information/communication technology; natural resources; and agriculture & food.

¹⁷ A BEC delegate refers to a participant in an international meeting or convention held in Canada, or an employee awarded a vacation as motivation for performance. As 2014 will be the first year that this measure will be tracked, historical data is not available as a guide for setting a specific target. As such, this target has been identified as "Benchmark" for 2014, and the result will be used as a basis for setting future targets for this measure.

¹⁸ The CTC recognizes that this is an output metric for 2014. As alignment with the Global Markets Action Plan is made in 2014, we will identify quantifiable metrics for future years.

Objective 3: Further develop branded platforms for industry in the interest of both immediate and potential returns

Deliver two additional branded platforms, by the end of 2014, to further enhance the ability of Canadian business to take their products to market.

Branded platforms can be largely grouped into two categories: marketing, sales and communications platforms which help partners and entrepreneurs promote their businesses internationally; and tools and resources that enable Canadian businesses to compete more effectively.

We've heard loud and clear from our partners that they greatly value our branded platforms, and feel they are critical to the success of their businesses. International reach by the Canadian tourism industry is limited without the CTC's leadership and market presence, and resources such as toolkits and market research are essential for stakeholders wishing to reach out to prospective travellers in pursuit of growing their businesses.

In 2012, there were over 43,000 downloads of CTC research publications.

The CTC is committed to developing innovative and branded platforms over 2014 that respond to market opportunity and give Canadian tourism businesses an edge in a highly competitive marketplace. We will work collaboratively with our provincial and territorial tourism marketing partners to determine which new platforms they would most value.

By supporting the tourism industry with relevant marketing assets, we are helping to position it for success and long-term growth which will continue opening doors for the rest of Canada.

- ACTIVITIES FOR 2014:**
- Develop branded platforms strategy

CTC PERFORMANCE MEASURES	PERSPECTIVE	2014 TARGET
Develop branded platforms strategy ¹⁹	Operations	Yes
Partner brand alignment	Operations	82%
Partner satisfaction	Operations	89%
Partner contribution	Operations	0.6 : 1

¹⁹ The CTC recognizes that this is an output metric for 2014. As a branded platforms strategy is developed in 2014, we will identify quantifiable metrics for future years.

JUST A FEW OF OUR PLATFORMS

MARKET RESEARCH

Examining macroeconomic data, traveller profiles and market conditions

CANADA SPECIALIST PROGRAM

Certified training on Canada travel designed to give international travel trade professionals the edge to boost sales to Canada

TRADESHOWS AND MARKETPLACES

Providing opportunities to connect with international travel agents, tour operators and media

Objective 4: Work to more holistically define the value of the CTC to industry beyond traditional return on investment measures

Develop and vet the value of at least three tools, resources, and marketing, sales and communications channels.

As we further develop platforms that Canadian tourism businesses can leverage to promote their growth, the CTC must also focus on ways to better understand how these new (as well as our existing) marketing platforms drive economic value. Over the years we have placed a great deal of emphasis on understanding the impact of our advertising and promotions that target the end user – the traveller. Results from these marketing activities have enabled us to identify the impact of our advertising on Canada’s economy.

No other national tourism marketing organization, which we know of, puts as much emphasis on accountability for return on investment (ROI). However, the full breadth of our marketing platforms, tools and resources we deliver to the tourism industry are currently unmeasured, but it is understood that through the CTC’s ability to deliver these platforms efficiently and cost effectively, they go a long way in supporting tourism businesses and positioning the industry for success. As an example, the CTC is currently able to measure three of its four marketing and sales channels in terms of tourism revenue (revenue generated from direct-to-consumer marketing, travel trade promotions, and business events activities). The fourth primary communication channel, media and public relations activities, has remained unvalued due to an absence of an industry standard connecting this channel to traveller purchase, and hence, revenue generation. However, new advances in evaluating this channel may enable us to identify a more robust valuation metric.

As such, additional work in 2014 will be done to holistically define the value of our contributions to the Canadian tourism industry that go beyond traditional ROI measures.

ACTIVITIES FOR 2014:

- Identify evaluation metrics for communications and media relations activities
- Value existing platforms

CTC PERFORMANCE MEASURES	PERSPECTIVE	2014 TARGET
Determine impacts of CTC’s programmatic role ²⁰	Operations	Yes
Explore conversion metrics for media relations, public relations and social media activities ²¹	Operations	Yes

²⁰ The CTC recognizes that this is an output metric for 2014. As evaluation metrics and platforms to be valued are identified in 2014, we will identify quantifiable metrics for future years.

²¹ Ibid.

Objective 5: Continue ongoing work on efficiencies

By the end of 2014, the CTC will have made further progress against its target to deliver a ratio of corporate services to marketing and sales costs of 15% by 2017.

We view efficiency as an ongoing process at the CTC. Through a series of initiatives over the last three years, we’ve streamlined our operating and governance models, including reducing our full-time staff complement to 103.5 as at September 30, 2013. This has allowed us to shift valuable resources to programming investments. Adopting a leaner and more scalable business model permits us to adapt quickly to changing market conditions and leverage new market opportunities as they arise.

Similarly, over the years we have centralized various marketing functions at our headquarters office in Vancouver. Centralizing this work has not only created brand consistency, while still allowing for local cultural adaptation, but it has also eliminated the creative process being replicated in several international offices, leading to enhanced efficiencies. In 2014, we will continue to deliver on this efficient model by centralizing event and tradeshow planning at headquarters.

Going forward we will also continue to take measures that enhance efficiencies, aiming to reduce our ratio of corporate services to marketing and sales costs to approximately 15%. Measures include reviewing our office space requirements for our headquarters location in Vancouver, Canada, and continuing to reduce costs associated with business travel.

ACTIVITIES FOR 2014:

- Review headquarters’ office space requirements
- Continue to explore efficiency initiatives

CTC PERFORMANCE MEASURES	PERSPECTIVE	2014 TARGET
Systems effectiveness	Operations	65%
Proportion of total budget allocated to programming	Operations	≥ 62.6%
Ratio of corporate services to marketing and sales costs	Operations	≤ 15.4%

SOME EFFICIENCY INITIATIVES

MOVING TO THE CLOUD

Replaced legacy systems with cloud-based systems that are more cost- and process-efficient

STREAMLINING OUR OPERATING MODEL

Since 2010, internal efficiency measures and cost savings initiatives have led to a 36% reduction in the number of permanent positions

MEASURES OF SUCCESS

© Nunavut Tourism



THE CTC PLACES TREMENDOUS EMPHASIS not only on the execution of our strategy, but also on the *performance* of our strategy. Performance measurement on an ongoing basis enables us to assess our progress in fulfilling our strategy and mission, and provides us with the information needed to guide our decision-making. Our efforts over the years to be rigorous in our management practices, including adopting a Balanced Scorecard approach that links each element of our strategic plan with concrete performance measures and targets, have garnered us public recognition. In 2013, we were the recipient of notable corporate awards for executive leadership and strategic performance management.

Although we measure our performance in terms of achievement of our strategy, it is important to further understand our performance within the context of the overall Canadian tourism industry. As such, we additionally monitor various tourism industry indicators that we do not set targets for, but which inform us of the overall health of the industry.

TOURISM INDUSTRY INDICATORS	2012 RESULT
Tourism export revenue	\$15.1 billion
Tourism GDP	1.8%
Tourism employment	602,800
International tourist receipts from CTC's markets	\$9.7 billion
Market share of arrivals from CTC markets	3%
Revenue per available room	\$73
Tourism ranking as service export sector	1

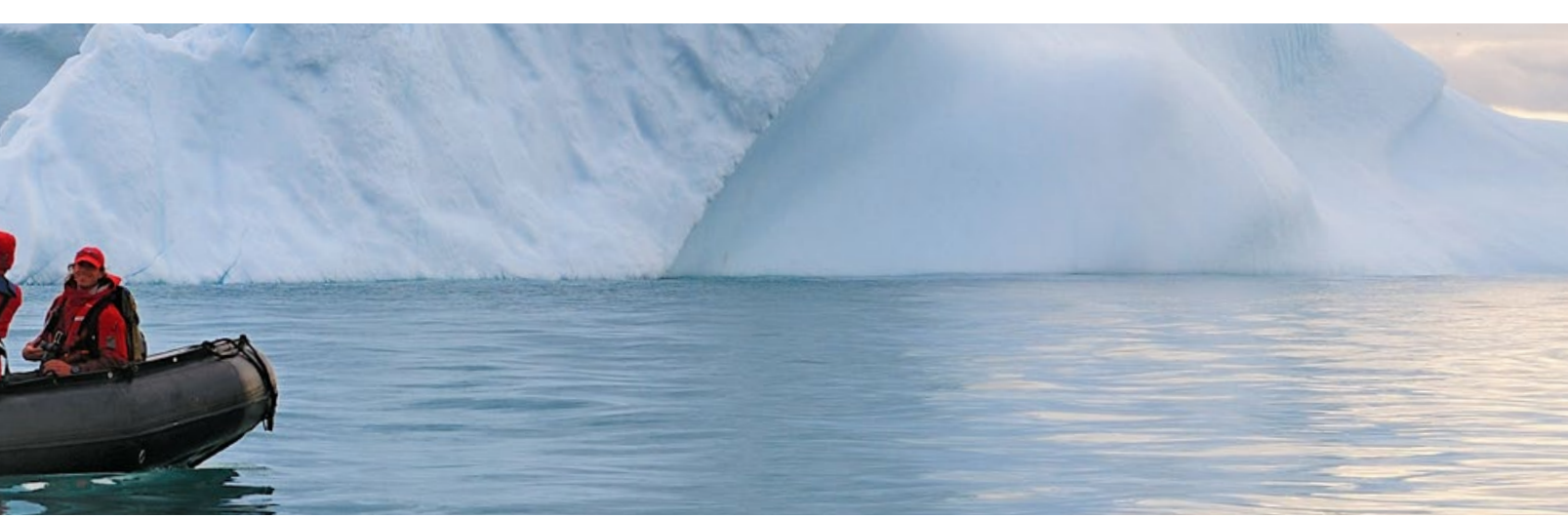
RECENT MANAGEMENT AWARDS

CANADIAN GOVERNMENT EXECUTIVE

CTC recognized for exceptional public sector leadership

BALANCED SCORECARD HALL OF FAME

CTC recognized for strategic performance management and the achievement of breakthrough results



INCREMENTAL REVENUE FOR THE CANADIAN ECONOMY

We measure the additional tourism revenue that our work generates for the Canadian economy (CTC's "attributable revenue") through three of our marketing channels: direct-to-consumer advertising campaigns, travel trade promotions (i.e. advertising through travel agents and tour operators) and our BEC sales activities.

As part of our integrated promotional strategy, we also employ other marketing channels such as media relations, public relations, social media, e-marketing and tradeshows; however, current industry accepted methodologies do not allow for the estimation of ROI or attributable tourism revenue for these channels. As a result, we track a wide variety of other results metrics, such as destination awareness rates, brand perceptions, audience reach of media stories, e-marketing delivery rates and social media advocacy actions, which help to drive tourism export revenue.

HOW THE CTC SETS TARGETS

The CTC aims to attain the best possible returns for Canadians. Our reduced appropriations have impacted the scope and dimension of our activities. This has directed us to streamline our marketing approach and forego advertising evaluation studies in some markets. As such, the targets that have been identified in our 2014 Enterprise Balanced Scorecard reflect adjustments to our marketing approach.

Looking forward through the planning period of 2014-2018, the Government of Canada can reasonably expect very strong returns from the CTC based on a history of our past performance. We have evaluated advertising campaigns for over ten years and have conducted more holistic and broad evaluations since 2008.

The following table outlines measures identified in our Balanced Scorecard. Although the results achieved in 2012 were below targets, the results should be interpreted with the following caveats in mind: (1) The CTC adopted a commercially accepted advertising evaluation and conversion methodology which, although institutes greater measurement rigor, makes available short-term conversion results at the time of reporting; (2) the targets were set in anticipation of maintained funding levels and (3) the targets were set in consideration of 2010 results which were very strong due to heightened international awareness resulting from the 2010 Winter Olympic Games. In addition, low consumer confidence levels in the European markets of France, Germany and the UK in 2011 and 2012 adversely affected travel decisions.

Results for 2013 are still in progress and will be reported in the 2013 Annual Report available in early 2014.

MARKETING CHANNEL		2008 Actual	2009 Actual	2010 Actual	2011 Actual	2012 Actual	2013 Estimated	2014 Planned
CTC parliamentary appropriations budget (millions)*		\$86.2	\$106.0	\$106.4	\$85.9	\$77.2	\$63.0	\$58.0
RESULT	ROI from direct-to-consumer advertising	45 : 1	101 : 1 [†]	82 : 1 [†]	37 : 1	56 : 1	In progress	62 : 1
	ROI from travel trade co-op promotions	N/A	N/A	N/A	22 : 1	12 : 1	In progress	10 : 1
	ROI from business events sales activities	N/A	N/A	N/A	11 : 1	11 : 1	In progress	11 : 1

* Figures represent parliamentary appropriations recognized on the Operating and Capital Budgets. In addition to core funding, 2008-2012 include portions of one-time funding for the Olympic Games, Canada's Economic Action Plan, and the Calgary Stampede. For 2008 and 2009, the CTC applied Canadian Generally Accepted Accounting Standards; in 2010, the CTC adopted Public Sector Accounting Standards.

[†] Above average results achieved due to heavy marketing done during the economic downturn, and due to heightened international awareness resulting from the 2010 Olympic Games.

For 2014, we have further calibrated our measurements and decided on a strategy that is ambitious but achievable, given our past successes and current budget. The Government of Canada can be confident that the CTC will continue to provide significant returns on investment on its advertising investment through the 2014-2018 planning period. Under the supervision of our Board of Directors, we will set targets for each subsequent year based on the economic and contextual conditions prevailing at the time.

2014 ENTERPRISE BALANCED SCORECARD

The Balanced Scorecard articulates key performance measures, identifies targets and reports on results achieved on an annual basis.

CTC PERFORMANCE MEASURES	PERSPECTIVE	2011 RESULT	2012 TARGET	2012 RESULT	2014 TARGET
GOAL: Grow tourism export revenue for Canada in markets offering the highest return and where the Canada brand leads					
Marketing campaign ROI	Customer	37 : 1	75 : 1	56 : 1*	62 : 1 [†]
Number of leisure travellers converted	Customer	322,818	686,700	408,728*	263,000 [†]
Number of delegates generated through business events	Customer	New for 2014	New for 2014	New for 2014	Benchmark
Attributable tourism export revenue from leisure programs	Financial	\$528.5 million	\$2.12 billion	\$643 million	\$383 million [†]
Attributable tourism export revenue from BEC sales activities	Financial	\$61.5 million	\$189 million	\$44 million	\$42 million
Attributable tourism export revenue	Financial	\$590 million	\$2.31 billion	\$687 million	\$425 million [†]
Attributable federal tax revenue	Financial	\$78.2 million	\$305.8 million	\$90.1 million	\$56 million [†]
Attributable jobs supported	Financial	4,781	20,478	5,073	3,200 [†]
Country brand rank	Customer	1	Top 5	2	Top 5
Aided destination interest	Operations	71%	74%	78%	78%
Active consideration of visiting Canada	Operations	New for 2014	New for 2014	New for 2014	18%
OBJECTIVE 1: Seed the 2017 Youth Program					
Develop comprehensive and Board-approved strategy	Operations	New for 2014	New for 2014	New for 2014	Yes
OBJECTIVE 2: Explore options for broader business events consistent with Canada's trade agenda					
Adapt BEC sales focus to align with Global Markets Action Plan	Operations	New for 2014	New for 2014	New for 2014	Yes
OBJECTIVE 3: Further develop branded platforms for industry in the interest of both immediate and potential returns					
Develop branded platforms strategy	Operations	New for 2014	New for 2014	New for 2014	Yes
Partner brand alignment	Operations	82%	60%	82% [†]	Non-survey year
Partner satisfaction	Operations	89%	80%	89% [†]	Non-survey year
Partner contribution	Operations	0.8 : 1	0.6 : 1	0.8 : 1	0.6 : 1
OBJECTIVE 4: Work to more holistically define the value of the CTC to industry beyond traditional return on investment measures					
Determine impacts of CTC's programmatic role	Operations	New for 2014	New for 2014	New for 2014	Yes
Explore conversion metrics for media relations, public relations and social media activities	Operations	New for 2014	New for 2014	New for 2014	Yes
OBJECTIVE 5: Continue ongoing work on efficiencies					
Systems effectiveness	Operations	N/A [§]	47%	N/A [§]	65
Proportion of total budget allocated to programming	Operations	74.6%	≥ 70%	72%	≥ 62.6%
Ratio of corporate services to marketing and sales costs	Operations	New for 2014	New for 2014	New for 2014	≤ 15.4%
CORPORATE EXCELLENCE					
Core values index	Learning & Growth	69%	70%	66%	70%
Employee engagement index	Learning & Growth	74%	65%	74%	65%

* Based on short-term conversion results.

[†] Result is for 2011 as Partner Survey is conducted biennially.

[‡] Targets based on measurement studies planned for markets of Australia, China, France, Germany and the UK.

[§] Result not available as implementation of the applicable IT applications was delayed until late 2012.

2014 ENTERPRISE BALANCED SCORECARD DEFINITIONS

Marketing campaign ROI

Value of tourist receipts generated by CTC's measured 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.

Number of leisure travellers converted

Number of people who converted as a result of CTC's measured marketing campaigns over those who recalled the CTC campaigns. Calculated as the proportion of travellers who recalled seeing the advertising against the size of the long-haul population, aged 18 and over.

Number of delegates generated through business events

Number of individuals coming to Canada as a result of CTC's BEC leads having been converted into definite business.

Attributable tourism export revenue from leisure programs

Total spend by foreign leisure visitors on Canadian produced tourism goods and services as a result of CTC's leisure programs. Purchases may take place outside of Canada if a Canadian company supplies the goods or services (e.g. purchase of an airline ticket from a Canadian international carrier for travel to Canada).

Attributable tourism export revenue from BEC sales activities

The attributable tourism export revenue for Canada generated as a result of CTC's BEC leads conversion into definite business, calculated as: (total # of converted leads into definite business) x (average visitor spending for meeting/travel type).

Attributable tourism export revenue

Export tourism revenue that is attributable to CTC's leisure programs and BEC sales activities.

Attributable jobs supported

The estimated attributable employment from tourism revenue generated by CTC's marketing, travel trade and BEC sales activities.

Attributable federal tax revenue

Estimated attributable federal tax revenue generated by CTC's marketing, travel trade and BEC programs. Calculations are based on data from CTC's advertising tracking and conversion studies data and Statistics Canada.

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.

Aided destination interest

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.

Active consideration of visiting Canada

Percentage of long-haul pleasure travellers who are at the "creating a vacation movie", "detailed itinerary planning", "finalizing travel arrangements" or "booking a trip" stage in the Path-to-Purchase.

Develop comprehensive and Board-approved strategy

Development of a comprehensive strategy for the Youth Program that receives approval from the CTC Board of Directors.

Develop branded platforms strategy

Develop strategy to identify innovative and branded platforms that can be executed to further give Canadian tourism businesses an edge in a highly competitive marketplace.

Partner brand alignment

Percentage of partners that 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).

Partner satisfaction

Percentage of partners that are satisfied with their relationship with the CTC.

Partner contribution

Ratio of total partner contributions (cash, in-kind, third party) versus CTC parliamentary appropriations.

Determine impacts of CTC's programmatic role

Better understand how our marketing platforms support tourism businesses, position the industry for success, and drive economic value.

Explore conversion metrics for media relations, public relations and social media activities

Explore metrics that assess the impact that media relations, public relations and social media activities have on traveller conversion.

Adapt BEC sales focus to align with Global Markets Action Plan

BEC to show how meetings held in Canada can lure international delegates from different industries to invest in Canada's economy and enhance Canada's brand reputation and competitiveness around the world.

Systems effectiveness

Employee satisfaction with the support provided by applicable IT applications.

Proportion of total budget allocated to programming

Percentage of CTC's total budget, exclusive of partner contributions, allocated to programming. Programming excludes overhead costs, operating expenditures and compensation.

Ratio of corporate services to marketing and sales costs

Corporate services costs divided by marketing and sales costs.

Core values index

Average value of three employee survey questions regarding how the CTC effectively demonstrates CTC's core values of Act with integrity; Be creative and seek opportunities to innovate; and Collaborate to achieve common goals.

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.

HOW THE CTC DOES BUSINESS

CTC'S MARKETING AND SALES TOOLS & ASSETS

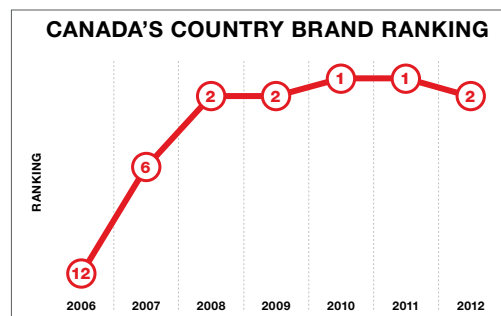
Our ultimate goal as Canada's national tourism marketer is to increase the tourism revenue stream from international travellers. We do this by leveraging our key assets and platforms that we've developed over the years, based on sound research, in a way that captures the attention and hearts of world travellers.



Canada's tourism brand

The perception of a country's tourism brand is a major influence when choosing where to travel. At the heart of our marketing efforts, therefore, is a compelling tourism brand for Canada, one that reaches out to strike an emotional chord with travellers. *The Canada. Keep Exploring* brand encapsulates the authentic and inviting personality of Canadians, and emphasizes a strong sense of place. It motivates and inspires targeted travellers to see Canada as a place

where they can experience something extraordinary.

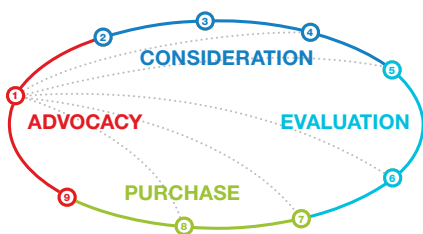


Since 2006, Canada's country brand ranking has jumped from #12 to being in the top 2.



Knowing our best prospects through world leading segmentation

Learning everything we can about what Canada's prospective travellers are looking for in a vacation is key when developing targeted marketing campaigns. Our consumer segmentation tool, Explorer Quotient® (EQ®), goes beyond traditional demographics to examine travellers' personal beliefs, social values, world views and the role travel plays in their lives. This helps us to better understand the motivations for travellers selecting exceptional travel experiences. Various Canadian destination marketing organizations have also aligned behind the power of EQ®, including the Thompson-Okanagan Tourism Association, Tourism Vancouver Island, Travel Alberta, Travel Manitoba, Tourism New Brunswick, Tourism Yukon, and federal agency Parks Canada.



Understanding the consumer's path to purchase

Knowing what travellers want in a holiday is one piece of the puzzle. Recognizing the motivating factors influencing their travel purchase decisions is another. Research through our path to purchase model helps us understand each stage of a consumer's buying path, and more importantly, the roadblocks preventing a consumer from booking a trip to Canada. Armed with this knowledge, we can better focus on the specific marketing activities in each market that are designed to advance prospective travellers to the booking stage.

Multimedia library

Our Brand Canada Library offers media and marketing partners easy access to over 5,000 professional images and video clips featuring Canada's urban and natural landscapes. The digital library reflects the essence and diversity of Canada, and is the best resource to add an authentic Canadian flavour to stories and marketing materials. In 2012, over 40,000 digital assets were downloaded from the Brand Canada Library.



Canadian Signature Experiences

An extension of our tourism brand is our Canadian Signature Experiences (CSE) program. Boasting almost 200 Canadian tourism experiences from coast to coast to coast, the collection reflects what our target customers are looking for and gives Canada the edge to stand out in a crowded marketplace. CSE enables tourism businesses in the collection to promote their experiences internationally, and gives travel trade partners a tangible focus when selling Canada.



Tradeshows

The number of tradeshows we host every year provide Canadian tourism industry partners with opportunities to connect with travel agents and tour operators from international markets. Based on a popular format that matches tourism product buyers and sellers in one-to-one, business-to-business appointments, these tradeshows are vehicles for Canadian tourism businesses to access world markets which would otherwise be difficult to reach. Our annual signature event, Rendez-vous Canada, generated close to \$350 million in contracts in 2013.



Media marketplaces

Our media marketplaces allow Canadian partners to meet with magazine, newspaper and online editors, as well as with television and radio producers from international markets to share their latest news, ideas, projects and travel stories. In a similar format to our tradeshows, media marketplaces offer one-to-one appointments, and additionally feature workshops, information booths and other networking events. Our recent GoMedia Canada Marketplace brought together over 200 delegates from the Canadian travel industry and international media.



MARKETING APPROACH

The CTC practices a global marketing approach that communicates the *Canada. Keep Exploring* brand uniformly across all our markets and consumer touch points, and which is tailored to accommodate regional nuances. It is this global consistency that ensures Canada's collective voice is being heard efficiently, while effectively communicating the essence of what exploring in Canada could look like. Additionally, incorporating social media into our marketing channel extends our reach beyond those markets we are active in.

Integrated marketing channels

Our marketing channels are the driving force behind Canada's tourism brand. Through our consumer campaigns, plus our work with the travel trade, meeting planners and the media, we strive to connect emotionally with travellers from around the world and inspire them to visit and explore Canada.

New technology and social media channels have given the CTC and our industry partners the opportunity to share travel experiences directly with travellers in a whole new way, instantly.



CTC GLOBAL PRESENCE

The CTC undertakes marketing and sales activities in 11 geographic leisure markets around the world: Australia, France, Germany, the UK, China, India, Japan, South Korea, Brazil and Mexico. Additionally, we lead the annual Canada Media Marketplace in the US. BEC, our division dedicated to highlighting Canada as a viable, first-tier destination for holding corporate meetings and incentive travel, operates in the four markets of France, Germany, the UK and the US. As the capital city of the European Union, Brussels, Belgium is a hub for meetings and conferences, and as such, we focus some of our BEC activities in this market as well. With the exception of Brussels, these 11 markets represent the potential for optimal tourism performance, and in 2012, accounted for 82% of Canada's international leisure and business tourism receipts²².

Maintaining a diversified portfolio of markets

Over the past fifteen years, each of the markets we operate in have experienced growth, decline, and in some cases, shock. Tourism can be a cyclical business, but it is also very much impacted by opportunities and constraints such as transportation routes, perceptions around travellers' health and safety, natural disasters, and policy decisions either in Canada or abroad. For example, the Japanese outbound market to Canada had long been in decline for over ten years, but is now springing back to life as their economy regains strength. Conversely, the Indian source market which had been robust for the last three years is now softening as the Rupee devalues. For the sake of the overall economy and long term viability and profitability of the Canadian tourism industry, experience has demonstrated the need to maintain a diversified portfolio of source markets and to uphold Canada's presence in order to weather fluctuating periods of economic return. This sentiment was also reinforced through industry consultations in early 2013.

However, how we deploy our resources and the tactics and communications channels selected vary based on the maturity of each market, and the opportunities and constraints present in each market. Just as market investments are optimized and reviewed each year to ensure the best possible return, the go-to-market approach on Page 38 is tailored in order to attain the best possible business results.

²² CTC research.

Deciding Where to Invest

We allocate annual market investments based on the best projected return for Canada. To assist us in our investment strategy, our world-leading quantitative tools allow us to fairly and consistently evaluate the past and potential performance of our target markets. They identify which markets offer superior tourism potential, and estimate the optimal level of investment needed in select markets to maximize return. Through these tools coupled with a highly integrated planning process which seeks industry input, we are able to refine our programs on an ongoing basis. As a result, there is very little waste, legacy programs or inefficiency²³.

	MARKET PORTFOLIO ANALYSIS	MARKET INVESTMENT MODEL	RETURN ON INVESTMENT MODEL
MODEL	Objectively assesses and prioritizes the potential of select markets based on market size, performance and potential	Assesses the relative strengths and weaknesses of 28 distinct source markets	Identifies the optimum investment mix in order to maximize returns based on risk tolerance and market opportunities and constraints

²³ Chris Cahill, external advisor during the CTC's Strategic Review; past Chief Operating Officer at Fairmont Raffles Hotels International; currently Executive Vice President, Global Operations, Sands Corporation.

LEISURE & BUSINESS GO-TO-MARKET APPROACH

The CTC invests in and has a geographical presence in 11 leisure markets and five business travel markets around the world that can be grouped into four broad categories. Whether aiming to maintain Canada's tourism position in some markets or further develop its position in others to secure future growth, each category requires a distinct go-to-market approach.

	MARKET CHARACTERISTICS	GO-TO-MARKET APPROACH	PROPORTION OF PROGRAM BUDGET
<p>OWN</p> <p>High-volume markets where Canada competes vigorously to protect or grow its position as these markets form the foundation of Canada's lucrative international tourism business</p> <p>Leisure markets: Australia, France, Germany, UK</p> <p>Business travel markets: Belgium (Brussels), France, Germany, UK, US</p>	<p>Large economies with wealthy populations</p> <p>International travel is a way of life for large percentage of population</p> <p>Little or no travel barriers</p>	<p>Maintain or grow Canada's position through integrated communications:</p> <ul style="list-style-type: none"> Direct-to-consumer advertising Travel trade co-op promotions and education Route development strategy Media relations, public relations and social media Tourism business events (Brussels, France, Germany, UK and US) 	57%
<p>ACCELERATE</p> <p>Rapidly growing economies with growing arrivals to Canada</p> <p>Investment needed to develop Canada's desired position and secure its tourism future</p> <p>Brazil, China, India</p>	<p>Emerging middle and upper classes with a thirst for travel</p> <p>Air service and visa processing may still present barriers to travel</p>	<p>Establish Canada's position:</p> <ul style="list-style-type: none"> Direct-to-consumer advertising (China) Travel trade co-op promotions and education Route development strategy Media relations, public relations and social media Explore opportunities for business events (China and India) 	25%
<p>RENEW</p> <p>Markets that are vital for the diversification and profitability of Canada's tourism economy</p> <p>By ensuring focus on platforms, distribution and positioning, these markets are expected to deliver future growth</p> <p>Japan, Mexico, South Korea</p>	<p>Robust economies</p> <p>High-yield markets</p> <p>Strong return to Canada in past</p> <p>Some travel barriers</p>	<p>Reignite growth by focusing on distribution:</p> <ul style="list-style-type: none"> Some direct-to-consumer advertising as needed Travel trade co-op promotions and education Route development strategy Media relations, public relations and social media 	18%
<p>WATCH</p> <p>Markets hold potential to impact Canadian tourism or Canada's trade interests in the future</p> <p>The CTC will monitor these markets for investment opportunities, and in select cases will provide platforms to support the industry</p> <p>Examples: Hong Kong, Netherlands, Turkey</p>	<p>Offer compelling future investment opportunities</p>	<p>Monitor for market investment opportunities</p>	No current investment

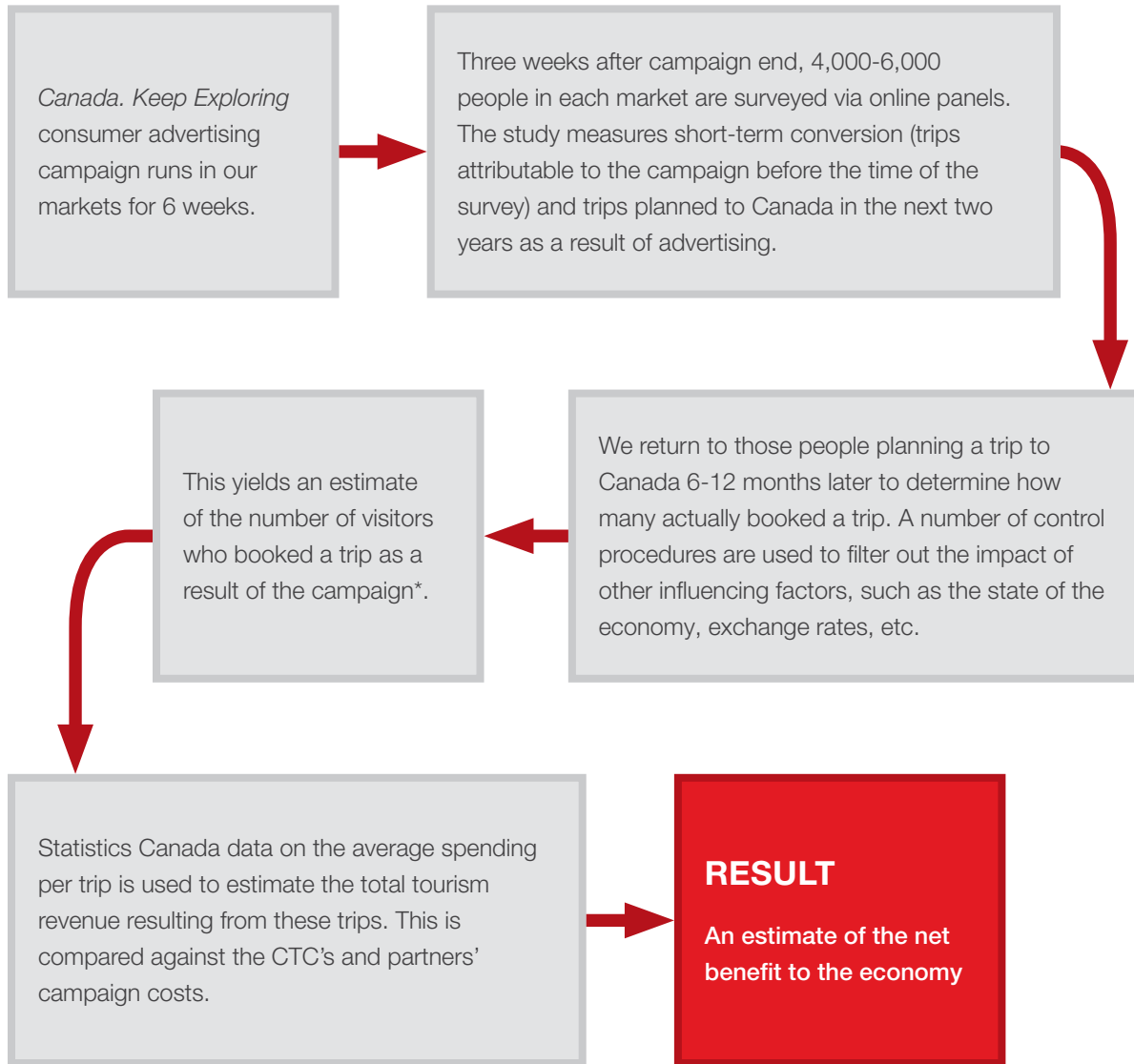
MEASURING DIRECT-TO-CONSUMER ADVERTISING

Direct-to-consumer advertising is an important channel and is where we invest the largest portion of our marketing resources. As such, we exert tremendous effort into estimating the attributable revenue and ROI resulting from these campaigns. In 2012, we upgraded the approach used to derive these estimates (outlined on the next page), with our campaign evaluations now conducted by Longwoods International. Longwoods is a recognized leader in measuring advertising performance, and has been the recipient of numerous peer awards for best practices. The revised approach allows for comparability with other jurisdictions.

Based on short-term conversion results, we estimate the economic return Canada received from each dollar spent on CTC direct-to-consumer advertising in 2012 to be 56 : 1. This equates to \$607 million in tourism export revenue.

We also return value in the form of employment and the additional federal revenue derived from the increased tourism activity in Canada. Using Statistics Canada data, our direct-to-consumer advertising in 2012 returned an estimated \$80 million to the federal treasury through taxes and fees, and supported nearly 4,500 jobs in the tourism sector.

MEASURING THE ECONOMIC IMPACT OF OUR DIRECT-TO-CONSUMER ADVERTISING



* A predictive modelling process compares the level of bookings from the test group to results from a control group of people who did not see the ads in order to measure the incremental impact of the advertising.

INDUSTRY CONSULTATIONS

The CTC values the input we receive from Canada’s tourism industry stakeholders. Our robust practice of ensuring that our strategic decisions are based on strong market insights is premised on industry consultations with our advisory committees, as well as with leaders of tourism marketing organizations, provinces, territories, and other industry stakeholders.

Our consultation structure facilitates bringing together key stakeholders from industry and governments to share the latest market knowledge and spot emerging challenges and opportunities. In the spring of 2013, our industry consultations resulted in the emergence of the following themes:

- The CTC’s national leadership and international brand presence are invaluable. Should the CTC exit a market, provincial and territorial tourism marketing organizations would likely follow suit.
- The platforms and programs that the CTC offers to the Canadian tourism industry are highly valued as they enable ease of entry into the marketplace. The industry would greatly welcome additional and relevant platforms and programs.
- The international traveller is important for driving industry profitability.
- International tourism marketing to “Own” markets is important to industry, and marketing to “Accelerate” and “Renew” markets is important to the Government of Canada’s trade agenda.

These themes have helped to shape our 2014-2018 strategic plan.



SUPPORTING GOVERNMENT PRIORITIES

The CTC plays a key role in supporting the Government of Canada's priorities of economic growth, job creation and increasing trade opportunities. Canada's tourism export industry is dynamic and generates significant income, employment, investment and exports, all of which contribute to Canada's economic growth. In 2012, the CTC directly contributed to supporting more than 5,000 jobs and generating \$687 million in tourism export revenue. Through our work we have also learned that Canada's tourism industry opens doors for other priority sectors. Business travel allows entrepreneurs to develop relationships with potential customers and suppliers in overseas locations and also creates opportunities for trade and investment.

Improving visa processing times








The CTC is pleased to support federal government priorities related to tourism. The recent federal announcement to improve the processing of temporary resident visas for workers, visitors and students is a two-year, \$42 million initiative by the Government of Canada. The improvement of visa processing times will greatly support attracting international visitors and students who contribute to Canada's tourism economy.





Federal Tourism Strategy

National investment in tourism marketing is a proven and efficient lever to generating awareness of Canada, a priority under the Government of Canada's Federal Tourism Strategy (FTS). Over the years we have worked hard, in particular, to increase Canada's competitiveness under this strategy. Launched in 2011, this strategy aims to position Canada's tourism sector for long-term growth and competitiveness. Our collection of Canadian Signature Experiences highlights outstanding Canadian experiences for international travellers, and is an example of one of our commitments under the FTS to help position Canada's tourism industry for success. Although we have delivered on all our commitments under the FTS, we will continue to build awareness of Canada as a premier tourism destination.

RISKS

The CTC conducts an enterprise risk management assessment on an annual basis. The primary objectives are to identify risks, to assess the impact and likelihood of occurrence of those risks (to determine inherent risk), and to assess the effectiveness of risk mitigation responses currently in place (to determine residual risk). From this, management prepares a risk mitigation action plan that is monitored and updated on a regular basis. The latest assessment was completed in the summer of 2013. The resulting risk register, framed in theoretical terms, along with residual risk ratings, are presented below. For the purposes of this Corporate Plan, only those risks that fall under the direct control of the CTC management to mitigate have been included.

<p>DISASTER RECOVERY PLANNING / BUSINESS CONTINUITY PLANNING Inability to continue critical operations in the event of an emergency or disaster</p> <p>Mitigation activities: Maintain current crisis communication plan; review and update the current disaster recovery plan and business continuity plan.</p>	<p>2013: </p> <p>2012: N/A</p> <p>Change: New</p>
<p>STRATEGIC TALENT MANAGEMENT DEVELOPMENT AND RETENTION Lack of talent management and retention strategy may result in managers lacking the skills to be effective at their jobs and/or loss of key talent</p> <p>Mitigation activities: Develop behavioural interviewing tools to address “fit”; implement individual action plans developed from previous 360s; continue succession program; focus on retention of high performing staff and successors; improve discipline around conducting exit interviews; refine and implement HR strategy; continue development programs to improve leadership skills and competencies.</p>	<p>2013: </p> <p>2012: </p> <p>Change: ↑</p>
<p>MARKETING EFFECTIVENESS Marketing effort is not effective / relevant and has no impact on the tourism industry</p> <p>Mitigation activities: Maintain strong brand and agency; use advanced path to purchase model; use key balanced scorecard metrics (campaign ROI, partner brand alignment and partner satisfaction); recruit, develop and retain the right talent; focus on opportunities for integrating innovation (core value) into our core business and measure against it; perform evaluations on results of conversion studies; use insights to inform decisions and focus efforts and resources optimally.</p>	<p>2013: </p> <p>2012: </p> <p>Change: ↔</p>
<p>NEW CONTRACTING PROCESS IN NEW FINANCIAL SYSTEM Staff may not fully understand the new process in the system which could result in poor financial management</p> <p>Mitigation activities: Procurement to provide further training; ensure that budget owners are running and reviewing relevant reports on a monthly basis.</p>	<p>2013: </p> <p>2012: N/A</p> <p>Change: New</p>
<p>SPECIAL EXAM READINESS That the Office of the Auditor General (OAG) concludes that the CTC has not corrected its previous significant deficiencies, or that new significant deficiencies are identified</p> <p>Mitigation activities: Complete Internal Audit Special Exam Preparedness; ensure any deficiencies are remedied prior to OAG Special Exam.</p>	<p>2013: </p> <p>2012: N/A</p> <p>Change: New</p>

Very high residual risk		↑	Increase from previous year
High residual risk		↓	Decrease from previous year
Medium residual risk		↔	No change from previous year
Low residual risk		New	New risk identified in current year
		N/A	Not applicable

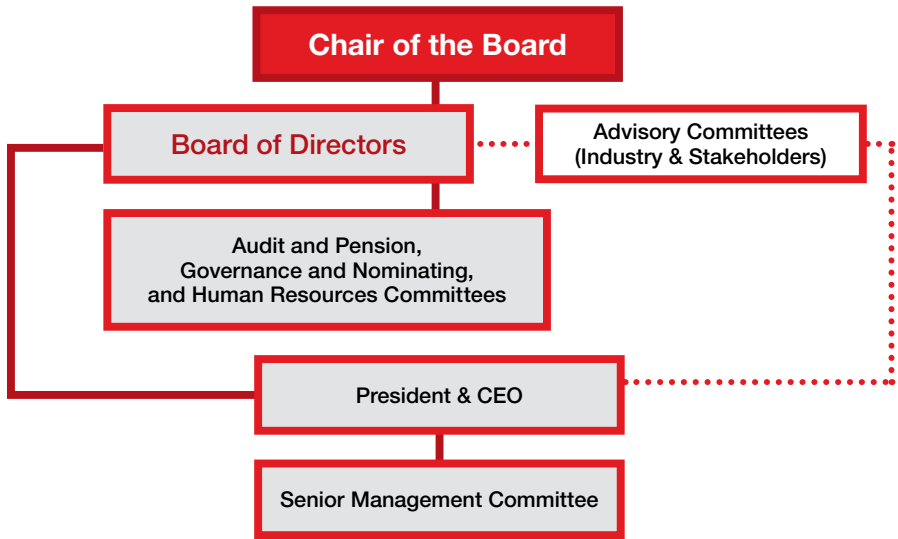


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GOVERNANCE

OUR 12-MEMBER CORPORATE BOARD of Directors oversees the management of the CTC and provides effective oversight. The members of the board are appointed based on the full range of skills, experience and competencies required to add value to the CTC's decisions on strategic opportunities and risks. The board is supported by three Board committees: Audit and Pension, Governance and Nominating, and Human Resources.

Also part of our governance structure, our five advisory committees provide strategic advice to the board and President & CEO. These committees – Core Markets, Emerging Markets, Brand Experiences, Business Events Canada and Research – are made up of highly skilled, knowledgeable players mostly from the industry.



ORGANIZATIONAL STRUCTURE

President & CEO

The President & CEO is appointed by the Governor-in-Council and reports to the CTC Board of Directors.

The President & CEO is supported by an executive team comprising a Senior Vice-President, Marketing Strategy and Communications; a Senior Vice-President, Corporate Affairs and Corporate Secretary; a Vice-President, Finance and Chief Financial Officer; a Vice-President, International; and a Vice-President, Strategy and Corporate Communications.

Board of Directors

The Board of Directors oversees the business of the CTC, which operates in partnership with the public and private sectors. Its role is to provide strategic leadership and stewardship, and approve the allocation of resources.

The Chair of the Board is appointed by the Governor-in-Council. The remaining directors are appointed by the Minister of Industry with the approval of the Governor-in-Council. The *CTC Act* names the Deputy Minister of Industry as ex officio director.

GENERAL ACCOUNTABILITY

The President & CEO is accountable for providing strategic leadership and stewardship in defining, articulating and advancing the CTC's vision, mission, goals, strategies and values and ensuring that the CTC's initiatives support the international competitiveness of the Canadian tourism industry and produce the maximum return on investment for the benefit of Canadian tourism businesses and the Canadian economy.

The incumbent is responsible for providing advice and support to the Board of Directors on all matters affecting the direction and operation of the corporation as well as the integration of broad policy direction of the Government of Canada for economic development and global commerce.

The President & CEO is accountable to the Board of Directors for the management and performance of the organization.

The board is accountable to Parliament through the Minister of Industry. The primary vehicles for reporting to the Crown are the Annual Report and the five-year Corporate Plan which are tabled in Parliament and available on the CTC corporate website at:

<http://en-corporate.canada.travel/about-ctc/corporate-reports>

CONSTITUTION

The CTC is a federal Crown corporation wholly owned by the Government of Canada (the “shareholder”). The *CTC Act*, the *Financial Administration Act (FAA)* and subsequent regulations provide the legislative basis for the establishment of the CTC and our activities. We are not governed by the *Public Service Employment Act* and are considered a separate employer. However, we are governed by or subject to the requirements of several acts, including the:

- *Official Languages Act*
- *Privacy Act*
- *Access to Information Act*
- *Values and Ethics Code for the Public Sector*
- *Canada Labour Code*
- *Multiculturalism Act*
- *Employment Equity Act*
- *Federal Accountability Act*
- *Public Servants Disclosure Protection Act*
- *Conflict of Interest Act*
- *Alternative Fuels Act*

The Government of Canada primarily regulates Crown corporations through their enabling legislation and the *FAA*. We are currently listed under Part I, Schedule III of the *FAA*, and as such are required to submit an Annual Report, a Corporate Plan and an Operating Budget to the responsible Minister, and undergo regular audits by the Auditor General of Canada. A Special Examination is mandated under the *FAA* and a report on the findings must be submitted to the Board of Directors. The next examination is due in 2016.

FINANCIAL STATEMENTS AND FORECASTS

The financial analysis includes actual and projected financial information for 2012 to 2018. Specifically, the following CTC financial statements and forecasts are included:

- Statement of Financial Position as at December 31, 2012 to December 31, 2018;
- Statement of Operations and Accumulated Surplus for the years ending December 31, 2012 to December 31, 2018;
- Statement of Change in Net Financial Assets for the years ending December 31, 2012 to December 31, 2018;
- Statement of Remeasurement Gains and Losses for the years ending December 31, 2012 to December 31, 2018;
- Statement of Cash Flows for the years ending December 31, 2012 to December 31, 2018;
- Reconciliation of Parliamentary Appropriations to Government Fiscal Year for the years ending December 31, 2012 to December 31, 2018; and
- Operating and Capital Budgets for the years ending December 31, 2012 to December 31, 2014.

As a federal Crown corporation, the CTC is largely funded through appropriations. Base funding for the 2013-14 government fiscal year is \$58.0 million. Funding levels have fluctuated over the years due to one-time funding and other adjustments to base funding.

The CTC is an organization that actively partners with industry to develop marketing programs. In some partnership arrangements, the CTC manages the programs and partners pay their share of the costs to the CTC. These partnership contributions are recorded as revenue in our statement of operations. In 2012, the CTC recognized \$9.9 million of partnership contribution revenues. Corresponding program expenses offset these funds.



MAJOR ASSUMPTIONS

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

- The CTC's base appropriations are utilized for its Core operations. Efficiency measures implemented in 2012-13 are ongoing to ensure committed savings are achieved.
- Inflationary effects on costs are based on historical inflation rates and contractual obligations.
- Foreign exchange rates have been estimated based on historical trends.
- Pension funding requirements are estimated based on the most recent available valuation results and known trends.
- The CTC is targeting to maintain a ratio of corporate services to marketing and sales costs of 15.4%. We follow a rigorous zero-based budget approach, which includes initiatives for targeted reductions (e.g. capital costs), drive for efficiencies (e.g. enterprise systems) and office reduction/rationalization (e.g. Ottawa and Vancouver offices in 2015).

STATEMENT OF FINANCIAL POSITION

As at December 31, 2012 to December 31, 2018 (in thousands)

	Actual Dec. 31, 2012	Estimated Dec. 31, 2013	Planned Dec. 31, 2014	Planned Dec. 31, 2015	Planned Dec. 31, 2016	Planned Dec. 31, 2017	Planned Dec. 31, 2018
Financial assets							
Cash and cash equivalents	\$ 11,675	\$ 10,035	\$ 9,418	\$ 9,465	\$ 9,905	\$ 10,300	\$ 10,671
Accounts receivable							
Government of Canada	918	900	900	900	900	900	900
Partnership contributions	1,565	1,500	1,500	1,500	1,500	1,500	1,500
Other	315	350	350	350	350	350	350
Portfolio investments	636	572	512	456	405	312	236
Accrued benefit asset	4,991	5,084	6,155	7,526	8,897	10,268	11,639
	20,100	18,441	18,835	20,197	21,957	23,630	25,296
Liabilities							
Accounts payable and accrued liabilities							
Trade	\$ 6,902	\$ 7,224	\$ 6,248	\$ 6,137	\$ 6,225	\$ 6,229	\$ 6,223
Employee compensation	1,683	1,500	1,500	1,500	1,500	1,500	1,500
Government of Canada	33	50	50	50	50	50	50
Deferred parliamentary appropriations	1,609	-	-	-	-	-	-
Deferred revenue	598	598	598	598	598	598	598
Accrued benefit liability	6,644	5,526	5,697	5,868	6,039	6,210	6,381
Asset retirement obligation	521	521	521	323	323	323	323
	17,990	15,419	14,614	14,476	14,735	14,909	15,075
Net financial assets	2,110	3,021	4,221	5,721	7,222	8,721	10,221
Non-financial assets							
Tangible capital assets	1,115	723	593	1,288	1,094	869	685
Prepaid expenses and other assets	2,122	2,122	2,122	2,122	2,122	2,122	2,122
	3,237	2,845	2,715	3,410	3,216	2,991	2,807
Accumulated surplus	\$ 5,347	\$ 5,866	\$ 6,936	\$ 9,132	\$ 10,438	\$ 11,711	\$ 13,028
Accumulated surplus is comprised of:							
Accumulated operating surplus	n/a	5,938	6,936	9,132	10,438	11,711	13,028
Accumulated remeasurement gain / (loss)	n/a	(72)	-	-	-	-	-
	n/a	\$ 5,866	\$ 6,936	\$ 9,132	\$ 10,438	\$ 11,711	\$ 13,028

STATEMENT OF OPERATIONS AND ACCUMULATED SURPLUS
For the years ending December 2012 to December 2018 (in thousands)

	Actual Dec. 31, 2012	Estimated Dec. 31, 2013	Planned Dec. 31, 2014	Planned Dec. 31, 2015	Planned Dec. 31, 2016	Planned Dec. 31, 2017	Planned Dec. 31, 2018
Revenues							
Partnership contributions	\$ 9,865	\$ 9,081	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000	\$ 5,000
Other	885	695	573	573	573	573	573
	10,750	9,776	5,573	5,573	5,573	5,573	5,573
Expenses							
Marketing and sales	77,582	61,665	53,235	52,185	53,035	53,035	53,035
Corporate services*	8,265	9,522	8,192	7,992	8,142	8,142	8,142
Strategy and planning	617	595	618	618	618	618	618
Amortization of tangible capital assets	640	438	429	555	444	476	434
	87,104	72,220	62,475	61,350	62,239	62,271	62,229
Net cost of operations before funding from the Government of Canada	(76,354)	(62,443)	(56,902)	(55,777)	(56,666)	(56,698)	(56,656)
Parliamentary appropriations	77,189	62,962	57,972	57,972	57,972	57,972	57,972
Surplus / (deficit) from operations	835	519	1,071	2,195	1,306	1,274	1,317
Accumulated surplus from operations, beginning of period	4,512	5,347	5,866	6,936	9,131	10,437	11,712
Accumulated surplus from operations, end of period	\$ 5,347	\$ 5,866	\$ 6,936	\$ 9,131	\$ 10,437	\$ 11,712	\$ 13,028
*Ratio of Corporate services to Marketing and sales	10.7%	15.4%	15.4%	15.4%	15.4%	15.4%	15.4%

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the years ending December 2012 to December 2018 (in thousands)

	Actual	Estimated	Planned	Planned	Planned	Planned	Planned
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018
Annual surplus / (deficit) from operations	\$ 835	\$ 519	\$ 1,071	\$ 2,195	\$ 1,306	\$ 1,274	\$ 1,317
Acquisition of tangible capital assets	(81)	(45)	(300)	(1,250)	(250)	(250)	(250)
Amortization of tangible capital assets	640	438	429	555	444	476	434
Net disposition of tangible capital assets	37	-	-	-	-	-	-
	596	393	129	(695)	194	226	184
Effect of change in other non-financial assets							
(Increase) / decrease in prepaid expenses	(240)	-	-	-	-	-	-
	(240)	-	-	-	-	-	-
Increase / (decrease) in net assets	1,191	912	1,200	1,500	1,500	1,500	1,500
Net financial assets, beginning of period	919	2,110	3,021	4,221	5,721	7,221	8,721
Net financial assets, end of period	\$ 2,110	\$ 3,021	\$ 4,221	\$ 5,721	\$ 7,221	\$ 8,721	\$ 10,221

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the years ending December 2012 to December 2018 (in thousands)

	Actual	Estimated	Planned	Planned	Planned	Planned	Planned
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014	Dec. 31, 2015	Dec. 31, 2016	Dec. 31, 2017	Dec. 31, 2018
Accumulated remeasurement gains and (losses) at beginning of year	n/a	-	\$ (72)	\$ (72)	\$ (72)	\$ (72)	\$ (72)
Unrealized gains (losses) attributable to foreign exchange	n/a	106	-	-	-	-	-
Amounts reclassified to the statement of operations	n/a	(178)	-	-	-	-	-
Accumulated remeasurement gains and (losses) at end of year	n/a	\$ (72)	\$ (72)	\$ (72)	\$ (72)	\$ (72)	\$ (72)

STATEMENT OF CASH FLOWS

For the years ending December 2012 to December 2018 (in thousands)

	Actual Dec. 31, 2012	Estimated Dec. 31, 2013	Planned Dec. 31, 2014	Planned Dec. 31, 2015	Planned Dec. 31, 2016	Planned Dec. 31, 2017	Planned Dec. 31, 2018
Operating transactions:							
Cash received from:							
Parliamentary appropriations used to fund operating transactions	\$ 75,850	\$ 61,353	\$ 57,972	\$ 57,972	\$ 57,972	\$ 57,972	\$ 57,972
Partners	9,046	9,146	5,000	5,000	5,000	5,000	5,000
Other income	885	695	573	573	573	573	573
	85,781	71,195	63,545	63,545	63,545	63,545	63,545
Cash paid for:							
Cash payment to suppliers	(76,826)	(59,854)	(50,922)	(49,304)	(49,907)	(49,993)	(50,001)
Cash payment to and on behalf of employees	(13,763)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)	(13,000)
Cash (used in) / applied to operating transactions	(4,808)	(1,659)	(377)	1,241	638	552	544
Capital transactions:							
Cash paid to acquire tangible capital assets	(81)	(45)	(300)	(1,250)	(250)	(250)	(250)
Cash receipt on disposal of tangible capital assets	-	-	-	-	-	-	-
Investing transactions							
(Increase) / decrease in portfolio investments	(636)	64	60	56	51	93	76
Foreign exchange loss / (gain) on cash held in foreign currency	145	-	-	-	-	-	-
Net increase / (decrease) in cash during the period	(5,380)	(1,640)	(617)	47	439	395	370
Cash and cash equivalents, beginning of period	17,055	11,675	10,035	9,418	9,465	9,905	10,300
Cash and cash equivalents, end of period	\$ 11,675	\$ 10,035	\$ 9,418	\$ 9,465	\$ 9,905	\$ 10,300	\$ 10,671

RECONCILIATION OF PARLIAMENTARY APPROPRIATIONS TO GOVERNMENT FISCAL YEAR

For the years ending December 31, 2012 to December 31, 2018 (in thousands)

CTC Fiscal Year	Actual 2012	Estimated 2013	Planned 2014	Planned 2015	Planned 2016	Planned 2017	Planned 2018
Amounts provided for operating and capital expenditures							
Amounts voted Government year - prior							
Unrestricted							
Main estimates - unrestricted	\$ 72,033	\$ 72,033	\$ 57,833	\$ 57,972	\$ 57,972	\$ 57,972	\$ 57,972
Budget 2012 Strategic and Operating Review - unrestricted	-	(537)	-	-	-	-	-
Supps B - Compensation adjustment	-	-	140	-	-	-	-
Total unrestricted	72,033	71,496	57,972	57,972	57,972	57,972	57,972
Restricted							
Main estimates - restricted - Olympics	\$ 4,000	\$ -	\$ -	\$ -	\$ -	\$ -	\$ -
Supps B - restricted - Stampede	5,000	-	-	-	-	-	-
Supps C - restricted - Treasury Board pension transfer obligation	1,001	-	-	-	-	-	-
Total restricted	10,001	-	-	-	-	-	-
	<u>\$ 82,034</u>	<u>\$ 71,496</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>
Amounts voted Government year - current							
Unrestricted							
Main estimates - unrestricted	\$ 72,033	\$ 57,833	\$ 57,972	\$ 57,972	\$ 57,972	\$ 57,972	\$ 57,972
Budget 2012 Strategic and Operating Review - unrestricted	(537)	-	-	-	-	-	-
Supps B - Compensation adjustment	-	140	-	-	-	-	-
Total unrestricted	71,496	57,972	57,972	57,972	57,972	57,972	57,972
Restricted							
Main estimates - restricted - Olympics	-	-	\$ -	\$ -	\$ -	\$ -	\$ -
Supps B - restricted - Stampede	-	-	-	-	-	-	-
Supps C - restricted - Treasury Board pension transfer obligation	-	-	-	-	-	-	-
Total restricted	-	-	-	-	-	-	-
	<u>\$ 71,496</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>
Parliamentary appropriations used for operations and capital in the year							
Parliamentary appropriations non restricted - Government year - prior	18,008	17,874	14,493	14,493	14,493	14,493	14,493
Parliamentary appropriations non restricted - Government year - current	53,622	43,479	43,479	43,479	43,479	43,479	43,479
Parliamentary appropriations restricted	5,559	-	-	-	-	-	-
Adjustment for PS 3410	-	1,609	-	-	-	-	-
	<u>\$ 77,189</u>	<u>\$ 62,962</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>	<u>\$ 57,972</u>
Parliamentary appropriation receivable / (deferred), opening	(2,948)	(1,609)	0	-	-	-	-
Parliamentary appropriations received	(75,850)	(61,353)	(57,972)	(57,972)	(57,972)	(57,972)	(57,972)
Parliamentary appropriations recognized in net income for operations	77,189	62,962	57,972	57,972	57,972	57,972	57,972
Parliamentary appropriations receivable / (deferred), ending	<u>\$ (1,609)</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>	<u>\$ -</u>

OPERATING AND CAPITAL BUDGET

For the year ended December 31, 2012

	Actual	Planned	
	Dec. 31, 2012	Dec. 31, 2012	Variance
Partnership income	\$ 9,864,526	\$ 6,500,000	\$ 3,364,526
Other revenues	884,889	100,000	784,889
Operating and capital costs:			
Marketing and sales	77,582,192	68,829,185	(8,753,007)
Strategy and planning	617,462	658,060	40,598
Corporate services	8,803,897	12,363,890	3,559,993
	<u>87,003,551</u>	<u>81,851,135</u>	<u>(5,152,416)</u>
Net cost of operations	(76,254,136)	(75,251,135)	(1,003,001)
Parliamentary appropriations	77,189,411	75,251,135	1,938,276
Net surplus / (deficit)	<u>\$ 935,275</u>	<u>\$ -</u>	<u>\$ 935,275</u>

Note: Expenses include amounts funded by partnership income.

OPERATING AND CAPITAL BUDGET

For the year ending December 31, 2013

	Estimated*	Planned	
	Dec. 31, 2013	Dec. 31, 2013	Variance
Partnership income	\$ 9,081,087	\$ 6,000,000	\$ 3,081,087
Other revenues	695,366	562,447	132,919
Operating and capital costs:			
Marketing and sales	62,826,635	56,818,361	(6,008,274)
Strategy and planning	594,981	602,720	7,739
Corporate services	9,905,158	10,472,775	567,617
	<u>73,326,774</u>	<u>67,893,856</u>	<u>(5,432,918)</u>
Net cost of operations	(63,550,321)	(61,331,409)	(2,218,912)
Parliamentary appropriations	62,961,836	61,331,409	1,630,427
Net surplus / (deficit)	<u>\$ (588,486)</u>	<u>\$ -</u>	<u>\$ (588,486)</u>

Note: Expenses include amounts funded by partnership income.

*Estimate is based on 6 months of actual data, 6 months of forecasted data

OPERATING AND CAPITAL BUDGET

For the years ending December 31, 2012 to December 31, 2014

	Actual	Estimated*	Planned
	Dec. 31, 2012	Dec. 31, 2013	Dec. 31, 2014
Partnership income	\$ 9,864,526	\$ 9,081,087	\$ 5,000,000
Other revenues	884,889	695,366	573,000
Operating and capital costs:			
Marketing and sales	77,582,192	62,826,635	54,335,362
Strategy and planning	617,462	594,981	617,579
Corporate services	8,803,897	9,905,158	8,592,448
	<u>87,003,551</u>	<u>73,326,774</u>	<u>63,545,388</u>
Net cost of operations	(76,254,136)	(63,550,321)	(57,972,388)
Parliamentary appropriations	77,189,411	62,961,836	57,972,388
Net surplus / (deficit)	<u>\$ 935,275</u>	<u>\$ (588,486)</u>	<u>\$ -</u>

Note: Expenses include amounts funded by partnership income.

*Estimate is based on 6 months of actual data, 6 months of forecasted data

CAPITAL BUDGET

For the year ended December 31, 2012

	Actual	Planned	
	Dec. 31, 2012	Dec. 31, 2013	Variance
Tangible capital assets			
Leasehold improvements and decommissioning	\$ 13,894	\$ 35,000	\$ 21,106
Office furniture	2,231	15,000	12,769
Computer equipment and software	64,458	150,000	85,542
	<u>\$ 80,583</u>	<u>\$ 200,000</u>	<u>\$ 119,417</u>

CAPITAL BUDGET

For the year ending December 31, 2013

	Estimated	Planned	
	Dec. 31/13	Dec. 31/13	Variance
Tangible capital assets			
Leasehold improvements and decommissioning	\$ 10,000	\$ 50,000	\$ 40,000
Office furniture	25,000	50,000	25,000
Computer equipment and software	10,000	200,000	190,000
	<u>\$ 45,000</u>	<u>\$ 300,000</u>	<u>\$ 255,000</u>

CAPITAL BUDGET

For the years ending December 31, 2012 to December 31, 2018

	Actual	Estimated	Planned	Planned	Planned	Planned	Planned
	Dec. 31/12	Dec. 31/13	Dec. 31/14	Dec. 31/15	Dec. 31/16	Dec. 31/17	Dec. 31/18
Tangible capital assets							
Leasehold improvements and decommissioning	\$ 13,894	\$ 10,000	\$ 50,000	\$ 700,000	\$ 50,000	\$ 50,000	\$ 50,000
Office furniture	2,231	25,000	50,000	100,000	50,000	50,000	50,000
Computer equipment and software	64,458	10,000	200,000	450,000	150,000	150,000	150,000
	<u>\$ 80,583</u>	<u>\$ 45,000</u>	<u>\$ 300,000</u>	<u>\$1,250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>	<u>\$ 250,000</u>



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