Charting an Ambitious Course… *Together*

Destination Canada

2017 – 2021 Corporate Plan Summary

Destination Canada is a catalyst of long-term success and prosperity for the thousands of small- and medium-sized businesses that make up Canada's tourism community. This prosperity undoubtedly has spillover effects, generating trade and investment for other sectors and contributing to a stronger Canada.

To be a truly competitive destination, Canada requires a long-term, collaborative strategy – a strategy that will increase visitation, grow market share, and contribute to economic prosperity.

We're working towards an industry-wide goal of bringing 21 million visitors to Canada by 2021 from the markets we invest in. Although an ambitious goal, this ambition is a shared vision with our industry that is rooted in collaboration, innovation and partner co-investments.

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Message from the Chair of the Board and the President & CEO

2015 was an amazing year for the industry as a whole as we experienced an important increase in international arrivals to Canada. Our collaborative efforts are paying significant dividends for tourism businesses, the economy and Canadians.

2016 also proved to be another successful year, with overnight arrivals to Canada tracking 11.1% higher than 2015. At Destination Canada, we're proud of our recent re-entry into the United States leisure market under Connecting America. We're also celebrating the launch of our Millennial Travel Program, an initiative targeting the next generation of growing world travellers. This initiative runs in parallel with Canada's 150th birthday celebrations in 2017.

Our renewed industry partnership for the delivery of signature tourism events is proving successful, as evidenced by the best-attended Rendez-vous Canada on record. We've also struck a landmark agreement with the Aboriginal Tourism Association of Canada – a collaborative partnership to strengthen the promotion of Aboriginal tourism in international markets of mutual interest.

We promote Aboriginal tourism in support of the federal priority to highlight Canada's culture around the world.

The Government of Canada is committed to a whole-of-government approach to tourism, which is a testament that tourism is a firm driver of economic growth and jobs. Commitments for international tourism marketing have been reinforced through two different one-time budget streams – one for Connecting America, and most recently, the $50 million investment through Budget 2016. Additionally, the commitment to open seven additional visa application centres in China will serve to increase commercial ties and boost tourism flows from that country.

As we look ahead, we see that the winning conditions for Canada are right. Perceptions of Canada are favourable, the global economy is recovering, and barriers to entry are being reduced. Lonely Planet also just named Canada as the number one destination to visit in 2017. With this positive momentum and the right strategy in place, we believe our industry is poised for continual success in 2017 and beyond.

Together with our industry, we're committed to bring 21 million international visitors to Canada by the year 2021. This goal is rooted in a shared industry vision and is premised on partner collaboration, innovative marketing, and co-investment support.

We look forward to continuing our work to help Canadian tourism businesses sell more Canada internationally. As we build on recent successes, we retain our focus on increasing visitation, market share, and economic growth.

Ben Cowan-Dewar
Chair, Board of Directors

David F. Goldstein
President & CEO

Budget 2017 released in March 2017 announced a stabilization of funding at $95.5 million for Destination Canada beginning in government fiscal year 2018-19.

This corporate plan was developed prior to this announcement, and as such, the financial information and performance targets attributed to Destination Canada presented in this corporate plan were developed based on core funding levels in place at the time of writing which was $58 million annually. Financial information and performance targets will be updated where appropriate to reflect new funding levels in the 2018-2022 Corporate Plan.

Additionally, based on this new funding and with the availability of 2016 performance results, the industry-wide goal for international arrivals to Canada from Destination Canada markets for 2021 has been updated.

Executive Summary

Destination Canada is focussed on generating value for tourism businesses and communities across the country. Through our role as Canada's national tourism marketer, we strive to harness the shareholder's investment in tourism marketing. This enables us to extend the reach of Canada's tourism businesses to surpass what they could otherwise attain on their own.

Beyond Canada's visitor economy, tourism is a gateway for commercial relations, helping to generate international trade and investment opportunities for other sectors.

In 2016 we embarked on a growth-oriented strategy that we believe is poised to deliver this value for Canada – the creation of jobs, economic opportunity for entrepreneurs, and tax revenues to fund public sector priorities. This 2017-2021 Corporate Plan affirms this strategy and we are staying the course to grow visitation and spending to Canada. This is an ambitious goal – a goal that the industry is proud to stand behind and work towards.

We at Destination Canada are committed to doing our part to help realize this vision by 2021, and have set long-terms targets for ourselves accordingly. For 2017, we will strive to bring in an additional 1.3 million international visitors from our target markets to Canada, spending $1.56 billion. This is our commitment to the industry, to the Government of Canada, and to Canadians.

Our commitment to increase long-term visitation to Canada supports the federal priority to create jobs and prosperity for middle class Canadians.

Globally, tourism is performing well. It is one of the few sectors that tends to endure in the face of crises, and expectations are for continued annual growth in the neighbourhood of 3.5-4.5% over the near term[1]. But Canada is only beginning to tap into the growing global wave of visitors who bring fresh dollars and future investment to every region of Canada. Conditions are lining up for Canada to increase its competitive position internationally. According to the Anholt-GfK Nation Brands Index[SM], tourism is a powerful driver of a country's reputation, and perceptions of Canada are favourable. The country is regarded as safe, friendly and welcoming. In addition, air access has improved, and visa requirements have been modernized, as evidenced by the recent visa lift for Mexican nationals. Increased marketing investments are also positioning Canada well to capture its share of the global travel market.

However, to truly drive Canada's competitiveness for the long term, this requires a sophisticated, multi-year collaborative plan that is built together with provincial, territorial and municipal partners. This corporate plan focuses the industry on a common goal, while establishing measurable objectives for Destination Canada to ensure that we continue to do our part in realizing this long-term vision.

Our long-term strategy to increase Canada's international competitiveness is premised on a shared goal with provinces, territories and municipalities. This is fully aligned with the federal commitment to improve industry partnerships.

[1] UNWTO World Tourism Barometer, Volume 14, July 2016.

Equipped with the winning conditions, including global economic growth, travel demand, a strong Canada brand, improved air capacity, currency advantages, and increased marketing investments, we will work to strengthen Canada as a compelling destination for leisure and business travellers. The 2016 launch of our Connecting America initiative, targeting American travellers, is already gaining traction. In parallel, our Millennial Travel Program – a celebration of 150 experiences across the country – is generating momentum and excitement in its lead up to Canada's 150th anniversary.

In our capacity as an accelerant or "espresso," we will provide a strong co-investment platform for public and private partners. Making the most of the strong tailwinds at our backs, we will work closely with our industry to better align our efforts and investments in order to exert a greater force internationally. Our marketing strategy will continue to embrace new ways of thinking and digital approaches to reach world travellers and high-return audiences. We will tell a compelling story that vividly differentiates Canada from its competitors across multiple touchpoints – a story of vibrancy, distinct culture, colourful history, and culinary appeal.

This is a golden age for Canada. 2015 has shown us that Canada is outperforming the global growth average in arrivals, and where DC invests, this return is even higher. With the right strategy in place and a unified approach, we have what it takes to attain new levels of success going forward.

About US

Role

Tourism plays a critical role in Canada’s entrepreneurial development and job creation.

As Canada’s national tourism marketer, the Canadian Tourism Commission (CTC), operating as Destination Canada (DC), markets Canada abroad to leisure and business travellers to increase international arrivals and grow the Canadian tourism industry. We work with partners in provincial and territorial governments and in the tourism industry to help Canada’s tourism businesses reach international markets.

We connect local tourism operators, particularly small- and medium-sized, with new markets. This not only contributes to their livelihood and prosperity, but it acts as a springboard for trade and investment activities in Canada’s other sectors.

Mandate

Our legislative mandate is to promote the interests of the tourism industry and to market Canada as a desirable tourist destination. Specifically, we have a mandate 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.

Presence

Around the world, we have 92.5 permanent full-time employees and 22.5 term employees. Our offices are headquartered in Vancouver. Recently, we re-established a small satellite office in Ottawa to strengthen government relations activities and continue working closely with the federal family on tourism-related issues. This includes ensuring alignment of our activities with government priorities and educating government officials about the important issues impacting tourism to Canada. A presence in the capital also ensures that other national stakeholders are aware of the integral contribution that tourism makes to businesses and to Canadians.

Markets

Our leisure marketing is focused on 11 international markets around the world, and five business markets for the purposes of bringing meetings, conventions and incentive travel programs to Canada.

These markets are chosen based on prevailing market conditions and performance potential for Canada.

Funding

DC is financed primarily through parliamentary appropriations. Through our co-investment strategy, we create public-private partnerships to leverage our core appropriations and extend our global marketing reach.

Highlights of 2015

Economic Impact

While international growth in arrivals in 2015 grew by 4.4%, Canada outperformed this international average by growing at a rate of 8.7%. In particular, arrivals growth in the markets where DC is active with partners grew at a remarkable rate of 9.2%. This demonstrates the success of our partnerships and solidifies the vital role that DC plays as a stimulant of demand.

In 2015, our marketing efforts attracted over 300,000 visitors and business delegates to Canada contributing $437 million to the economy in visitor spending. We measure this using an attribution methodology in three marketing channels – consumer direct marketing, travel trade promotions, and business events.

Consumer Direct Marketing

To demonstrate the impact of our work on arrivals, we executed campaign effectiveness studies on a sampling basis of our leisure markets. Since 2013, we have employed a third party to annually assess a subset of our leisure markets on a rotating basis. Although we deploy marketing activities directed at consumers in all our markets, it is cost prohibitive to conduct studies in each market annually. As such, a sampling methodology serves as a directional indicator of the effectiveness of our marketing approach in all our markets.

In 2015, the leisure markets assessed were Australia, Germany and the UK. Based on evaluated campaigns in only these three countries, DC's marketing efforts worked to attract 150,500 travellers to visit Canada, resulting in foreign traveller spending of $231 million.

Travel Trade Promotions

In addition to advertising directly to consumers, we also reach out to consumers indirectly through promotional activities with the travel trade such as tour operators and travel agents. We assess the impact on arrivals of our trade marketing partnerships in all our leisure markets. In 2015, close to 40,000 bookings to Canada were secured, equating to over $73 million in visitor spending from all our leisure markets.

Business Events

Lastly, we track meeting, convention and incentive travel bookings as a result of our efforts. Our business events program promotes Canada's diverse destinations, state-of-the-art meeting facilities, high service levels and distinctive product experiences in five markets, positioning Canada as an attractive place for international meetings and incentive trips. In 2015, we confirmed over $132 million in contracted business events and over 116,000 planned delegates.

Collectively, all three channels generated $437 million in tourism revenue, $57 million in federal tax revenue, and support for over 3,200 tourism related jobs in Canada in 2015. These incremental economic benefits are a testament to our role as a catalyst to stimulate international demand. They also demonstrate our leadership in carefully identified markets which helps tourism businesses target high-yield customers in ways that they could not achieve on their own.

Working with Partners

In 2015, we re-examined our partnership model to increase co-investments that are more commercially relevant and enhance service delivery of our programs geared at driving long-term success for Canada's tourism entrepreneurs. By infusing innovation into how we partner and engage with industry, we created stronger co-investment platforms for both public and private partners and forged stronger alignment with our domestic stakeholders. As a result, partners co-invested close to $58 million to market alongside us – a 14% growth over 2014 – enabling us to exceed our partnership goals.

We take pride in the successes of our partners, and 90% of our partners tell us that we help them advance their business objectives. In 2015, we developed new partnerships for the advancement of mutual objectives, including a multi-year, non-traditional partnership for our Millennial Travel Program. We also signed an historic cooperative agreement to increase the export capacity of Aboriginal tourism experiences and support its continued growth across the country. These are the types of partnerships that foster entrepreneurial prosperity for Canada's tourism businesses.

Strategic Partnerships of 2016

In 2016, we entered into the following four strategic agreements:

- a multi-year partnership with Air Canada for global collaboration on strategic marketing initiatives
- a multi-year agreement with Parks Canada to drive international visitation to Canada's parks and historic sites
- a pilot project with InnVest Hotels for strategic targeted marketing in the direct-to-consumer and travel trade channels
- a renewal of our relationship with Aboriginal Tourism Association of Canada for the continued development of Aboriginal tourism destination and product awareness

Fiscal Management

We spent 2015 paying close attention to our operational structure to ensure more of our shareholder's investment is being spent efficiently on programming. We centralized operations, adopted a General Sales Agent model in most of our leisure markets, implemented a cloud-based system, and moved our corporate headquarters to a more compact and cost-effective footprint. Our efforts to be fiscally responsible and employ sound management practices enabled us to allocate close to 88% of our parliamentary appropriations to marketing and sales efforts in 2015.

Along with corporate efficiencies and a right-sized cost structure, we reduced our exposure to long-term pension risks. With significant solvency payments totaling $4.7 million, we substantially increased our defined benefit pension plan solvency ratio from 81% to 98%, and are taking further action to eliminate this risk entirely.

Our concerted efforts to reduce our overhead and operating expenses have meant a shift of over $3 million in annual savings for re-invested in programming, allowing us to maximize results on an ongoing basis.

Context

Global Context

For the sixth consecutive year, international tourism experienced uninterrupted growth, and has been growing faster than world trade in recent years. Global tourism now represents 7% of the world's total exports, and 30% of the world's service exports.

Tourism growth has been on an upward trajectory, and is expected to maintain its strength despite geopolitical challenges. In contrast to other sectors, travel and tourism tends to be resilient during times of crises. Despite political turmoil and security challenges in the international environment, there is no overall negative impact on outbound travel. Most consumers keep travelling, but may switch from a troubled destination to one perceived as being safer[2].

While global tourism is growing across the board, Asia is once again expected to lead worldwide growth. In particular, the continued strength of the emerging middle class from China will continue to fuel demand for international markets.

Accompanying strong growth from Asia is the emerging middle class of tomorrow – millennial travellers. The fastest-growing segment in the travel industry, millennials represent one-fifth of all worldwide travellers. Promising repeat visitation over their lifetimes, youth travellers have quickly become a valuable and attractive travel audience for many countries.

Another major trend today in travel continues to be the pervasive role of social media. Social media influences nearly one-fourth of all international trips, and in particular, where travellers choose to visit and their choice of accommodation. More and more travellers are consulting review sites, blogs and peer forums to research and plan their travel.

Canadian Context

Tourism plays a significant role in the Canadian economy. As Canada's number one service export, tourism is a major economic driver, supporting 637,000 jobs[3] and contributing to the livelihood of over 198,000 small- and medium-sized tourism businesses[4] from coast to coast to coast.

Our investment in international tourism promotion supports the federal priority for broad-based prosperity.

[2] ITB World Travel Trends Report 2015 / 2016
[3] Statistics Canada, National Tourism Indicators, 2016 data.
[4] Destination Canada Research using data from Statistics Canada, Tourism Satellite Account and Business Register (2015).

In 2015, Canada's tourism industry welcomed 8.7% more visitors than the year before, outpacing the growth of world arrivals. While Canada's numbers are solid, the country is still in the process of re-establishing its footing as a globally competitive international destination for business and leisure travellers. Going forward, it will be imperative to capitalize on market opportunities and travel trends in order to keep pace with market shares of other countries.

Whole of Government Approach

Increasing Canada's market share for the long-term is predicated on a whole-of-government approach which is led by Innovation, Science and Economic Development (ISED) under the leadership of the Minister of Small Business and Tourism. We look forward to actively contributing to a new and formalized federal vision for tourism currently being developed.

Much progress has been made to create the winning conditions needed for increased visitation. Facilitating ease of access and movement for travellers, such as the Government of Canada's recent lift of visa requirements for Mexican nationals, is expected to enhance Canada's position as a tourist destination of choice. Similarly, increased air access and the commitment to open seven additional visa application centres in China will increase commercial ties and boost tourism flows from that country. 2018 has been designated the Year of Canada-China Tourism, and a federal family approach will go far in boosting tourism, creating closer ties and deepening strategic relations with China.

The federal government demonstrated its commitment for Canada's tourism industry through a $50 million investment in tourism marketing through Budget 2016. Additionally, Budget 2017 proposes to stabilize DC's base funding levels to $95.5 million beginning in government fiscal year 2018/2019. With this additional funding, DC will extend its international marketing reach. Being able to assert a greater marketing presence in the international landscape promises to attract increased arrivals, enabling Canada to further its share of the outbound travel market.

In addition to increased access and growing market demand through marketing, DC is committed to continuing its collaborative work with federal stakeholders. In 2017, we will explore opportunities to assist Canadian Heritage in market research and in working with digital platforms, and will continue our multi-year agreement with Parks Canada to drive international visitation to Canada's parks and historic sites. We will also work with Global Affairs Canada to share information on markets of mutual interest and, where feasible, to align tourism, trade and diplomatic activities.

Looking Ahead

Factors in addition to increased access and innovative marketing have been working in Canada's favour lately, including being named as the best country to visit in 2017 by Lonely Planet's *Best in Travel* series. The New York Times also named Canada as the top travel destination for 2017. Recent currency advantages for international travellers are encouraging, despite being a short-term boon for the visitor economy, and international security challenges and political events are positioning Canada as a safe and welcoming destination.

The Canadian tourism industry is experiencing healthy tailwinds, and is faced with tremendous opportunity to seize a sizeable share of the market. Momentum is strong going into 2017, particularly as this is the year we celebrate Canada's 150th birthday. A collaborative growth strategy will be key in elevating Canada's competitive position.

Strategic Plan

Goal: 21 million arrivals by 2021

In our 2016-2020 Corporate Plan, we introduced the premise that the health of Canada's travel and tourism sector requires a strategy beyond the growth of visitors and revenue. To capture an increasing share of the growing global market of leisure and business travellers, the industry requires a strategy that aligns marketing organizations within Canada and leverages partners to work together with one cohesive "Team Canada" voice.

Our strategy for the 2017-2021 period reaffirms our commitment to the industry goal of bringing 21 million international visitors to Canada by 2021 from the markets that we invest in. Of this goal, DC is committing in 2017 to bring 1.3 million visitors to Canada, and to generate $1.56 billion in tourism revenue from these markets. This is the incremental economic benefit that we will produce in our capacity as an accelerator of travel demand. The remainder, we believe, will be captured by the industry as a collective by working better together and in harmony. With increased and aligned co-investments in tourism promotion and innovative marketing methods, the industry as a whole will be poised to capture a greater share of the growing outbound travel market and improve its competitive position.

Objective 1: Increase demand for Canada with innovative marketing

With rapidly evolving technology and consumers who are "always on", tourism marketing is operating in a very complex and changing environment. Travellers move quickly between channels and devices when making a travel decision, making it difficult to connect with our target audience.

With this challenge also come opportunities to use new tools, technologies and channels that go beyond traditional advertising and paid media to engage with and convert travellers. Through our various marketing programs and initiatives, we will leverage technology to continue telling a compelling story that keeps Canada top of mind. Regardless of where a consumer goes online or the device they use, we will provide unfettered access to customized storytelling content that strikes an emotional chord with global travellers and gets them to put Canada on their list of places to visit next.

Our digital and media campaigns will make Canada's tourism brand more alluring and connect our target consumers with the exciting travel experiences provided by our partners, contributing to our shared goal of growing Canada's global market share.

By adopting new and innovative practices in our marketing programs, we are supporting the federal government's Innovation Agenda to ensure a greater impact for public investment in innovation.

LEISURE MARKETS WITH POTENTIAL

Canada's competitive success is dependent on a balanced portfolio approach to helping industry stimulate demand of leisure travellers in key markets that deliver visitors and spending growth. DC is active in the following markets which offer the highest potential of generating visitation to Canada.

Australia

Spenders and stayers.
They're the highest spenders in the world, spending upwards of $15,000 per person per trip. They also like extended visits, staying up to a month while travelling.

Young Aussie travellers love Canada.
Interest to visit is highest among this demographic at 88%. Opportunity is aplenty to attract millennials, who are eager to travel and are already big fans of Canada.

New product experiences.
We will position Canada as welcoming, authentic and exciting. We will introduce new product experiences that extend beyond nature and wildlife.

Brazil

Globetrotters.
Ready to pay for luxury and convenience.

A keen student interest.
Canada is the number one place for travelling students, making it an ideal time to promote new and exciting tourism products geared towards students.

Uncertainty at home is fueling travel.
With economic and political challenges at home, Brazilians are keen to find safety and stability. We will position Canada as a safe, tranquil, orderly alternative.

China

Flush with spending money.
China is the world's fastest-growing and highest-spending international tourism market.

Zest for travel.
Now that the Chinese can travel freely, they want to get out and see the world.

A desirable travel group.
Millennials are the largest visitor group from China. The rebrand of our flagship video program Zhou You Jianada will be one tactic to entice these sought-after customers.

France

Conditions are right.
An improved economy, a stronger Euro and increased air lift are contributing to expected growth projections.

A solid foothold.
A positive reputation coupled with a sense of intrigue makes Canada a top three dream destination for the French.

Creating excitement.
In addition to promoting the icons, we will create excitement by spotlighting lesser-known products including niche experiences, unusual accommodations and high-end products.

Germany

Authenticity is a must.
From chic fashion to wildlife viewing, trendy neighbourhoods to RV parks, Germans crave experiences that are adventurous and authentic.

Need for personal safety.
Modern, progressive and safe, Canada is a welcoming and friendly country offering a unique blend of urban coolness and accessible nature.

Focusing on strengths.
We will showcase Canada as a remarkable and safe country, yet its surprising hipness and urban style.

Mexico

A family affair.
Mexicans like to travel in big groups made up of close family and friends.

Let's go shopping.
Mexicans have a preference for touring vacations, urban experiences, and good food; however, shopping is usually part of the itinerary too.

Why wait?
With the visa requirement to be lifted in late 2016, we will capitalize on the expected renewed interest and excitement in Canada to create a sense of urgency to travel now.

India

A growing market.
India is a developing market with huge untapped potential.

A rite of passage.
Indians are increasingly viewing travel as no longer only for the elite and wealthy, and take into consideration how much bragging rights a destination offers.

An influential approach.
We will harness the power of India media and travel agents to tell the story that Canada is different and authentic.

Japan

Travellers are getting younger.
The younger traveller set is an emerging market opportunity.

Enjoy the festivities.
Japanese people love seasonal parades, ceremonies and celebrations.

A birthday celebration.
We will appeal to the Japanese taste for history and culture by focusing on the events commemorating Canada's upcoming 150th birthday.

South Korea

Follow the trend.
Once a place becomes trendy, it instantly hits the must-visit list.

A demographic shift.
More and more younger travellers are taking a liking to Canada, and are looking for adventure and experience.

Piggybacking.
We will focus on distinguishing Canada from the US, our biggest competitor, and also encourage visitors to add on a Canada trip to their US vacations.

UK

A natural affinity.
There is a huge cultural, personal and familial affinity between the two nations.

Adventure is hot.
Experiential travel is increasing and the UK traveler is becoming more adventurous.

Always on.
We will employ an always-on, fully integrated content marketing approach that will position Canada as an alluring, easily accessible and must-explore-now destination.

US

Huge potential.
The US is Canada's largest tourism market. Over 19 million Americans live in 12 US cities with direct air access to Canada and a keen interest in visiting Canada in the next two years.

They like us… a lot.
We've always been good neighbours, and recent positive press about Canada is creating extra buzz.

A Team Canada approach.
We will aim to align industry investments and marketing strategies, and share innovations and learnings with partners.

Connecting America

The US is Canada's largest tourism market. Seventy percent of overnight visitors to Canada are American, and outbound travel from this market is on the rise. More Americans hold passports than ever before, and the 19 million Americans living in 12 major cities with direct air access are keen to visit Canada in the next two years.

To tap into this potential, DC developed Connecting America, a three-year initiative targeting American travellers in 12 urban cities. The program re-engages American travellers and motivates them to see Canada as a visit-now destination. Armed with $30 million in dedicated federal funding, the support of tourism partners and businesses across the country, and extensive market research identifying potential target travellers, DC re-entered the US leisure market in 2016 to help shift long-held and outdated perceptions of Canada.

Taking advantage of advancements in digital advertising, Connecting America incorporates a fully integrated content marketing approach to highlight the best Canadian travel opportunities and individually-tailored stories. From culinary delights to world-class festivals, from natural wonders to adventures for all, the program features "always on" content that targets travellers year round. Utilizing online analytics and digital profiles, Connecting America shows Americans the unexpected side of Canada to inspire travellers to become visitors, while increasing digital leads to partners.

Media relations activities are also a key component of the program, such as media outreach and familiarization tours and events specifically designed for media. This will help to increase positive coverage about Canada in important US markets and media outlets. Paid advertising, broadcast television opportunities and a stronger Canadian presence at key trade shows are also features of the Connecting America program – a program which provides a central platform for DC's tourism partners to reach more consumers in new cities directly, in a manner that is both coordinated and cost-effective.

Over the life of the three-year program, DC expects Connecting America will generate an additional 680,000 US visitors contributing $455 million in tourism revenue. Of this, we anticipate attracting 250,000 US visitors spending $165 million in 2017.

Millennial Travel Program

Millennials, broadly defined as 18-34 year olds and travelling for leisure, are the fastest-growing travel segment in the world. By 2020, trips by millennials are expected to reach 300 million – nearly double the 187 million trips taken in 2010.

In 2015, DC launched a three-year Millennial Travel Program designed to encourage domestic millennials to consider Canada for their next vacation. As part of this program, a targeted consumer campaign was launched in April 2016 which will culminate with Canada's 150th anniversary of Confederation in July 2017. Using influential talent and partner Bell Media Inc.'s top millennial brands, the campaign features a digital hub showcasing over 150 Canadian travel experiences via an exhilarating travel video series. Additionally, travel offers from national, provincial, territorial and destination partners, as well as from small- and medium-sized tourism businesses, have been integrated into the campaign to get millennials inspired and travelling now.

The goal of the domestic campaign is to reach 4.4 million millennials and encourage a 5% lift in travel.

In 2016-2017, the campaign will be extended to an international audience of millennials in the markets of Australia, France, Germany, Japan, South Korea, the US, and the UK. With the digital content already underway, repurposing the content internationally will help to generate thousands of global ambassadors for Canada.

Business Events

Business Events Canada (BEC) is the division of DC that generates demand, in collaboration with our partners, for international meetings, conventions and incentive travel for Canada. The mission of BEC is to grow Canada's share of business events by promoting the Canada brand and supporting our destination partners' efforts to compete and win business. Our partners include multiple federal departments, embassies and consulates, provincial, territorial and city destination marketing organizations, convention centres, destination management companies, transportation companies, and hotels.

In addition to leisure tourism marketing, our Business Events program serves to support the federal priority to strengthen the Canadian brand abroad.

The BEC brand reflects the growing significance of the meetings industry to Canada's economy, because meetings can be the catalyst in introducing Canada's export business interests to key influencers, business stakeholders, entrepreneurs and investors from around the world. Meeting delegates often rank among the most qualified individuals in their respective industry, and as they get to know Canada and its high quality products, services and facilities, there is the potential that they could consider Canada a strong prospect for investment. They can become advocates for Canada, uncovering investment and trade opportunities, identifying business partnerships and creating the foundation for trade relationships.

According to the Deloitte's 2013 study entitled *A Passport to Growth*, "each one percent increase in Canadian arrivals would generate an $817 million increase in Canadian exports. Further, there is new evidence that business travel contributes to increasing the volume and variety of exported goods and services. Business travellers develop connections that in turn open up pathways into new markets and create a foundation for trade relationships."

In Canada, overnight business travel, including meetings, conventions and incentive travel, accounts for 16.8% of all international travellers (approximately 3 million visitors annually). These visitors also generate approximately $3.5 billion in spending – equal to 21.4% of all receipts[5].

BEC Sectors:

- Life Sciences
- Information & Communication Technology
- Agriculture & Food
- Clean Technology
- Aerospace
- Infrastructure & Engineering
- Natural Resources

BEC's strategy focuses on multiple segments including incentive, association and corporate business. We target five markets in collaboration with industry partners and Global Affairs Canada: the US, the UK, France, Germany and Belgium (Brussels) as it is the headquarters of the European Union and home to many European based associations.

[5] Statistics Canada, International Travel Survey, 2015.

Canada remains the first choice for the outbound meetings business originating from the US, with an approximate 28% market share. In our other markets, Canada holds the following market shares for long-haul business meetings: an estimated 7.2% in the UK, 5.3% in France and 2.1% in Germany.

We are currently in our third year of implementing an innovative element of our BEC strategy to align with priority economic sectors identified by the Government of Canada. We will continue to build on this strategy through to 2021 through marketing programs targeted at raising the awareness of Canada's leadership in these sectors. Specific activities include partnering with Canadian consulates and embassies to identify potential companies positioned to hold corporate meetings in Canada, and through trade shows, marketing campaigns and events to bring together potential clients with Canadian partners to showcase meetings and incentive opportunities. Under the theme "Beauty and Brains", BEC will show that not only is Canada an incredibly beautiful place to host a meeting, but it makes good business sense because Canada is an innovator in these seven specific industries. Concisely put, business events travel leads to more business for Canada.

Budget 2016

Through Budget 2016, DC received additional one-time funding to market Canada as a premier tourism destination. Starting in 2016, the two-year, $50 million Government of Canada investment for international tourism marketing is being used to augment existing leisure marketing initiatives in our important markets, such as the US and China.

In the US, the incremental funding allows DC to increase the breadth of content partnerships with influential travel, media and affinity brands. It also enables us to increase our reach and to co-invest with our tourism partners to highlight niche activities such as ski and golf across the country.

In China, the funding enables us to increase visibility and activity in new target markets, and develop new content targeted at capturing some of the 250 million Chinese millennials who travel internationally.

Additionally and without establishing full operations, we will lightly extend our presence into the strong secondary markets of Austria, Belgium, Holland, Hong Kong, New Zealand, Switzerland, and Taiwan. Utilizing repurposed content from other same-language speaking markets, we will drive consumer awareness for travel to Canada. We will also work to establish new business relationships with key in-market travel trade organizations.

With the incremental funding received, we are able to expand our reach and frequency of paid media and develop original content with our provincial, territorial and city partners in support of our "always on" content marketing strategy.

As a result of the incremental funding, in 2017 we anticipate attracting an additional 456,000 visitors and an additional $479 million in tourism revenue.

Objective 2: Advance the commercial competitiveness of the tourism sector

Time and again, the industry has expressed to us the tremendous value and benefit they receive from DC. The diverse products we offer to Canadian tourism businesses assist in advancing their competitive position internationally. Whether through product development resources or events and trade shows, DC is committed to helping the tourism sector gain an edge in a competitive marketplace.

Trade Shows and Media Events

Travel trade shows and media events are perceived by many Canadian partners as a vitally important tactic to their annual efforts. Through these shows and events, DC provides the platforms for Canadian tourism businesses to bring their experiences to a variety of markets and generate new international business leads. By leveraging DC's national leadership and international reach to connect with international travel agents, tour operators and media, Canadian entrepreneurs are able to expand their global sales and marketing reach, particularly small- and medium-sized enterprises (SMEs), beyond what they could attain on their own.

Our programs assist tourism businesses, particularly small- and medium-sized, to reach international markets. This helps businesses become export-oriented and facilitates increased economic opportunity, both of which are in support of the Minister of Small Business and Tourism's mandate.

Media events such as GoMedia Canada held in Canada and Canada Media Marketplace held in the US are opportunities for Canadian travel operators and media to exchange the latest tourism information and story ideas. Tradeshows provide opportunities for Canadian tourism businesses to sell their product to qualified wholesalers and retailers wanting to enhance the range and diversity of their Canadian tourism product for onward sale to their local customers.

These events are an important part of our mandate to help Canadian entrepreneurs find a path to export success. Over the 2017 year, DC will be a taking a closer look at all the trade shows and media events that we host or participate in. We will examine how we can best deliver these platforms to our industry, while ensuring value and relevance to our partners' goals.

As we evaluate our tradeshow strategy, we will continue to facilitate access to global markets for Canadian tourism businesses through a number of events, including DC's flagship Canadian tourism industry event, Rendez-vous Canada (RVC), which will be held in Calgary in 2017 and in Halifax in 2018. A huge success in 2016 with over 28,000 one-to-one appointments, RVC brings together approximately 1,800 international tourism industry leaders from over 28 markets for a series of speed-dating-style appointments where international buyers seek the best-matched Canadian tourism sellers. The signature event, held annually in a different Canadian city, enables Canadian tourism businesses to extend their reach into the global market and ultimately, to increase revenue for tourism businesses across the country.

Common Industry Metrics

Marketing insights, research and analytics enable DC and partners to be responsive and continually enhance marketing efforts. A Team Canada approach necessitates a common framework to measure the impact of our tourism marketing efforts, particularly in the digital marketing space.

As part of a long-term collaborative approach, DC has established a pan-Canadian consortium to develop a common system of performance measurement. Together with provinces and territories, DC will continue to lead this project to research and identify methods and metrics to measure the impact of digital and traditional tourism marketing initiatives, and to recommend a standardized set of metrics for use at all levels.

Objective 3: Increase corporate efficiency and effectiveness

DC is dedicated to delivering increasingly efficient results against its strategy, and continually seeking to optimize operations to ensure maximum investment in programs. In recent years, we have become an efficient and focussed marketing organization. We have successfully reduced costs through: centralized operations; adoption of a General Sales Agent model in most of our international leisure markets; implementation of a cloud-based system; and, a move of our headquarters office space to a reduced and cost-effective footprint.

A 2016 internal audit of corporate efficiency by Ernst & Young LLP found that our corporate functions were efficiently resourced, and that our corporate expenditures are lower in comparison to other Canadian federal Crown corporations. Further, increased scrutiny over discretionary spending such as travel, hospitality and events ensures we maximize the value of our investments.

Key findings of internal corporate efficiency audit:

- DC has strong resource efficiency
- DC's corporate spend is 6% lower than the average of other Canadian federal Crown corporations

Going forward, DC will continue finding efficiencies, mitigating risks, driving business transformation through technology, and optimizing human resources, processes and partnerships. Key activities and areas of priority are described below.

In combination, these practices and efficiencies will enable us to further reduce our administrative overhead, and to achieve our new goal to allocate 90% of our funds to marketing programs. Setting a goal of no more than 10% in overhead costs far exceeds the 15% maximum that had been set by the Treasury Board of Canada for DC in 2014. As one-time funding for Connecting America and Budget 2016 lessens and ends in 2018, overhead costs will stabilize at 15%.

Financial Policy Suite Renewal

Utility, clarity, simplicity and relevance are the hallmarks of an effective financial policy suite. In 2016, we evaluated our existing policy suite against current needs with a view to enhancing operational effectiveness. In particular, policies were developed or updated in the areas of hospitality, air travel, promotional items, and delegation of authorities.

We will continue our financial policy suite renewal in 2017, including the development of procedures associated with resource allocation for opportunistic market investments. Additionally, we will enhance our enterprise risk management system by implementing a formal, robust and cost-effective risk assessment.

Compliance with Travel, Hospitality, Conference and Event Expenditures Policy

Stemming from a Government of Canada directive to Crown corporations in 2015, DC revised its travel and hospitality policies to ensure alignment with the directive. We successfully aligned our practices with the relevant Treasury Board Secretariat (TBS) instruments, and implemented enhanced operational and accounting practices. In fact, according to the Office of the Auditor General, other organizations have been using DC's policy as a benchmark for enacting their own related policies in response to the directive.

The implementation of the directive has resulted in reduced travel and hospitality costs, enabling the greatest value to be extracted from our travel and hospitality budgets. This also prevents significant reallocation from other priorities areas of the organization in order to achieve our goals.

In 2017, we will continue to improve implementation, monitoring and reporting of the new processes with a view to conducting an internal compliance audit against the new policy within the first six months.

Pension Reform

Ensuring that public sector pension plans are affordable, sustainable, and more in line with private sector benefits is an initiative of the Government of Canada. In 2015, Crown corporations, including DC, were issued a directive to reform employee pension plans by the end of 2017. As a result, DC amended the pension plan text to:

- Close the defined benefit (DB) component of our plan and terminate benefit accrual for DB plan members; and
- Change the contribution formula of the defined contribution component to equalize employer and employee contributions.

We intend to be fully compliant with this directive by December 31, 2017, and will spend 2017 working with plan members to ensure a smooth transition.

Pension Plan De-Risking

DB pension plans expose employers to significant financial risks related to market volatility, quantifying liabilities and changing regulations. As a leader in corporate efficiency generation and operations management, DC has been proactive in limiting risks associated with the DB pension plan for Canadian employees.

We were one of the first federal Crown corporations to implement a comprehensive pension plan de-risking strategy. Under this strategy, a significant achievement was the transition from a DB to a defined contribution pension plan for employees in 2007. Additionally, in 2015, we made significant solvency payments totaling $4.7 million, raising our solvency ratio from 81% to 98%.

In 2016, we changed the investment asset mix of the pension plan to significantly reduce exposure to equity risk and align the fixed income portfolio with the characteristics of the liabilities under the DB pension plan. This shift in the investment policy is expected to reduce future volatility in the DB pension plan's financial position.

In 2016, the Board of Directors approved an amendment to the DB pension plan to offer an option to each former employee of DC entitled to a deferred pension benefit under the DB plan to transfer out the value of their pension benefits. For former employees electing the transfer, their liabilities will be eliminated from the DB pension plan once transfers take place. This project is expected to be completed within the first quarter of 2017.

Once the above project is complete, DC will transfer out all remaining DB pension liabilities under the registered plan by purchasing annuities from an insurance company licensed in Canada to cover the pension benefits. The Board has approved senior management to purchase annuities within an established financial threshold. DC will begin monitoring the annuity purchase market in the second quarter of 2017 for an appropriate time to purchase these annuities.

Additionally, all remaining DB pension plan members will be transferred to the defined contribution pension plan effective December 31, 2017. The affected members received official notification in July 2016 (18 months prior to the effective date).

This strategy is intended to strategically position the organization for the potential transfer of future pension liabilities to industry. It will also help to contain costs, provide more planning certainty, and ensure that our future appropriations are directed towards marketing efforts.

Technological Efficiencies

Nearing the end of its life and in need of a refresh, our headquarters data centre was upgraded in 2016 to a newer generation, in-house data centre. This data centre consumes a reduced physical foot print and less energy while providing highly secure, reliable, and scalable information technology (IT) services. It also affords us the capability to leverage new technologies and gain greater corporate efficiencies in the future.

Building off of this refresh, over the next five years, we will explore opportunities to leverage both existing and new IT systems to gain further efficiencies. This initiative will identify areas where technology investments in combination with business process improvements will increase capability, automation and self-service.

Maintaining a Motivated, Knowledgeable and Innovative Workforce

Our drive to successfully increase efficiency and minimize administrative overhead depends on the full support of our highly motivated, knowledgeable and innovative workforce. Over the past year we have added the skill sets of several new staff and brought many new members to our management team. Their skills augment those of our current staff and are critical to successfully complete our strategic shift to a media and agency-based organization.

The people strategies and programs we have in place ensure we have the right people, with the right skills, in the right place at the right time. In 2015, we linked compensation directly to the achievement of corporate and individual goals for all employees, and our Performance and Talent Management program enables staff to benefit from professional development opportunities.

Looking ahead to 2017, we will continue to refine our programs and employ an approach of continuous improvement. With a refreshed strategic vision, enhanced industry collaboration and corresponding opportunities, it is essential to create supportive work environments that enable people to perform at their best every day. These include the necessary tools, processes and support mechanisms to empower employees to maximize their performance. As such, our quantitative model for measuring employee engagement will be adjusted to a qualitative model which will also encompass an assessment of employee enablement.

Such an assessment follows leading practices which recognize that engagement and enablement go hand-in-hand and are important determinants of employee performance. The new model will yield true insight into strengths and areas to target improvement, rather than capture a snapshot of employee engagement at a single point in time.

Beginning in 2017, we will transition from quantitatively measuring employee engagement to qualitatively assessing employee engagement and enablement. Although a numerical target will no longer be set, we will develop key engagement priorities and associated action plans in our corporate plans. Progress against these action plans will be reported in our annual reports.

We will also begin the negotiating process for collective bargaining in a manner that is based on good faith, ensures organizational stability and enables the fulfillment of our mandate.

Mental Health in the Workplace

The health and wellness of employees are vital to an organization’s success. In 2016, the Government of Canada adopted a mental health strategy to build a healthy, respectful, and supportive work environment that strengthens the public service.

DC has in place initiatives aimed at improving the mental health and well-being of its staff, and is committed to addressing issues related to mental health. Going forward, we will look at how we can align with the federal government’s strategy on mental health and continue to promote healthy workplace activities.

Measuring Performance

DC is committed to an industry-wide goal and anticipates long-term outcomes of this strategy to be an enhanced competitive position internationally for Canada, increased market share, and investor confidence in the industry premised on sustainable growth.

We are committed to supporting the federal government in tracking and reporting on the progress of our commitments.

While we work in collaboration with the industry, it is imperative to distinguish our performance from the industry's collective performance. The table below outlines Canada's historical performance in terms of international arrivals and tourism revenue:

Canada's Tourism Industry Performance

MEASURE	2010 RESULT	2011 RESULT	2012 RESULT	2013 RESULT	2014 RESULT	2015 RESULT
International arrivals*	16.2 million	16.0 million	16.3 million	16.1 million	16.5 million	18.0 million
International visitor spending**	$15.1 billion	$15.5 billion	$16.0 billion	$16.4 billion	$17.2 billion	$18.4 billion

* Statistics Canada, Frontier Counts.

** Statistics Canada, National Tourism Indicators, 2016 data.

Destination Canada's Scorecard

The scorecard on the following page outlines our performance targets for the next five years. While the performance targets identified are based on activities funded by both parliamentary appropriations and partner co-investments, they are interpreted to be wholly attributable to DC.

In addition to funding received through standard parliamentary appropriations, DC received one-time monies through two additional appropriations. In 2015, we received $30 million over a three-year period for Connecting America, our initiative targeted exclusively at bringing visitors to Canada from the US, our largest inbound tourism market. Additionally, we received $50 million over a two-year period, beginning in 2016, to augment marketing initiatives in important international markets. With this funding, we will increase our investments in most of our leisure markets, placing a heavy concentration on the US leisure market.

As these investments will be blended with existing investments for programs and initiatives, results may not be able to be separated according to one-time funding envelopes. As such, the targets identified in the scorecard on the following page are reflective of investments made through all appropriations.

It is important to note that the performance results and targets on the next page were based on federal funding levels in place prior to the announcement in Budget 2017 of stabilized funding for DC. In particular, results for 2015 and targets for 2016-2021 are based on federal funding levels as follows: $58.8 million in 2015, $81.5 million in 2016, $99.6 million in 2017, $72.1 million in 2018, and $58 million in 2019, 2020 and 2021.

Budget 2017 proposes to stabilize DC's base funding levels to $95.5 million beginning in government fiscal year 2018/2019. We will assess the impact on our targets for future years once this budget has been approved by Parliament.

MEASURE	2015 RESULT	2016 TARGET	2017 TARGET	2018 TARGET	2019 TARGET	2020 TARGET	2021 TARGET
GOAL: Increase arrivals of international visitors to Canada and increase tourism export revenue							
Attributable arrivals	306,529	891,500	1,335,000	921,500	576,000	577,000	576,000
Attributable tourism export revenue	$437 million[1]	$1.1 billion	$1.56 billion	$900 million	$697 million	$705 million	$711 million
Objective 1: Increase demand for Canada with innovative marketing							
Active destination interest[2]	28%	14%	8%	9%	10%	10%	10%
Growth in leads generated[3]	N/A	Benchmark	1.9 million	+10%	+10%	+10%	+10%
Objective 2: Advance the commercial competitiveness of the tourism sector							
Partner co-investment ratio	1:1	1:1	0.9:1	1:1	1:1	1:1	1:1
% of partners who indicate DC activities advance their business objectives	N/A	83%	85%	85%	85%	85%	85%
Objective 3: Increase efficiency and effectiveness							
Marketing and sales ratio[4]	87.7%	85%	90%	87.5%	85%	85%	85%

[1] Based on converted leisure travellers from sample markets of Australia, Germany and the UK; trade bookings in all leisure markets; and delegates generated in all business event markets.

[2] Percentage of long-haul travellers in DC markets who are somewhat or very interested in visiting Canada in the next two years. The 2015 result is based on travellers being prompted about Canada among a set of competitive destinations. Targets and results for 2016 and beyond are not based on this prompt.

[3] The number of potential customers DC passes on to its marketing partners to convert into actual visitation. DC has identified these potential travellers as having an interest in Canada and looking for destination-specific information which can be found on partner sites. 2016 was a benchmark year where a new methodology was employed to gather data.

[4] Percentage of appropriations invested in program activities. 85% is the minimum that has been set by the Government of Canada. Targets for 2016-2021 exclude one-time depreciation costs of the DB pension plan as a result of de-risking the plan.

Strategic Risk Management

A strong risk management culture at DC enables appropriate risks to be taken while offering critical support to partners in the tourism sector through carefully defined, monitored and measured objectives and activities.

DC manages risk through formal risk review processes at both staff and Board of Director levels, and by using the expert advice of independent third parties.

As well, DC is monitored by the Auditor General, and undergoes Special Examinations periodically as required by the *Financial Administration Act*.

As a Crown corporation with a service mandate, the ultimate overarching risk to DC is a lack of relevance to its partners and shareholder, resulting in a loss of funding. By identifying strategic risks that have the ability to impact the organizational objectives, DC can address these risks proactively to ensure they do not ultimately impact DC's relevance. This section describes key risks to DC's strategic objectives, as well as the risk profile and current mitigations in place. Financial risks, relevant from both a strategic and operational perspective, are discussed in a subsequent section of this plan.

Very high residual risk
High residual risk
Medium residual risk
Low residual risk

KEY RISKS FOR OBJECTIVE 1:
Increase demand for Canada with innovative marketing

MARKETING EFFECTIVENESS — **2016:** Medium residual risk — **2015:** Medium residual risk

There is a risk that marketing effort is not effective or relevant and has minimal or unknown impact on the tourism industry.

Mitigation activities: DC will continue to use a multi-pronged approach to address risks related to marketing effectiveness: maintain strong brand and agency; use Path to Purchase model; recruit, develop and retain the right talent; focus on opportunities for integrating innovation (core value) into DC's core business and measure against it; perform evaluations on results of conversion studies; use insights to inform decisions; better communicate DC's value and impact to the tourism industry by explicitly stating this as a strategic objective, measuring its impact in the scorecard and focusing efforts and resources optimally.

PERFORMANCE MEASUREMENT 2016: 2015:

There is a risk that DC will be unable to measure the impact, effectiveness and attributable results of marketing efforts, including the use of new marketing communications technologies in a manner that is meaningful to its various stakeholders. This risk has emerged as travellers move from traditional sources for travel information and inspiration, such as newspapers and billboards, to digital content such as blogs and websites. Since identifying this risk, DC has proactively worked to refine its approach to measurement, and is measuring its performance based on measures it can control and influence.

Mitigation activities: DC is using a two-pronged approach to mitigate this risk: utilizing the latest technology in order to measure the results of its marketing efforts; and, working with its partners to standardize performance measurement approaches. Progress has been made in the last year to align DC's performance measurement efforts to both service the organization and meet stakeholder needs.

PRIVACY 2016: 2015:

The deployment of technologies based on identifying and marketing to the interests and passions of travellers requires the collection, assessment and action of travellers' consumer data. There is a risk that DC's activities will not meet or exceed regulatory requirements or consumer expectations around privacy.

Mitigation activities: DC is committed to protecting privacy and uses best practices to proactively assess and address privacy risk. DC has also conducted a thorough privacy impact assessment of its current and planned activities, taking into account Canadian federal obligations as well as anticipated regulatory changes in the European Union. DC will implement all of the recommendations of the assessment, and maintain an ongoing schedule to review, assess and update its privacy processes and policies.

CURRENCY 2016: 2015:

There is a risk that the impact of a lower valuation of the Canadian dollar and the resulting decreased purchasing power will result in diminished reach and reduced impact of DC marketing efforts in highly competitive international marketplaces.

Mitigation activities: Contingency plans are established that include stretching budgets across a diverse portfolio of 12 countries to ensure maximum benefit for program implementation with its mandate.

KEY RISK FOR OBJECTIVE 2:

Advance the commercial competitiveness of the tourism sector

GLOBAL ECONOMIC, GEO-POLITICAL AND SECURITY ISSUES 2016: 2015:

There is a risk that global economies (where DC invests) could experience a significant slowdown in growth, changes in the political landscape or security environment which impact international travel and the Canadian tourism industry.

Mitigation activities: DC will maintain a balanced country investment portfolio, and ensure country budgets are flexible to allow reallocations if necessary. In addition, DC will offer support, tools, assets and sales opportunities to industry to withstand these issues, facilitate their export readiness and help grow their businesses.

KEY RISKS FOR OBJECTIVE 3:

Increase corporate efficiency and effectiveness

CHANGE and TALENT MANAGEMENT	2016: 🟢 2015: 🟡

In response to DC's strategic shift to be a media and agency-based organization, the prior year's corporate plan identified two separate moderate risks related to change management and talent management. This reflected the significance of the change to the organization as well as the people who work there. In 2016 these risks were combined to reflect their complimentary nature and the mitigations implemented by management: the turnover experienced to date has enabled DC to refresh its workforce and build the skills to support the new strategic direction. In addition, this move to a media and agency-based organization has created tremendous attraction, resulting in very effective recruiting initiatives. Both the change management and talent management risks, being appropriately managed, have resulted in opportunities for the organization.

Mitigation activities: DC will continue to communicate and educate all employees, office holders, and stakeholders on the priorities, opportunities, business plans and challenges facing the organization. It will foster an environment where creativity and innovation are encouraged, and support management and employees at all levels with proper tools and resources. DC will continually monitor and assess effectiveness of its strategies through surveys and consultation.

Governance

Legislative Framework

DC is a federal Crown corporation wholly owned by the Government of Canada, and is provided with overarching public policy priorities, broad strategic goals and expectations. The *Canadian Tourism Commission Act* and various regulations provide the legislative basis for the establishment of DC and its activities. Through the Minister of Small Business and Tourism, DC is accountable to Canada's Parliament, and submits an Annual Report, a 5-year Corporate Plan and an Operating Budget annually to Parliament.

Board of Directors

The Board consists of up to 12 members who oversee the management of DC, and provide strategic guidance and effective oversight. The Board ensures that appropriate systems of governance, leadership and stewardship are in place while at the same time empowering management to lead the organization.

The Board comprises the Chair and the President & CEO of DC which are Governor in Council appointments, and the Deputy Minister of ISED (ex officio). Further, up to nine additional directors, appointed by the Minister with Governor-in-Council approval, make up the remainder of the Board.

Directors are appointed based on the full range of skills, experience and competencies required to add value to DC's decisions on strategic opportunities and risks. Additionally, appointments are made in accordance with the Government of Canada's new approach on Governor in Council appointments. The approach is based on an open and transparent process, and results in appointments that are merit-based and representative of the diversity of Canadians.

Board Membership

As at October 1, 2016

Two vacancies

OLGA ILICH

Chair of the Board of Directors

Richmond, BC

KELLY GILLIS

Associate Deputy Minister, Innovation, Science and Economic Development

Ottawa, ON

Exercises the role of ex officio member on behalf of the Deputy Minister of Innovation, Science and Economic Development

SCOTT ALLISON

Vice-Chair of the Board of Directors

Toronto, ON

DRAY MATOVIC

Chairman and CEO, Halex Capital, Inc.

Niagara Falls, ON

DAVID GOLDSTEIN

President & CEO, Destination Canada

Vancouver, BC

ROBERT MERCURE

General Manager, Fairmont Le Château Frontenac

Québec City, QC

NORA DUKE

Executive Vice President, Corporate Services & Chief Human Resource Officer, Fortis Inc.
St. John's, NF

DANIELLE POUDRETTE

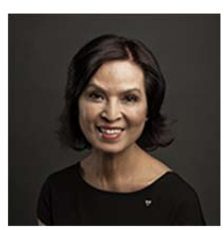
Executive Advisor, DMVP Solutions

Montreal, QC

MICHAEL HANNAN

President, H2 Hotels and Resorts

Canmore, AB



RITA TSANG

Owner, Chair & Chief Executive Officer, Tour East Group

Toronto, ON

Committees of the Board

Three Board committees support the Board in its execution of duties. These committees ensure that appropriate systems of governance and stewardship are in place while at the same time empowering management to deliver on its mandate.

The Governance and Nominating Committee advises and supports directors in applying DC's corporate governance principles and develops best governance practices. The Committee also assists the Board in evaluating potential board candidates and developing recommendations to the Minister on board appointments (excluding the Chair, the President & CEO and the ex officio director).

In addition to the duties and functions mandated by the FAA, the Audit and Pension Committee reviews and recommends to the Board processes for identifying and managing risk, internal control systems and processes for complying with related laws and regulations. The Committee also oversees the administration, investment activities and financial reporting of DC's pension plans.

The Human Resources Committee reviews the President & CEO's annual objectives and DC's human resources policies, plans and processes, including succession, compensation and benefits plans, and makes recommendations to the Board as appropriate.

Advisory Committees

From time to time, the Board creates advisory committees to advise it on how best to deliver DC's programs and services. The committees take their direction from the Board and report to both the Board and the President & CEO. A majority of the advisory committee members are appointed from private sector tourism entities who play an important role in linking DC to the tourism industry.

DC currently has four advisory committees:

- Business Events
- International
- Research
- United States

Executive Team

The President & CEO is accountable to the Board, and has responsibility for the day-to-day operations of DC. Senior Management plays a vital role in strategic leadership, working closely with the Board to set objectives, develop strategies, implement actions and manage performance. Executive management also recommends to the Board sweeping changes, identifies business risks and manages the complex intellectual, capital and technical resources of DC.

Executive Team

As at October 1, 2016

ANDRÉ JOANNETTE

Chief Financial Officer

JON MAMELA

Chief Marketing Officer

SARAH SIDHU

General Counsel & Corporate Secretary

EMMANUELLE LEGAULT

Vice-President, International

DAVE ROBINSON

Vice-President, Strategy & Stakeholder Relations

Financial Plan

In recent years, we have supported the Government of Canada's commitment to reduce the operating expenditures of all federal organizations as well as become an efficient and focused marketing organization. We have successfully reduced costs through:

- Centralized operations;
- Adoption of a General Sales Agent model in most of our international leisure markets;
- Implementation of a cloud-based system.

In the 2016 business planning cycle, we conducted an extensive review of our base appropriation spending and were successful in increasing our core annual marketing investments by $3.1 million. This was achieved by:

- Eliminating duplication and overlap in functions;
- Streamlining and changing operations with a view to gaining efficiencies;
- Moving to a more cost-effective office space; and
- Proactively reviewing discretionary spending.

This same exercise allowed us to identify one-time savings in 2015 in the amount of $4.7 million. This amount was used to accelerate future special solvency payments in the DB pension plan in 2015 and free up future appropriation funding (2016 and beyond) to increase investments in marketing and sales. As a result of a special solvency payment of $4.7 million, the DB pension plan was close to solvent (98.3%) as of December 31, 2015.

Through 2017-2021, we will further increase investments in marketing as a result of incremental funding received from the Government of Canada related to the Connecting America program and the 2016 Federal Budget. We will also continue to advance efficiencies and contain costs by:

- Leveraging technology;
- Moving remaining active DB pension plan members to the Defined Contribution pension plan;
- Changing the investment asset mix of the DB pension plan to substantially reduce investment; and
- Continuing to examine ways to gain more value out of our investments (as contract terms are renewed and/or new requirements arise).

In combination, these efficiencies and cost containment measures are enabling us to reduce administrative overhead and increase Marketing and Sales.

In 2016, we finalized all text amendments that will enable DC to be in full compliance with the Government of Canada's Pension Reform Directive. As a result of the directive, DB pension plan members will be transferred to the Defined Contribution plan on December 31, 2017. From an accounting perspective, this is significant. Based on TBS's accounting standards, this will result in a change in the depreciation period of the unamortized actuarial (gains) losses that have been recorded in the Statement of Financial Position under Accrued Benefit Assets. The standards direct DC to amortize the unamortized actuarial (gains) losses (loss estimated at $8.9 million) over the average remaining employment life of the pension plan members as long as there are active employees in the plan. There will no longer be any active employees in the plan by December 31, 2017. The unamortized loss of $8.9 million will need to be depreciated over 2016 and 2017 which accounts for an annual accounting deficit in the Statement of Operations in 2016 and 2017. This accounting deficit is temporary and will be absorbed by the organization's accumulated surplus.

Major Assumptions

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

- Inflationary effects on costs are based on historical inflation rates and contractual obligations;
- Foreign exchange rates have been estimated based on historical trends; and
- Pension funding requirements are estimated based on the most recent available valuation results and known trends.

Financial Risks

DC has a number of financial risks, the most significant of which are related to pension funding, rising fixed costs and foreign exchange.

Pension Funding

DC is implementing proactive measures to limit, and potentially eliminate, risk associated with the legacy DB pension plan for Canadian employees.

DB pension plan management involves significant risks related to market volatility, quantifying liabilities and changing regulations. Under our DB pension plan, all risks associated with the pension rest with DC. We are required to fund our total pension benefit obligation on an annual basis, calculated as the present value of all future pension liabilities. This calculation has many variables subject to risk, not the least of which are the return on investment and longevity of our annuitants.

From a cash perspective, our DB pension plan was not fully funded when DC assumed responsibility in 2005, and we receive no additional funding for solvency payments. These payments must be drawn from appropriated funding and have a direct impact on our operating budget. Between 2009 and 2014 we took advantage of relief provisions under the Pension Benefits Standards Regulations to defer solvency payments in order to maintain levels of investments in marketing. This relief ended in 2014, however, and we are now required to make solvency payments.

From an accrual perspective, the obligations of the DB component reported under the financial statements, which are aligned with accounting principles, are significantly lower than the expected cost of settlement if settlement was to occur in the short term. The difference is recorded as an accrued benefit asset in the Statement of Financial Position. The difference as at December 31, 2015 was estimated to be $13.8 million. Typically, the difference between accounting obligation and cost of settlement is expensed through the life of the pension plan as pension benefits are paid out from the plan. However, part of this difference may be crystallized and recognition accelerated if there is a full or partial settlement of the obligations. As of December 31, 2016, there were only three active members remaining in the DB pension plan.

We have taken the following action to minimize our exposure to the DB pension risk:

- **Hired Professional Pension Manager:** We have retained a third party expert to relieve DC management of the significant risks and burden associated with management of the DB pension plan. In the management and administration of the DB pension plan, fees are incurred for the investment and custody of plan assets, monitoring of investment performance, preparation of actuarial valuation (for funding and for financial statement purposes) and other compliance filings, and for third party administration costs.
- **Transitioned from Defined Benefit to Defined Contribution Pensions:** We have moved DC away from DB pensions by establishing a defined contribution pension plan for employees in Canada hired after August 2005. This means we are not enrolling any new employees in a DB pension plan. Apart from our DB annuitants, we have only three current employees remaining in a DB pension plan.
- **Implementation of the 2014 Pension Reform Directive:** An approved implementation plan will see the introduction of a 50:50 cost sharing ratio between the employer and employees by December 31, 2017, and alignment of the age of retirement for all new hires at Crown corporations with the Public Service Pension Plan. As a result of the plan, all the remaining DB pension plan members will be transferred to the Defined Contribution pension plan effective December 31, 2017.
- **Use of Corporate Support Efficiencies to Fund Pension Solvency:** Given that the organization’s relief provisions under the Pension Benefits Standards Regulations were exhausted in 2014 and 2015, we examined our business model and operating structure with a view to optimize the shareholder’s investment in marketing while meeting our ongoing solvency payment obligations. At the start of the year, our offices in Mexico and South Korea were transitioned to a General Sales Agent model, a model with demonstrated success in many of our other markets. This shift, along with a consolidation of various corporate management and non-management functions, has contributed to enhanced efficiencies and cost containment.

Administrative and discretionary spending was curtailed in 2015 through the implementation of the revised policy on travel, hospitality, conferences and events. Furthermore, the DC headquarters office space in Vancouver, BC was relocated to a smaller footprint.

- **Made Solvency Payments:** In 2015, we elected to make a $4.7 million solvency payment, a strategy which saw the organization move its solvency ratio to 98.3% from 81.4%.
- **Optimized Investment Portfolio:** In 2016, we adjusted the investment mix of our DB assets, significantly reducing the market risk to the financial position by reducing equity allocation and aligning the fixed income investments with the plan's liability benchmark.
- **Implementing Options to Eliminate All Defined Benefit Liabilities:**
    - In 2016, the Board approved an amendment to the DB pension plan to offer an option to each former employee of DC still entitled to a deferred pension benefit in the DB pension plan to transfer out the value of their pension benefits. For former employees electing the transfer, their liabilities will be eliminated from the DB pension plan once transfers take place. This project is expected to be completed within the first quarter of 2017.
    - Once the above project is complete, DC will transfer out all remaining DB pension liabilities by purchasing annuities from an insurance company licensed in Canada to cover the pension benefits. The Board has approved senior management to purchase annuities within an established financial threshold. DC will begin monitoring the annuity purchase market in the second quarter of 2017 for an appropriate time to purchase these annuities.

We believe that these initiatives, in combination, will limit or potentially eliminate the risk associated with our legacy DB pension plan for Canadian employees.

Rising Fixed Costs

As an appropriation-dependant Crown corporation, DC must manage its costs within a fixed operating budget. As noted above, we have taken many measures in the past and plan to take additional measures in the future to ensure that the organization operates efficiently and to identify cost savings wherever possible; however, due to inflation and other pressures, many of the operating costs necessary to sustain DC's operations continue to rise.

The 2016 Federal Budget did not maintain the operating budget freeze announced in the 2013 Federal Budget. For the first time since 2013, we will receive partial funding relief from the Government of Canada to cover salary increases through a base appropriation increase. Payroll is our largest fixed cost (estimated at $14.6 million in 2017). Although this incremental funding will only offset approximately one third of the incremental salary costs, the relief is welcome.

Foreign Exchange

DC's functional currency is the Canadian dollar, but we regularly transact in multiple foreign currencies as part of our international operations. As a result, we are impacted by fluctuations in foreign exchange rates. Realized gains and losses arise from the settlement of foreign currency transactions when translated into Canadian dollar equivalents using rates of exchange in effect at the time of the transaction. Unrealized gains and losses arise from the translation of monetary assets and liabilities denominated in foreign currencies translated into Canadian dollar equivalents at the rate of exchange in effect at year end. Realized gains and losses are considered Operating Expenses and are included on the Statement of Operations as Corporate Service expenses. Unrealized gains and losses are reported on the Statement of Remeasurement Gains and Losses.

In 2015, the foreign exchange rates of many currencies experienced significant volatility, notably strengthening against the Canadian dollar throughout the year. During 2015, we had significant transactions in British Pounds, Chinese Yuan, Euros, Japanese Yen, and US Dollars resulting in a realized foreign exchange loss of $553,000 and an unrealized foreign exchange gain of $593,000. The realized loss is included in the Corporate Service expenses. The following five currencies are our highest transacted foreign currencies and the Canadian dollar lost value against all of them during the year.

VALUE OF $100,000 CDN ON

CURRENCY	DECEMBER 31, 2015	DECEMBER 31, 2016
$	$72,120	$74,255
€	€66,002	€70,480
£	£48,645	£60,362
¥	¥467,973	¥516,018
¥	¥8,689,940	¥8,668,760

Financial Statements

Statement of Financial Position

As at December 31, 2015 to December 31, 2021 (in thousands)

	Actual Dec 31, 2015	Estimated Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2020	Planned Dec 31, 2021
Financial assets							
Cash and cash equivalents	$ 16,616	$ 12,134	$ 13,308	$ 12,358	$ 12,225	$ 12,563	$ 12,921
Accounts receivable							
Government of Canada	2,369	250	250	250	250	250	250
Partnership contributions	238	1,500	1,500	1,500	1,500	1,500	1,500
Other	12	50	50	35	35	35	35
Portfolio investments	504	453	360	360	284	284	224
Accrued benefit asset	12,288	8,525	4,061	4,061	4,061	4,061	4,061
	32,027	22,911	19,529	18,564	18,355	18,693	18,991
Liabilities							
Accounts payable and accrued liabilities							
Trade	$ 9,593	$ 4,447	$ 5,081	$ 3,641	$ 3,020	$ 3,021	$ 3,021
Employee compensation	1,310	1,310	1,310	1,310	1,310	1,310	1,310
Government of Canada	601	250	250	250	250	250	250
Deferred revenue	362	362	362	362	362	362	362
Accrued benefit liability	5,966	5,912	5,874	5,837	5,801	5,766	5,731
Asset retirement obligation	164	164	164	164	164	164	164
	17,996	12,445	13,041	11,564	10,907	10,873	10,838
Net financial assets	14,031	10,466	6,488	7,000	7,448	7,820	8,153
Non-financial assets							
Tangible capital assets	1,788	2,061	1,809	1,448	1,169	939	984
Prepaid expenses and other assets	1,149	1,149	1,149	1,149	1,149	1,149	1,149
	2,937	3,210	2,958	2,597	2,318	2,088	2,133
Accumulated surplus	$ 16,968	$ 13,676	$ 9,447	$ 9,597	$ 9,766	$ 9,909	$ 10,287

Statement of Operations

For the years ending December 31, 2015 to December 31, 2021 (in thousands)

	Actual Dec 31, 2015	Estimated Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2020	Planned Dec 31, 2021
Revenues							
Partnership contributions	$ 13,927	$ 21,052	$ 17,551	$ 14,758	$ 13,914	$ 13,914	$ 13,914
Other	890	1,241	1,002	1,002	1,002	1,002	1,002
	14,817	22,294	18,553	15,760	14,916	14,916	14,916
Expenses							
Marketing and sales	60,421	97,918	111,968	79,956	65,342	65,342	65,342
Corporate services	7,434	8,246	9,157	6,679	6,466	6,566	6,605
Strategy and planning	697	576	822	643	566	566	566
Amortization of tangible capital assets	353	332	397	406	349	275	236
	68,905	107,072	122,346	87,683	72,724	72,750	72,750
Net Cost of operations before funding from the Government of Canada	(54,088)	(84,779)	(103,793)	(71,923)	(57,808)	(57,834)	(57,834)
Parliamentary appropriations	58,779	81,486	99,565	72,074	57,976	57,976	57,976
Surplus / (deficit) from operations	4,691	(3,293)	(4,229)	151	168	142	142
Accumulated surplus from operations, beginning of period	11,684	16,375	13,082	8,853	9,004	9,172	9,314
Accumulated surplus from operations, end of period	$ 16,375	$ 13,082	$ 8,853	$ 9,004	$ 9,172	$ 9,314	$ 9,456

Statement of Remeasurement Gains and Losses

For the years ending December 31, 2015 to December 31, 2021 (in thousands)

	Actual Dec 31, 2015	Estimated Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2020	Planned Dec 31, 2021
Accumulated remeasurement gains / (losses) at beginning of year	$ 238	$ 593	$ 593	$ 593	$ 593	$ 593	$ 593
Unrealized gains / (losses) attributable to foreign exchange	593	-	-	-	-	-	-
Amounts reclassified to the statement of operations	(238)	-	-	-	-	-	-
Accumulated remeasurement gains / (losses) at end of year	$ 593	$ 593	$ 593	$ 593	$ 593	$ 593	$ 593

Statement of Change in Net Financial Assets

For the years ending December 31, 2015 to December 31, 2021 (in thousands)

	Actual Dec 31, 2015	Estimated Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2020	Planned Dec 31, 2021
Annual surplus / (deficit) for the period	$ 4,691	$ (3,293)	$ (4,229)	$ 151	$ 168	$ 142	$ 142
Acquisition of tangible capital assets	(1,824)	(605)	(145)	(45)	(70)	(45)	(45)
Amortization of tangible capital assets	353	332	397	406	349	275	236
Net disposition of tangible capital assets	9	-	-	-	-	-	-
	(1,462)	(273)	252	361	279	230	191
Effect of change in other non-financial assets							
(Increase) / decrease in prepaid expenses	640	-	-	-	-	-	-
	640	-	-	-	-	-	-
Remeasurement gain	355	-	-	-	-	-	-
Increase / (decrease) in net financial assets	4,224	(3,566)	(3,977)	512	447	372	333
Net financial assets, beginning of period	9,807	14,031	10,465	6,488	7,000	7,447	7,819
Net financial assets, end of period	$ 14,031	$ 10,465	$ 6,488	$ 7,000	$ 7,447	$ 7,819	$ 8,152

Statement of Cash Flows

For the years ending December 31, 2015 to December 31, 2021 (in thousands)

	Actual Dec 31, 2015	Estimated Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2020	Planned Dec 31, 2021
Operating transactions:							
Cash received from:							
Parliamentary appropriations used to fund operating transactions	$ 58,779	$ 81,486	$ 99,565	$ 72,074	$ 57,976	$ 57,976	$ 57,976
Partner revenues	13,072	21,921	17,551	14,758	13,914	13,914	13,914
Other revenues	711	1,203	1,002	1,017	1,002	1,002	1,002
Interest on cash	166	166	166	166	166	166	166
	72,728	104,777	118,285	88,016	73,059	73,059	73,059
Cash paid for:							
Cash payments to suppliers	(52,620)	(99,014)	(106,877)	(75,066)	(59,842)	(59,318)	(59,359)
Cash payments to and on behalf of employees	(17,382)	(9,691)	(10,183)	(13,855)	(13,357)	(13,356)	(13,356)
Cash applied to / (used in) operating transactions	2,726	(3,928)	1,225	(905)	(140)	384	344
Capital transactions:							
Acquisition of tangible capital assets	(1,278)	(605)	(145)	(45)	(70)	(45)	(45)
Cash received from disposal of tangible capital assets	9	-	-	-	-	-	-
Investing transactions							
Acquisition of portfolio investments	-	-	-	-	-	-	-
Disposition of portfolio investments	56	51	93	-	76	-	60
Net remeasurement gain / (loss) for the period	355	-	-	-	-	-	-
Net increase / (decrease) in cash during the period	1,868	(4,482)	1,173	(950)	(134)	339	359
Cash and cash equivalents, beginning of period	14,748	16,616	12,134	13,308	12,358	12,225	12,563
Cash and cash equivalents, end of period	$ 16,616	$ 12,134	$ 13,308	$ 12,358	$ 12,225	$ 12,563	$ 12,921

Reconciliation of Parliamentary Appropriations to Government Fiscal Year

For the years ending December 31, 2015 to December 31, 2021 (in thousands)

	Actual 2015	Estimated 2016	Planned 2017	Planned 2018	Planned 2019	Planned 2020	Planned 2021
Amounts provided for operating and capital expenditures							
Amounts voted in Government year - prior							
Unrestricted							
Main estimates	$ 57,973	$ 57,976	$ 57,976	$ 57,976	$ 57,976	$ 57,976	$ 57,976
Supps B - Compensation adjustment	3	-	-	-	-	-	-
Supps C - Compensation Adjustment	-	-	-	-	-	-	-
Total	57,976	57,976	57,976	57,976	57,976	57,976	57,976
Less portion recognized in prior DC fiscal year	(45,089)	(43,482)	(43,482)	(43,482)	(43,482)	(43,482)	(43,482)
Amounts recognized in current DC fiscal year (A)	**12,887**	**14,494**	**14,494**	**14,494**	**14,494**	**14,494**	**14,494**
Restricted (Connecting America)							
Main Estimates	-	-	12,500	12,500	-	-	-
Supps C - restricted		5,000	-	-	-	-	-
Total	-	5,000	12,500	12,500	-	-	-
Less portion recognized in prior DC fiscal year	-	(803)	(7,303)	(4,803)	-	-	-
Amounts recognized in current DC fiscal year (B)	**-**	**4,197**	**5,197**	**7,697**	**-**	**-**	**-**
2016 Federal Budget (Marketing Canada as a Premier Tourism Destination)							
Main Estimates	-	-		25,000	-	-	-
Supps A - 2016 Federal Budget			25,000	-	-	-	-
Total	-	-	25,000	25,000	-	-	-
Less portion recognized in prior DC fiscal year	-	-	(12,010)	(18,599)	-	-	-
Amounts recognized in current DC fiscal year (C)	**-**	**-**	**12,990**	**6,401**	**-**	**-**	**-**
Amounts voted Government year - current							
Unrestricted							
Main estimates	57,976	57,976	57,976	57,976	57,976	57,976	57,976
Supps B - Compensation Adjustment							
Total	57,976	57,976	57,976	57,976	57,976	57,976	57,976
Less portion recognized in following DC fiscal year	(12,887)	(14,494)	(14,494)	(14,494)	(14,494)	(14,494)	(14,494)
Amounts recognized in current DC fiscal year (A)	**45,089**	**43,482**	**43,482**	**43,482**	**43,482**	**43,482**	**43,482**
Restricted (Connecting America)							
Main Estimates	-	12,500	12,500		-	-	-
Supps C - restricted	5,000	-	-	-	-	-	-
Total	5,000	12,500	12,500	-	-	-	-
Less portion recognized in following DC fiscal year	(4,197)	(5,197)	(7,697)		-	-	
Amounts recognized in current DC fiscal year (B)	**803**	**7,303**	**4,803**	**-**	**-**	**-**	**-**
2016 Federal Budget (Marketing Canada as a Premier Tourism Destination)							
Main Estimates	-	-	25,000		-	-	-
Supps A - 2016 Federal Budget	-	25,000	-	-	-	-	-
Total	-	25,000	25,000	-	-	-	-
Less portion recognized in following DC fiscal year	-	(12,990)	(6,401)	-	-	-	
Amounts recognized in current DC fiscal year (C)	**-**	**12,010**	**18,599**	**-**	**-**	**-**	**-**
						-	-
Amounts recognized in current DC fiscal year - Unrestricted (A)	57,976	57,976	57,976	57,976	57,976	57,976	57,976
Amounts recognized in current DC fiscal year - Connecting America (B)	803	11,500	10,000	7,697	-	-	-
Amounts recognized in current DC fiscal year - 2016 Federal Budget (C)	-	12,010	31,589	6,401	-	-	-
Parliamentary appropriations used for operations and capital in the year	**$ 58,779**	**$ 81,486**	**$ 99,565**	**$ 72,074**	**$ 57,976**	**$ 57,976**	**$ 57,976**
Parliamentary appropriation receivable / (deferred), opening	$ 362	$ 362	$ 362	$ 362	$ 362	$ 362	$ 362
Parliamentary appropriations received	(58,779)	(81,486)	(99,565)	(72,074)	(57,976)	(57,976)	(57,976)
Parliamentary appropriations recognized in net income for operations	58,779	81,486	99,565	72,074	57,976	57,976	57,976
Parliamentary appropriations receivable / (deferred), ending	$ 362	$ 362	$ 362	$ 362	$ 362	$ 362	$ 362

Operating and Capital Budget

For the year ended December 31, 2015 (in thousands)

	Actual Dec 31, 2015	Planned Dec 31, 2015	Variance
Partnership income	$ 13,927	$ 7,516	$ 6,411
Other revenues	890	614	276
Operating and capital costs:			
Marketing and sales	62,773	58,349	(4,424)
Strategy and planning	697	624	(73)
Corporate services	11,963	11,479	(484)
	75,432	**70,452**	**(4,980)**
Net cost of operations	**(60,615)**	**(62,322)**	**1,708**
Funded by:			
Parliamentary appropriations	58,779	59,476	(697)
Accumulated Surplus	1,836	2,846	(1,010)
Net surplus / (deficit)	**$ -**	**$ (0)**	**$ 0**

Note: Expenses include amounts funded by partnership income.

Operating and Capital Budget

For the year ending December 31, 2016 (in thousands)

	Estimated * Dec 31, 2016	Planned Dec 31, 2016	Variance
Partnership income	$ 21,052	$ 14,955	$ 6,097
Other revenues	2,221	796	1,425
Operating and capital costs:			
Marketing and sales	96,086	87,340	(8,746)
Strategy and planning	576	876	300
Corporate services	7,301	7,027	(274)
	103,963	**95,243**	**(8,720)**
Net cost of operations	**(80,689)**	**(79,492)**	**(1,197)**
Funded by:			
Parliamentary appropriations	81,486	79,967	1,519
Accumulated Surplus			-
Net surplus / (deficit)	**$ 797**	**$ 475**	**$ 322**

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, 2015 to December 31, 2017 (in thousands)

	Actual Dec 31, 2015	Estimated * Dec 31, 2016	Planned Dec 31, 2017
Partnership income	$ 13,927	$ 21,052	$ 17,551
Other revenues	890	2,221	1,002
Operating and capital costs:			
Marketing and sales	62,773	96,086	109,834
Strategy and planning	697	576	822
Corporate services	11,963	7,301	7,461
	75,432	**103,963**	**118,118**
Net cost of operations	**(60,615)**	**(80,689)**	**(99,565)**
Funded by:			
Parliamentary appropriations	58,779	81,486	99,565
Accumulated Surplus	1,836	-	-
Net surplus / (deficit)	**$ -**	**$ 797**	**$ (0)**

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, 2015

	Actual Dec 31, 2015	Planned Dec 31, 2015	Variance
Tangible capital assets			
Leasehold improvements and decommissioning	$ 1,528,000	$ 1,687,000	$ 159,000
Office furniture	223,000	463,000	240,000
Computer equipment and software	73,000	60,000	(13,000)
	$ 1,824,000	**$ 2,210,000**	**$ 386,000**

Capital Budget

For the year ended December 31, 2016

	Estimated Dec 31, 2016	Planned Dec 31, 2016	Variance
Tangible capital assets			
Leasehold improvements and decommissioning	$ 340,000	$ 50,000	$ (290,000)
Office furniture	5,000	10,000	5,000
Computer equipment and software	260,000	350,000	90,000
	$ 605,000	**$ 410,000**	**$ (195,000)**

Capital Budget

For the years ending December 31, 2015 to December 31, 2021

	Actual Dec 31, 2015	Estimated Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2020	Planned Dec 31, 2021
Tangible capital assets							
Leasehold improvements and decommissioning	$ 1,528,000	$ 340,000	$ -	$ -	$ 25,000		
Office furniture	223,000	5,000	5,000	5,000	5,000	5,000	5,000
Computer equipment and software	73,000	260,000	140,000	40,000	40,000	40,000	40,000
	$ 1,824,000	**$ 605,000**	**$ 145,000**	**$ 45,000**	**$ 70,000**	**$ 45,000**	**$ 45,000**