

DESTINATION CANADA

2021 – 2025 Corporate Plan Amendment Summary

FROM RECOVERY TO RESILIENCE

This amendment reflects funding made available through Budget 2021 for Destination Canada to undertake marketing campaigns to help Canadians and other visitors discover and explore the country.

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Destination Canada is amending its previously approved 2021-2025 Corporate Plan to reflect \$100 million of incremental funding that was announced in Budget 2021. These funds will be used to support the recovery of the tourism sector by launching marketing campaigns that will help Canadians and other visitors discover and explore the country.

MESSAGE FROM THE PRESIDENT & CEO



COVID is causing our industry to re-think everything. Charting a path forward is not only about recovering what we have lost; it is about true renewal – taking this event to re-imagine ourselves as a sector and as major contributors to Canadian wellbeing and values. It will require our sharpest thinking, the courage to try new approaches, and an unrelenting commitment to becoming even more successful in what will be a ferociously competitive marketplace. We will need to re-define what success means for Canada's tourism industry, across multiple dimensions.

During the initial phases of the pandemic, we commissioned research to better understand changing sentiments in both our international markets and the domestic marketplace. A torrent of research and analysis continues to be provided to governments, industry associations and businesses to assist them with navigating the pandemic and the immense challenges it presents.

Closed borders, limited business operations, and restricted mobility meant the nearest-term revenue opportunity for tourism operators would begin at a hyper-local level, requiring us to change course from partnering with provincial, territorial and city destination marketing organizations to market Canada internationally to one that enabled our partners to aggressively market Canada to domestic audiences. And we engaged and inspired Canadians to dream of travel once again, encouraging travel in our own, magnificent backyard when restrictions are lifted.

However, more than a year into the pandemic, we are facing the specter of an industry in deep crisis, with many parts of it on the brink of collapse. Since March 2020, border closures have dramatically reduced travel, making 2020 the worst year in tourism history and recording an unprecedented 74% drop in international arrivals, according to the United Nations World Tourism Organization¹. Since the onset of the pandemic, Canada has lost an estimated 440,000 jobs generated from tourism alone; the most affected sectors being accommodations and food services. And this isn't province or territory-specific; these losses are consistent across the country. Despite reports that tourism thrived in the summer of 2020, the reality is somewhat starker: countless businesses saw revenues plummet by up to 90%. Many could not survive and were forced to close either temporarily or permanently.

Further, interprovincial restrictions mean that Canadians cannot travel freely as they once did and, when they are able to do so, they are confronted by different rules. Collectively, once conditions allow, we will need to quickly restore confidence in travel. While the pandemic environment is one that is highly dynamic – as our plans will be in response – we all have an important role to play in that work – industry, health authorities, governments, destination marketing organizations, and travellers.

In the 2021 federal budget, the tourism industry was clearly highlighted as a priority sector. To ensure that Canada is a destination of choice when domestic and international travel restrictions have been lifted, an additional \$100 million over three

¹ UNWTO World Tourism Barometer, January 2021

years has been proposed for us to undertake marketing activities that will help Canadian and international travellers discover and explore Canada. This announcement is a positive and important step in addressing the fierce competition that has already begun as economies around the globe begin re-opening their borders to travellers.

Looking ahead, Destination Canada will play a broader role in shaping and growing a profitable tourism sector to fully deliver on our mandate. In addition to our long-standing role in destination marketing, which supports short-term competitiveness, we will employ a strategic approach to destination development leveraging our demand-informed global insights to build long-term competitiveness. Our partners are essential in what we do, and the unique roles that they will play in destination development will be critical to position Canada as a premiere global tourism destination and advance its long-term competitiveness.

The visitor economy is an important contributor to Canadian lives and livelihoods – generating sustainable economic, socio-cultural and environmental benefits across our vast land. Simply put, tourism improves the quality of lives of all Canadians. Supporting a strong industry recovery and building toward our longer-term goals requires bold choices focused on the avenues of greatest opportunity for Canada. Across our nation and around the world, Destination Canada will play an expanded role in cultivating strategic cohesion for tourism marketing and development and in integrating our industry’s complex ecosystem to create competitive advantage. A roadmap for success is in front of us and we are eager to embark on that journey.

A handwritten signature in black ink, appearing to read "Marsha Walden", followed by a period. The signature is fluid and cursive.

Marsha Walden
President and Chief Executive Officer,
Destination Canada

EXECUTIVE SUMMARY

The coronavirus pandemic has triggered an unprecedented crisis that has affected nearly every individual and business in every part of the world. This public health crisis has created devastating ripple effects that have ravaged the tourism industry, both at home and abroad.

The pandemic has forced the closure of many small tourism businesses and placed many more on the edge of survival. After a 12.5% decline in the first quarter of 2020, tourism spending on Canadian goods and services plunged 69.3% in the second quarter². More than one million business event delegates and more than \$1 billion in associated direct spending have been lost from Canada's meetings and conventions industry. The tourism sector overall has lost 440,000 jobs in 2020 and recovery is expected to take until 2025, at the earliest.

Destination Canada is acutely aware of the dire and deteriorating situation of Canada's tourism industry. Supporting its recovery, while preparing the foundations for a re-imagined future, urgently requires a new strategy.

With the full breadth of our mandate in mind, our aspiration is to enhance the quality of life of Canadians and enrich the lives of visitors. This goal speaks to our industry's contribution to sustainable economic growth and entrepreneurship, community vitality and the social and cultural identity of Canada. To realize this goal, we will:

- Strengthen Canada's global identity as an ideal place to travel as well as study, work, invest, and live;
- Increase the quality and quantity of internationally competitive travel experiences;
- Enhance the industry's global competitiveness, business profitability and seasonal resilience; and
- Improve Canadians' perception of the contribution tourism makes to the quality of life in their communities, and uplift Canadian culture and sense of identity.

Supporting a strong industry recovery and building toward our longer-term goal requires bold choices focused on the avenues of greatest opportunity for Canada. Embarking on this new strategy to deliver on our mandate entails fundamental pivots such as establishing an ongoing role for domestic marketing. While key challenges to overcome will be to restore traveller confidence and navigate marketing activity amid current travel restrictions in and across provinces and territories, doing so will inspire Canadians to know and love their country more.

Our strategy requires adjusting our geographic presence and realigning program activities to focus on those audience segments and global partnerships that will be of high-value to Canada. Our strategy also includes a new role for us in destination development that will incite product development and long-term sector investment and enable Canada to compete with other countries like never before.

These shifts will lead to recovery, resilience and long-term growth for Canada's tourism sector, including enhancing its competitive position internationally.

² National Tourism Indicators 2020 Q3 Highlights, Statistics Canada

OVERVIEW

Mandate

We are a federal Crown corporation owned by the Government of Canada, reporting to the Minister of Tourism and Associate Minister of Finance. Established under the *Canadian Tourism Commission Act* in 2001, our legislative mandate is 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.

Who We Are

At Destination Canada, we believe that tourism enhances the quality of life of Canadians and enriches the lives of visitors. We believe that Canada's diversity, its greatest asset, is also what touches travellers' hearts most deeply.

Our mission is to influence supply and build demand for the benefit of locals, communities and visitors through leading research, alignment with public and private sectors, and marketing Canada nationally and abroad. In addition, our Business Events team leverages in-depth global market analysis to target international clusters aligned with Canada's priority economic sectors.

Our work in destination development ensures that we are able to sustain a premier four-season tourism economy that is regenerative in nature – supporting our economy and the environment.

Destination Canada is a Crown corporation wholly owned by the Government of Canada.

OPERATING ENVIRONMENT

External

State of Tourism Globally

The coronavirus pandemic has triggered an unprecedented crisis impacting nearly every individual and business in every part of the world. What began as and continues to remain a public health crisis has created devastating ripple effects that have ravaged the tourism industry worldwide, extending to people, places and businesses.

According to the United Nations World Tourism Organization, international tourist arrivals plunged 74% in 2020, bringing travel back to levels of 30 years ago. This corresponds to an estimated loss of \$1.3 trillion USD in export revenues – more than 11 times the loss recorded during the 2009 global financial crisis³. Since March 2020, international air travel has been brought to a virtual standstill. Grounded flights and border restrictions have impacted the movement of people and goods, domestic lockdowns have led to the cancellation of major festivals and events, and most tourism sites and attractions have been forced to greatly scale back offerings or close their doors.

Tourism is a very labour intensive sector and a leading source of employment and job creation. The sharp and sudden fall in arrivals has placed millions of jobs and businesses at risk. In many parts of the world, as is the case in Canada, tourism is very seasonal. With the impacts of the pandemic extending through peak travel seasons, the pandemic has directly affected workers that are reliant on tourism for their livelihoods as well as the many jobs and businesses that are part of the tourism supply chain – from florists to festival performers to food producers.

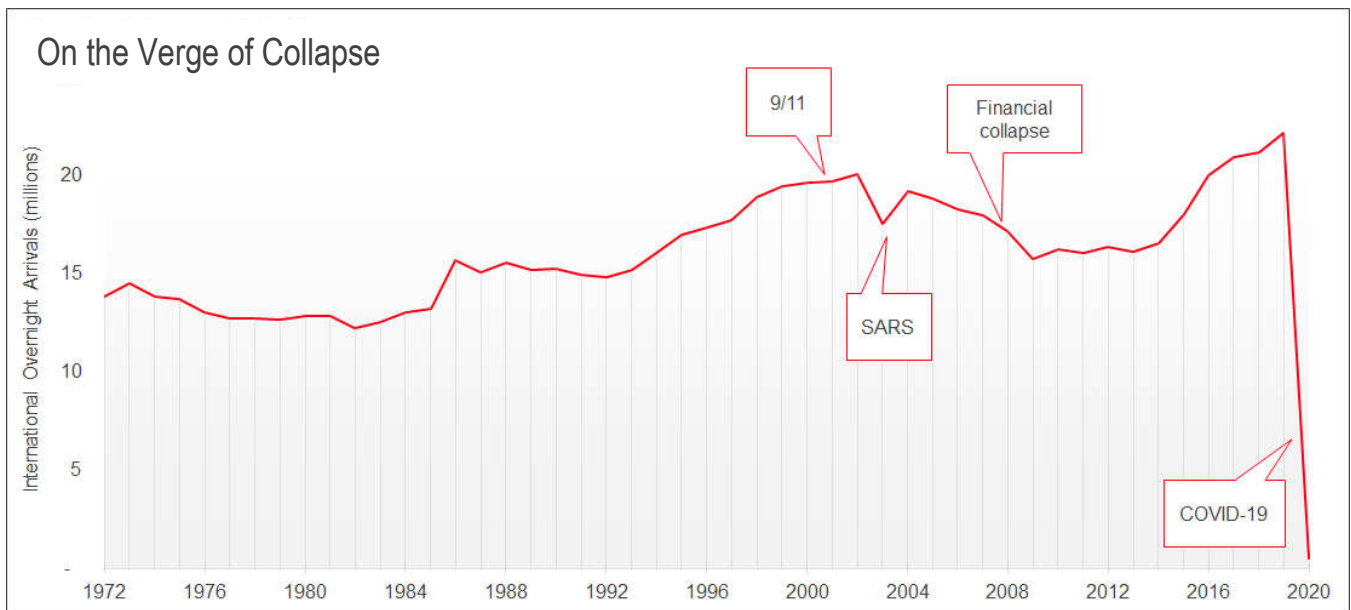
Also not immune to the effects of the pandemic is the global meetings and business events industry. In an effort to slow the spread of the virus, many countries have banned social or business gatherings and organizations have put corporate travel on hold. This has resulted in thousands of meetings, shows and conventions worldwide to be cancelled, postponed or moved to virtual, and has created a staggering number of industry layoffs. According to Global Business Travel Association, the loss in global work hours during 2020 compared to the end of 2019 was equivalent to 400 million full-time jobs in the hotel, airline, airport, ground transportation, restaurant and other service provider segments⁴.

State of Tourism in Canada

Here at home, the impact of the crisis is being felt throughout the entire Canadian tourism landscape. After a decade of strong and steady growth in international overnight arrivals, the industry is now in the midst of an unprecedented situation.

³ UNWTO World Tourism Barometer, January 2021

⁴ GBTA data, <https://www.gbta.org/blog/business-travel-full-recovery-expected-by-2025/>, February 2, 2021.



Source: Statistics Canada, Frontier Counts, Destination Canada estimate, September 24, 2020

Tourism annually generates over \$100 billion in tourism expenditures and indirectly employs one in ten – or 1.9 million – Canadians, but the pandemic has forced the closure of many small businesses and placed many more on the edge of survival. The hardest hit areas are the accommodation, food services, arts, entertainment and recreation sectors. Canada’s accommodation sector alone lost 61% of revenues, or \$10.5 billion, in 2020⁵.

The pandemic has also had a profound impact on the ability of tourism businesses in Canada to operate. Over 880,000 tourism jobs were lost in March and April 2020. While some jobs have since been recovered due to easing restrictions⁶, the sector has lost 440,000 jobs in 2020. An additional 100,000 to 140,000 jobs are forecast to be lost in other tourism-dependent sectors such as fishers, food producers, florists and festivals workers⁷.

Countless destination marketing organizations that support tourism at the city/community level have also been greatly impacted by the effects of the pandemic. As these organizations are primarily funded by hotel and accommodation taxes, reduced guest stays have led to considerable funding losses. This loss in revenue has affected staffing levels and hindered their ability to perform functions as they previously did, impacting support to stakeholders and businesses on the ground.

For the Canadian meetings and conventions industry, 2020 was poised to be a strong year. However, the COVID-19 pandemic led to the immediate loss of close to 3,500 business events planned for 2020, representing nearly 1.4 million delegates and more than \$1 billion in direct spending⁸.

The long-term impacts are troubling. For the 2020-2026 period, forecasts are that over 4,000 business events will be impacted, equating to a further loss of 1.9 million delegates to Canadian cities and \$1.6 billion in direct spending. While signs of recovery remain uncertain, industry experts suggest that the announcement of an effective vaccine or treatment for COVID-19 will spark confidence in traveling for business purposes⁹.

⁵ STR with calculations from Destination Canada Research

⁶ Briefing: COVID-19 Impact on Tourism Sector Employment and Revenues, Tourism HR Canada, September 14, 2020

⁷ The Economic Impact of Travel Restrictions on the Canadian Economy due to the COVID-19 Pandemic, Statistics Canada, October 23, 2020

⁸ Destination Canada. Based on January 2021 data from 34 Canadian urban destination marketing organizations and convention centres

⁹ *Ibid*

Value of Tourism and Budgets of Competitors

There has long been competition within the global landscape for high-value travellers, and this competition is expected to intensify. Prior to the pandemic, many of Canada's competitors had begun increasing their marketing budgets for international and domestic programs. Others have recently announced their plans for additional promotional activities to attract visitors post-pandemic. To capture a meaningful share of the pent up international tourism demand, Canada must position itself strategically.

Nations around the world have long recognized the tremendous value of tourism as a driver of economic, social and cultural benefit. As a primary source of income for many developing countries, revenue from tourism can be a stimulus for economic growth and development. But tourism also has the power to strengthen communities and preserve local culture and heritage. The contributions of tourism extend far beyond commercial value to benefit the wellbeing of nations and people.

For Canadians, tourism improves the quality of life in every corner of our country. Beyond accommodation and restaurants, tourism adds value to so many other industries. It supports everyone from vintners to artists and transporters to retailers. It creates economic, cultural and environmental benefits for the good of both the community and the traveller.

Tourism is an economic driver across our vast land. It builds communities, helps Canadians better understand one another, and promotes the people-to-people relationships that tie us together – as a nation and as global citizens.

Within the travel and tourism spectrum are business events – the meetings, conferences, trade shows, exhibitions and incentive travel programs that are catalysts for economic growth. By connecting economic development, tourism and academia within Canada's priority economic growth sectors, business events fuel research, development, innovation and investment in Canada.

Government Responses to the Pandemic

The immediate and immense shock of COVID-19 to global economies has prompted governments around the world to implement financial and policy levers to support their tourism sectors. Mechanisms include liquidity measures to protect the survival of firms, rebuilding consumer confidence in travel and safety measures for reopening domestic and international tourism.

Here at home, the Government of Canada took significant and decisive action to broadly support Canadians and businesses facing hardship as a result of the outbreak. Their broad federal economic response plan has provided immediate relief and financial aid to Canadians adversely affected. In particular, approximately \$15.4 billion has flowed to businesses in the tourism and hospitality sectors through various financial assistance programs, including through the Regional Relief and Recovery Fund which has provided \$202 million in support to nearly 3,000 tourism-related businesses.

Budgets of Competitor National and State Tourism Organizations

Country	2019 BUDGET (Cdn)
Canada	\$95.7 million
Australia	\$170 million
India	\$299 million (2019-2020)
Ireland	\$105 million
New Zealand	\$103 million
US	\$198 million
US State	BUDGET (Cdn)
California	\$168.4 million (2019-2020)
Florida	\$76 million (USD, 2018-2019)
Oregon	\$53.7 million (2018-2019)
New York	\$89.2 million (USD, 2020-2021)
Washington	\$5.9 million (2018)

Sources: 2020 Environmental Scan, Destination British Columbia; 2018-2019 Visit Florida Annual Report

In addition, in late 2020, the federal government acknowledged that ongoing fiscal support would be essential deep into 2021 and outlined new support measures targeted at Canada's hardest-hit industries. Specific measures include much needed liquidity support to the tourism and hospitality sectors, lifelines for live events and festivals and funds for regional airlines and airports.

Nearly a year after the onset of the pandemic, many countries are now grappling with the immense challenges of continuing to fight the virus while balancing the needs of their economies. As the longer-term implications of the crisis are coming to light, some countries are rethinking their approaches to tourism and are assessing the merits of coordinated international policy approaches towards a more resilient global tourism economy.

In particular, tourism ministers of G20 countries – including Canada – came together in the fall of 2020 to promote recovery of the travel and tourism sector and develop the sector's resiliency. Delegates committed to helping the sector rebound and prosper through strengthening international cooperation and to rebuilding trust and confidence in tourism.

Budget 2021

Budget 2021, released in the spring of 2021, announced a recovery plan for jobs, growth and resilience. The impact of COVID-19 on workers and businesses in tourism, arts, and culture, in particular, has been severe. To assist the sectors' recovery and revitalize tourism, the government proposes to make available a package of supports totaling \$1 billion over three years. This includes \$100 million over three years to Destination Canada for marketing campaigns to help Canadians and other visitors discover and explore the country. This support for tourism is in addition to over \$15 billion in federal emergency support programs that have already been provided to businesses and workers in these sectors.

Destination Canada's Response to the Pandemic

In the early days of the global pandemic, we moved to rapidly pivot all aspects of our business. We enacted a phased response and recovery approach to mitigate the adverse impacts to our visitor economy.

Global Marketing Activities and Events

We immediately paused international marketing activities. In-market shows were largely cancelled, such as our domestic signature trade event, Rendez-vous Canada. This flagship event will be reintroduced in 2021 as a virtual event incorporating new platforms. Others are also being reimagined, including GoMedia Canada which was transformed into a series of smaller events to showcase the unique characteristics of each region while demonstrating how to meet and travel safely.

Business Events

Since the pandemic began, we have been focused on research, market insights and business intelligence to better guide the industry for the safe return of business events, when the time is right, and to improve our business development strategies. Due to the long lead nature of the business events industry, storytelling of business innovation and resilience within our priority economic sectors resumed in international markets in fall 2020, allowing us to keep Canada top of mind for the future.

We have been assessing the short- and long-term impacts of COVID-19 on the industry and the Canadian economy, and have responded to the need for global market intelligence by providing regular industry updates on the severe impacts on business events and sharing intelligence to aid business development recovery efforts.

To supplement this intelligence, we will focus on sector ‘clusters’ to identify business development opportunities for us and our partners to pursue on the road to recovery.

Sharing Information Broadly and Quickly

In response to COVID-19, Destination Canada has established a framework and analytical approach to identify signals from consumer and industry behaviour to understand when, where and at what pace travel and tourism will resume.

We began by providing the data that stakeholders needed most to make decisions. While we have regularly provided intelligence, insights and tools to our partners to help support their businesses, the early impacts of the pandemic led us to quickly expand our base of research intelligence to respond to the urgent information needs of the industry-at-large and the rapidly expanding need for information for government decision-making.

We began acutely analyzing the health of the Canadian tourism sector – mapping impact and forecasting demand. We began assessing whether communities are ready and feel safe to welcome tourists back and we are actively monitoring recovery signals to understand when the time will be right to relaunch marketing activities.

To help Canadian tourism businesses get the most out of their marketing efforts, we launched a video series of digital marketing tips and tricks. These quick tutorials featured Destination Canada team members sharing their expertise on how to continue to engage travellers and remain top-of-mind.

Lastly, we have been supporting other industry-led measures that promote safety for Canadian travellers, their staff and communities, such as the COVID-19 Alert app.

Domestic Recovery Efforts

We have long been working with our co-investors from tourism marketing organizations at all levels and the Indigenous Tourism Association of Canada to create a greater, positive impact for Canada’s tourism industry. Together with this trusted alliance of Team Canada partners, and based on our understanding of the dire financial situation of city destination marketers and how recovery could begin, we used our resources to quickly move forward with a national strategy to support the domestic market. We created a domestic program that was flexible enough to be delivered at the hyper-local and local levels across the country.

We established a new partnership with the provincial and territorial marketing organizations and the Indigenous Tourism Association of Canada to deliver locally led marketing programs encouraging Canadians to discover their own back yard. Under this partnership and over 2020-2021, we are redirecting \$31.4 million previously earmarked for international marketing efforts to support the recovery of communities. We understand that how and when travel resumes will look different across the country. As cities and provinces begin to re-open and look to recovery, regional campaigns will be executed on a central theme, but in their own voice. This centralized strategy with a decentralized plan of execution gives the provinces and territories the flexibility to determine the best distribution of funds as they are best positioned to take into account local and regional circumstances.

Domestic Marketing

The shift to the domestic market also included our own marketing activities to focus on promoting safe travel messaging campaigns. Under the theme of ‘Canada Nice’, we developed a multi-tiered initiative to surface and celebrate stories of ‘Nice’ that capture the spirit of our communities. It is a call to action for Canadians to celebrate what makes their communities special – from small moments of kindness to a celebration of place and people.

Canada Nice also included a national summer campaign to give Canadians the confidence to travel within Canada. Our print ads across the country provided easily digestible tips to help guide travellers as they explored their own backyard. To further inspire Canadians to travel in Canada as restrictions eased, we developed an interactive map of Canada to provide up-to-date information on where travellers can go and each province’s and territory’s related travel restrictions. This continues to help

both leisure and business Canadian travellers navigate the current landscape and feel confident as they plan their trips across Canada.

Also part of our summer program was the launch of our Canada Expedia microsite to make destination selection, planning and booking easier for travellers. We worked closely with our partners in all thirteen provinces and territories, the Indigenous Tourism Association of Canada and the Canadian Ski Council to develop this highly functional and robust content hub.

These initiatives are important steps in bolstering local tourism demand and supporting businesses across the country.

Domestic Travel Advisor Training

We have long been working with travel advisors in our international markets, helping them sell Canadian experiences to inbound travellers. With a focus on the domestic market, we were able to quickly share valuable knowledge with domestic travel advisors who were not as familiar with selling Canada to their clients. Together with our partners, we launched a series of webinars featuring local experts to provide an orientation to the unique geography, history and cultural significance of each destination.

We also hosted 70+ Canadian partners at a virtual Travel and Leisure Show targeting Ontarians. This was the first of its kind virtual experience for our partners, and for us, and it allowed us to engage travellers and travel trade from across the country.

NorthStar

There is a consensus among our provincial, territorial and destination marketing partners that driving Canada's long-term competitiveness requires a joint "Team Canada" effort. For the last few years, Destination Canada and 27 partners from across Canada's tourism industry have been working under a coordinated and unified approach to align marketing strategies and investments in key priority markets. The strategy behind this "NorthStar" partnership is an approach to drive Canada's long-term competitiveness and purposefully increase Canada's share of the global travel market. (A list of our NorthStar partners can be found in Appendix A.)

Pre-COVID-19, NorthStar forged a path to long-term success that was predicated on capitalizing the momentum of increasing global arrivals and revenue that Canada was experiencing at the time. Under the current environment of a prevailing global pandemic that has left Canada's tourism industry devastated, the need for such a collaborative and aligned partnership has never been stronger and our alliance has since broadened to 31 partners. Coming together as a unified Team Canada will be pivotal in recapturing lost demand, helping to accelerate desperately needed economic recovery and stimulate long-term economic growth across the country.

In 2016 when the NorthStar group was being established and we were kick-starting the alignment of invested resources, the level partnership co-investment against our appropriations was considered a strong indicator of the value and relevancy of our programs. This co-investment ratio is measured by calculating the level of partner contributions (cash, in-kind and third party) to every dollar of our government funding.

This partner model has been effective in aligning key stakeholders and budgets around common priorities, and in the five years since the group was established, a natural orientation towards alignment and collaboration has ensued. Together with our partners, we have established a new model where strategies are unique to each market and the roles and responsibilities of each Team Canada partner are clearly defined. Under this new model, Destination Canada no longer needs to act as the central authority over the distribution of cumulative resources and investments. Rather, we leverage the scale of partners to secure better value, provide a coordinated approach for partners to work together and in sync under one umbrella, and provide an efficient approach for tour operators and suppliers to work with this group. The flexibility, efficiency and ease of this new

model reduces the administrative burden for all parties involved and has proven valuable to partners, particularly in a period of economic recovery post-pandemic.

Challenges Ahead

The impact on global tourism has been immediate, widespread and deep. The sector has proven resilient to past shocks in recent decades – including SARS, the terrorist attacks in New York City and Washington, DC and the global financial crisis – but recovery this time is expected to be long and challenging.

Recovery timelines continue to be pushed out as case counts rise and losses mount. The availability of a vaccine to combat the coronavirus is promising news for the travel industry, but timelines for border reopenings still remain highly uncertain due to the expected prolonged state of the pandemic. Travel restrictions are still in place in many destinations and consumer confidence is at an all-time low. Furthermore, the deteriorating economic environment has negatively impacted employment and disposable income¹⁰.

In parallel, the competition for tourist dollars will be fierce. After a sustained period of disruption, and in many cases closure, the global marketplace will be even more aggressive than before the coronavirus struck. Many countries will look to foreign visitors as a means to rapidly power economic growth and recapture lost market share. Fully open borders will leave businesses and destinations clamoring to stand out, and vying for travellers' attention will be intense.

The timing of widespread vaccine availability, uncertainty in the timing of international border reopenings, a low level of traveller confidence and fierce competition are real obstacles that the Canadian tourism sector is currently facing or will experience in the near term. All have the power to tremendously influence the sector's speed and extent of recovery.

These hurdles also create uncertainty for us as Canada's national tourism marketer in terms of when we can fully resume international marketing activity. They impact our ability to operate and whether Canada remains top of mind for prospective travellers. Domestically, navigating marketing activity amid current travel restrictions – particularly across provincial and territorial borders – poses an unparalleled challenge to resuscitate a sector caught between federal priorities to safeguard public health and to restore economic activity.

Now in 2021, a further challenge is contending with the decline in the budgets of many destination, provincial and territorial tourism marketing organizations. We are projecting a shortfall of \$158 million in our partners' collective budgets compared to 2019. A deficit of this magnitude in the marketplace will undoubtedly have consequences on attracting target travellers and on our own partnership co-investments.

Recovery Forecasts

Despite the impediments facing Canada's tourism industry and us, circumstances will eventually improve and travel conditions are expected to normalize. With a reopening of borders and a return of traveller confidence, a sustained period of pent-up demand is likely to fuel a strong rebound. The desire for travel likely will have intensified due to lockdowns around the world, presenting an opportunity for businesses to rethink tourism and consider different ways of connecting with potential visitors.

There will also be significant pent up demand among Canadians. Canadians generally spend three times more on international trips, and typically spend more on travel abroad (\$40 billion) than international visitors spend in Canada (\$23 billion). This will

¹⁰ UNWTO World Tourism Barometer, UNWTO, August/September 2020

present an opportunity for Canada's tourism industry to recapture this demand and pivot internationally-intended consumption to the domestic market, helping to lower this travel deficit. Converting 10% of these Canadian expenditures could net an additional \$4B for the domestic visitor economy¹¹, further helping to bolster the sector's recovery.

According to Tourism Economics, once borders reopen, Canada has the potential to be perceived as a relatively safe destination, with the US drive market expected to offer the quickest and highest volume gains. Should borders reopen in October 2021, a full recovery of international travel to Canada is estimated to take until 2025.

Internal

Workforce

Destination Canada is headquartered in Vancouver with in-market offices in London, Beijing and Tokyo serving as regional hubs. In addition, we have a small satellite office in Ottawa focused on working with the federal family on tourism-related issues and national tourism associations headquartered in Ottawa.

On March 13, 2020 – the day the coronavirus was declared a global pandemic – we had a staff complement of 119 full-time equivalent (FTE) employees around the world. In the lead up to the pandemic, we had been regularly monitoring the state and scale of the crisis both globally and domestically, and were readying ourselves internally to continue business operations in the event of a full-scale shutdown. An internal task force was formed with a mandate to ensure business continuity, ensure technological readiness, deploy emergency staff communications and consider the needed staff support resources.

Safeguarding the health of our staff necessitated the eventual shutdown of our offices around the world, and our workforce had the tools and technology to continue business operations remotely with virtually no down time. Additional technologies and associated training were provided to assist with working remotely and business processes were revised to accommodate the new environment. Connection points with staff went up significantly – new tools were introduced to keep staff frequently informed, connected and engaged. We emphasized employee wellbeing, launching various channels and activities to promote mental health and social connection with colleagues in a virtual environment. We also provided assistance to managers to effectively cope with the challenges of virtually managing teams in a prolonged teleworking environment.

While the speed and scale of an operational pivot was remarkable, the significant shift from international marketing activities to the domestic market entailed a critical look at our human and financial resources. We made a series of quick and pragmatic changes, including temporarily redeploying marketing individuals to high-demand areas of the business, such as research and industry relations, in new and expanded ways. Although redeployment was a viable option for many roles, 11 positions had to be eliminated throughout the organization. One hire was also made during this time, bringing our FTE count to 109 as of June 1, 2021 (97 in Canada, five in the United Kingdom (UK), four in China and three in Japan). Furthermore, we scaled back many program and operational contracts, including with our General Sales Agents in our overseas markets.

The crisis challenged us to learn quickly, adapt and develop more streamlined ways of working. We have begun developing reintegration plans for all our offices and are employing a cautious and phased approach, aligned with evolving conditions and public health guidance. Looking ahead, we will review all of our operational business needs for the long-term, including our co-investment model, technological infrastructure, global office footprint and the needs of our staff.

¹¹ Visitor Demand Forecast Update, Destination Canada, November 2020

Lastly, we have been reviewing our staffing structure to ensure that we will have the needed resources and talent to deliver on our refreshed corporate strategy. As such, our plans for 2021 include the creation of eight new roles which include two executive positions: a senior Vice President of Destination Development to work in partnership with diverse stakeholders to enable high impact investments in Canadian destinations; and a Senior Vice President of Data and Analytics to manage data operations and architecture, and derive insights and business value from across the organization.

As a result of the additional \$100 million funding, we anticipate the creation of 14 term roles to support our increased domestic and international marketing efforts, all to be based in Canada.

STRATEGIC PLAN

The global tourism industry has been devastated in 2020 by the health and travel restrictions imposed due to the COVID-19 pandemic. Supporting the tourism industry's recovery in Canada urgently requires a new strategy addressing the current environment, involving new partners and invoking new levels of government intervention.

A key element of this new strategy will be future proofing – adapting to changes in the short-term and getting ahead of trends for the longer-term. Gathering meaningful business data that will answer our questions and is networked to partner data will yield an expanded breadth and depth of intelligence for all – intelligence that will support recovery today and allow us to differentiate us from the competitors of tomorrow.

Assumptions

Our strategic plan assumes that:

- Virus transmission is largely under control in Canada in late 2021 or early 2022.
- Virus transmission in most developed countries is largely under control in late 2021 or early 2022, enabling the conditional re-opening of borders.
- Limited outbound travel opportunities will create pent-up tourism demand among Canadians in 2021 and 2022, giving rise to outbound substitution. As international travel gradually resumes, the outbound substitution rate will decrease.
- GDP will recover by early 2022 and there will not be a financial crisis in the post-pandemic period.
- The United States (US) will present the most promising return once border restrictions ease.

Aspirational Goal

Our motivating ambition is to **enhance the quality of life for Canadians and enrich the lives of visitors.**

We aspire for Canada to be a place where our people welcome visitors with open minds and glowing hearts. We invite world visitors to experience Canada's natural majesty and mosaic of human possibility. Together, we enable Canadian culture to thrive and place-based regenerative economies to emerge through travel and hospitality done exceptionally well which will support economic growth, entrepreneurship, community vitality and the social and cultural identity of Canada.

Where We Will Focus

Canada's tourism sector has been facing a challenge of compression for several years. As noted in [CREATING MIDDLE CLASS JOBS: A Federal Tourism Growth Strategy](#), the vast majority of travellers visit Canada's three largest provinces and tend to concentrate on their major cities, leaving much of the country largely untapped.

In addition, travel to Canada is also highly seasonal, with the majority of visits taking place in the summer months. This concentration of demand or "compression" has led to constrained capacity and high prices for accommodations and attractions.

Our strategy focuses our efforts on three segments that support these federal priorities of geographic dispersion and expanding seasonality.

Furthermore, given travel restrictions around COVID-19 at the time of writing, we are regularly monitoring signals of recovery to understand when, where and how markets will return to travel. Alongside this signals framework, we are keeping a steady pulse on changes in local, provincial/territorial, national and international public health restrictions. As such, consumer-facing activities will be rolled out in accordance with public health guidelines, will encourage consumer travel to be in keeping with public health messaging and will include prominent links to Government of Canada travel regulations on all our consumer websites. As was the case in 2020-2021, our marketing tactics will be flexible to allow for real-time changes as needed, including pausing content and redeploying investments between regions as circumstances change.

Leisure – Domestic

In 2021, converting Canadians' planned international travel to the domestic market will be critical to accelerate tourism recovery.

We will continue focusing on the domestic market, targeting urban Canadians who don't frequently travel in Canada beyond their own province or territory. We will promote Canadian culture, outdoor adventures and the safety and diversity of vibrant cities on the edge of nature to reach those wanting to experience and preserve the natural splendor of Canada.

In the near term, our direct-to-consumer activities will encourage travellers to visit friends and family in places more than a two hours' drive or flight away from home. This will be vital to restore confidence in travel and restart revenues for the visitor economy.

Health and safety fears are the biggest barriers for travellers and for host communities. To restore Canadians' confidence in travelling and to ready Canadian businesses to host visitors, we launched a media relations and public relations campaign in 2020-2021. The fall / winter campaign will support tourism's restart by highlighting examples of the investments that tourism businesses have made to establish new health and safety protocols. It will show how these measures are for the comfort and safety of guests, staff and communities while still delivering an exceptional, high value experience. It will motivate travellers to re-connect with friends and family, as restrictions allow.

The campaign highlights the industry's contribution to Canada's quality of life while fostering Canadian unity by inspiring citizens to get to know their vast land. It aligns with local health recommendations and is flexible to allow for real-time changes on tactics to reflect regional realities.

As borders open and confidence to travel returns, we will leverage the Canada brand to stay top-of-mind with our high-value international audiences to influence post-pandemic travel.

The additional funding provided through Budget 2021 will amplify and where applicable, extend the timeframe of current marketing activities. In addition, and in response to areas of high priority identified by destination marketing organizations,

incremental funding will be used to reconnect Canadians by encouraging mobility and visitation across provinces and territories. In collaboration with destination marketing organizations, our national marketing program will showcase their product to inspire Canadians to travel in their own country through the diversity of experiences that await them. A focus will be placed on encouraging Canadians to travel once restrictions are lifted and to spend their money domestically.

In implementing this program, we will bring together private and public sector organizations operating across Canada to create a coordinated network of tourism-related partners. This network will cut across marketing organizations at the city and provincial/territorial levels and may include partnerships with national and global brands. The creative platform will encourage Canadians to plan and book inspiring city experiences in the country they call home. It will incorporate various campaign elements such as broadcast, print and online editorials, social media and one-click bookings for package promotions through our own digital portal.

In the long term, we plan to maintain a domestic program which would primarily encourage multi-day travel across provincial boundaries and across seasons. In 2019 alone, Canadians spent twice as much money on travel outside the country (\$42 billion) as international travellers did in Canada (\$22 billion). Following an extended period of lockdowns, Canadians are even more primed to travel and ready to reconnect and celebrate our collective resiliency. Maintaining a presence in the domestic market in the long term affords the opportunity to help shift this imbalance and have Canadians not only learn more about what their country offers, but also appreciate the importance of their travel dollars to the Canadian economy overall.

As part of our new role in destination development, explained in detail in the next section, we will also look to develop products and legendary experiences. Growing existing product clusters will encourage geographic dispersion and will extend tourism beyond the high season according to regional opportunity.

Encouraging Canadians to get to know their country better will be essential in building unity and unleashing Canadian pride. It will also be critical in supporting domestic recovery efforts. As such, the domestic leisure market will become a permanent fixture of our program activities going forward.

Leisure – International

We will focus on inspiring high-value visitors to experience Canada's remarkable people, places, and ideas. We will promote aspirational adventures in spectacular natural settings such as iconic Canadian landscapes and big wildlife, and on uniquely Canadian culture such as the vibrancy of our cities, our regional diversity, Indigenous culture and arts and heritage assets.

With an emphasis on strong media relations and by working with key travel trade, we will target high-value travellers in a concentrated set of markets through Canada's wild natural majesty and mosaic of human possibility. Specifically in 2021, we will leverage Canada's strength in managing the pandemic to build confidence in travel to Canada.

The COVID-19 pandemic has given us the opportunity to critically re-examine the potential of various geographic markets to offer the highest benefit for Canada's tourism industry. Changes in our international areas of focus are further impacted by diminished partner budgets that were triggered by the pandemic and which have reduced the collective spending power of the industry.

United States

We anticipate that once international travel restrictions ease, the US leisure market will offer the biggest potential for Canada. As such, we will continue to invest in this lucrative market in order to grow Canada's share and will focus on full multi-media campaigns. Incremental funding will be used to support marketing that will allow us to partner with provincial and territorial marketing organizations for the launch of aligned consumer direct campaigns. Features of the campaigns include high value

travel verticals such as winter activities, culinary, LGBTQ2+ and angling. These will not only raise awareness for Canada but will drive consumers immediately to bookable experiences. The campaigns will further support seasonal and regional dispersion which is a key objective of the Federal Tourism Growth Strategy.

In addition, increased efforts in media relations and public relations efforts (including social media) will help close the resources gap for many of our city marketing partners. Media are some of Canada's best ambassadors and advocates. We will design our earned media tactics to generate more stories of Canada throughout the year and across more outlets, targeting not only target lifestyle media, but also financial, innovation and technology media.

Finally, the incremental funding will support non-traditional partnerships that will create a sense of urgency for frequent flyers to book a trip to a Canadian destination.

All these efforts will support marketing to drive home the message that Canada is open for business and to inspire Americans to travel to Canada.

Other International Markets

In the international markets of Australia, China, France, Germany, Japan, Mexico and the UK, we must still reach travellers to keep Canada top of mind as we know they are planning their next long-haul trip and thinking about where to invest their unused travel vouchers. Marketing will be led through media relations and public relations efforts (including social media and non-traditional partnerships) and engaging with key media (digital, print, television, etc.). A focus will be on ensuring that Canada's stories are visible on the platforms frequently used by high-value travellers. These efforts will be aligned with travel trade marketing partnerships created to inspire international visitors to travel to Canada when borders reopen. A key element of our trade activity will be to refocus partnerships and investments to high-end tour operators with a traveller base that is aligned with our target audiences in each market. Additional funding provided through Budget 2021 will be used to amplify these marketing activities and to instill confidence in tour operators to continue investing in selling Canadian product.

Beginning in 2021, we will exit the India and South Korea leisure markets. While we will continue monitoring these markets for fundamental changes, we will cease investments and retreat from all ongoing activity in these markets. The modifications to our program activities in these markets will allow us to divert resources to higher-priority areas of our strategy.

Notwithstanding the above changes to our geographic areas of focus, we monitor the evolution of markets and their long-term potential as a regular practice. As such, we will continue to assess the potential of these and other viable markets in terms of strategic opportunities for growth and long-term benefit for Canada.

Business Events – International

It is widely forecast that business events will rebound over the next few years¹². The COVID-19 crisis has presented us with a unique opportunity to evolve our business events model and dig deeper into our global sector strategy. We understand that the path to purchase for the business events market is a lengthy one, and we remain committed to keeping Canada top-of-mind for when the time is right to resume in-person business events.

The economic importance of business events to our communities is extensive, but there are also legacy impacts that are generated. Business events act as a catalyst for collaboration and investment, help to grow high-value jobs and motivate convention delegates to return as leisure visitors or even residents. As an example, Innovate Canada – our program focused on Canada's industry, academic and intellectual leadership across priority sectors to attract international organizations to meet

¹² <https://www.businesseventscanada.ca/coronavirus-updates>

in Canada – helped to convince a major facilities designer and builder to expand their operations and investments into Canada. Access to talent, a dynamic research ecosystem and a thriving social scene all factored into the company's decision to establish a thirty-person facility in Toronto in 2020.

As part of our strategy to help with the recovery of the business events sector, we will drive forward our Global Economic Sector Strategy in the three market segments of corporate, association and incentive travel. We will motivate international businesses and industry associations from resilient industries aligned with the Government of Canada's priority economic growth sectors to commit to hosting future meetings and events in Canada. We have identified six key economic sectors with centres of excellence that will give us a competitive advantage: Life Sciences, Technology, Finance & Insurance, Natural Resources, Agri-business, and Advanced Manufacturing. The first three sectors specifically have demonstrated resilience throughout the pandemic and will serve to strengthen Canada's reputation as a key host destination for international meetings and events.

We will work with C-suite decision makers and influencers of international corporations and associations to identify viable host opportunities for our partners on the ground. Beginning first with the US and then Europe, we will prioritize accounts and industry clusters according to market potential sizing. We will leverage our world-class Canadian business, academic and community experts, infrastructure and incentive travel offerings to enrich business events held in Canada's economic centres of excellence.

With incremental funding provided through Budget 2021, we will partner with the largest municipal destination marketing organizations on strategies to attract major business events and conferences to Canada's cities and to provide increased presence for Canada at key tradeshows and events. This will help to revitalize their downtown cores to support business tourism and impact industry vitality and economic growth. This initiative leverages the Team Canada approach at key international trade shows.

Once we are confident that we can host events safely, our focus will be on showcasing Canada through our signature events, knowing that these events will look very different than in the past depending on travel restrictions and our ability to invite international, domestic and US customers.

Our strategy has many benefits. Our deliberate actions support the Government of Canada strategy by increasing business-to-business contacts that can lead to new business opportunities for Canadians. As catalysts of economic growth and development, business events aligned with our strong and resilient economic strengths across the country will support the path to recovery with much needed talent attraction, trade and investment opportunities and research and development partnerships.

Together with our industry partners, we will be able to get in front of the right decision-makers at the right time and with the right information to reinforce business confidence in travel to Canada, rebuild the business events industry and create a resilient future for Canada.

Strategic Pillars

We have identified four defensible competitive advantages.

Brand Resonance

We will strengthen Canada's global identity as an ideal place to travel and, by extension, study, work, invest, and live. We will sharpen Canada's core value propositions to pursue our best opportunities and compete through clear differentiation. We will fortify Canadian identity, opportunity and unity and strengthen Canada's reputation in priority economic growth sectors.

Legendary Experiences

Tourism revenue growth is a function of compelling marketing to drive the motivation to visit and compelling experiences that surpass visitor expectations. While marketing is essential for short- and mid-term competitiveness, the supply of strong tourism products and infrastructure is what will drive competitiveness in the long-term.

We will increase the quality of internationally competitive travel experiences that also enhance the quality of life and net benefits for Canadians. To achieve this, we will focus on enhancing Canada as an internationally competitive destination for our target customers. Destination Canada will create demand-informed, globally-competitive tourism development strategies and projects that attract private sector capital to grow existing regional product clusters and enable development of a limited number of new tourism superclusters. These initiatives will help to drive geographic dispersion across Canada. We will also leverage existing business, academic and community infrastructure and experts to differentiate Canadian business events.

Destination Development

The Government of Canada is seeking to catalyze destination development in every region of the country by partnering at local and regional levels through a coordinated and focused approach. In so doing, it will help position Canada to be a premiere global tourism destination over the long-term by encouraging impactful tourism projects, iconic attractions, and clusters around the unique offerings of a specific region and that are responsive to market-based demands. The Federal Tourism Growth Strategy has highlighted the value that Tourism Investment Groups (TIGs) will bring to the sector by developing impactful tourism projects in every region of Canada.

Our work will be concentrated in three broad avenues of engagement: thought leadership across the visitor economy ecosystem, strategy integration and measurement and stewardship. In order to be well positioned for an official launch of the TIGs by the Minister of Tourism and Associate Minister of Finance, we are strengthening our capacity to both promote and support destination development as we seek to assume co-lead responsibilities with Canada's regional development agencies. TIGs will include participation by several other federal entities. This network of core federal departments and agencies in each region of the country will collaborate with public and private sector partners to identify destination development opportunities and help attract private sector investment to strategically develop our destinations.

Destination Development in Action

The resort town of Whistler, BC is a prime example of the value and opportunities that destination development provides to individuals, businesses, communities and travellers alike.

Whistler's evolution into a world-class mountain destination began in the early 1960s when a group of Vancouver investors sought to develop the site with a dream of hosting the Winter Olympic Games. While that dream would not materialize until 2010, their collaboration and perseverance led to Whistler Mountain's official opening to the public in 1966.

The area continued to grow and in the 1970s community members and stakeholders came together to establish the destination as BC's first resort municipality with a vision to ensure the resort's ongoing viability, livability and success. In addition, they developed Blackcomb Mountain as a second major ski resort which eventually led to the creation of Whistler Blackcomb, today recognized as one of the largest ski complexes in North America.

In 2010, Whistler's long-time Olympic dream was finally realized as the community proudly served as the official Host Mountain Resort for the 2010 Olympic and Paralympic Winter Games.

Over the last 60 years, Whistler has transformed from an area without basic infrastructure to a resort municipality that today is home to nearly 12,000 permanent and 4,000 seasonal residents. The town is recognized globally as a best-in-class, year-round mountain resort hosting over three million visitors annually (pre-COVID-19)*.

Key to Whistler's success and evolution from a winter ski destination to the world-renowned four-season mountain resort it is today has been due to significant infrastructure investment, resort-wide collaboration and a shared community vision.

The strong collaborative partnerships across rich Indigenous heritage, distinctive nature, responsible environmental preservation, an invigorating arts and festival scene and, of course, incredible sports and outdoor activities, is what defines Whistler today.

* Official Community Plan, Resort Municipality of Whistler, July 23, 2019.

Industry Vitality

We know that summer remains a major draw and winter is appreciated for its unique activities and experiences. To help increase visitation during non-peak travel periods, a balance of year-round offerings is essential. Extending visitation beyond the high season according to regional opportunity will be critical in increasing our industry's global competitiveness, business profitability and seasonal resilience. We will exceed average growth in tourism receipts per visitor among the Organisation for Economic Co-operation and Development nations. To achieve this, we will focus on growing revenue across multiple seasons for leisure and business tourism.

Furthermore, we will elevate our marketing impact and efficiencies through shared capabilities with our partners. To further support the vitality of the industry, we will provide timely business intelligence for their improved decision-making and identify government policy and marketplace opportunities for improved industry profitability.

Social License

Improving Canadians' perception of the value of tourism in their communities will go a long way in positioning tourism as a key contributor to the quality of life for Canadians. We will strive to foster a regenerative tourism ecosystem that produces positive net benefits for all Canadians and we will cultivate visitor and host advocacy for travel in Canada.

Planned Audits and Reviews

Smart Work Audit

The COVID-19 pandemic has placed greater emphasis for our personnel to work from home. This has prompted us to assess whether we have a clearly defined human resources strategy to address the future needs of our organization and whether we have supporting practices in place to attract and retain talent. This audit will also examine whether existing personnel have the necessary skills and supports to thrive in this new operating environment.

Additionally, the audit will determine if we have the appropriate tools and technology to enable effective collaboration, allow for efficiencies in workflows and processes, and appropriately address the areas of cybersecurity, data retention, privacy and governance that may arise in a remote working environment.

Third Party Risk Management

To a significant extent, we engage subcontractors to help deliver on our mandate and we have implemented procedures to improve the monitoring of the performance of these subcontracts. However, various risks may remain, such as potential business disruptions or negative impacts to business performance. Additionally, reputational damage could result from the unanticipated actions, brand partners, influencers or talent working on our behalf.

This audit will cover how we evaluate and manage the risks associated with using third party vendors. Specifically, the audit will assess whether there are adequate mechanisms to select and monitor third party vendors, and how various reputational risks (i.e. cyber, financial, diversity, social justice) are considered when selecting and monitoring these vendors.

Justice, Equity, Diversity and Inclusion

Recent world events around justice, equity, diversity and inclusion (J.E.D.I.) have given us an opportunity for pause, reflection and critical analysis across all areas of our work. We want to ensure we are attuned to and reflect the diversity of Canada, the diverse people we work with and the audiences we work to reach.

Our plans to create a more diverse and inclusive workplace will follow an overarching strategy to shape internal and external content and practices. To begin, we have launched an organizational assessment of our workplace culture, consumer activity, internal processes and work with partners as it relates to diversity and inclusion. The assessment will give us insight into areas needing improvement and will help shape projects that champion J.E.D.I.

We will also establish an employee-led council to focus specifically on J.E.D.I. issues which will serve as a significant touchpoint to understand, from an employee perspective, our biggest challenges and opportunities, and whether progress is being made. The desired outcomes are to create conditions for Destination Canada to be a workplace where all people feel a sense of belonging and where they can be themselves, and where our work engages and reflects the diversity of voices and perspectives of the audiences that we are working to reach.

APPENDICES

APPENDIX A: NORTHSTAR PARTNERS

Alliance de l'industrie touristique du Québec

Banff and Lake Louise Tourism

Destination British Columbia

Destination Greater Victoria

Destination Nunavut

Destination Ontario

Destination St. John's

Destination Toronto

Discover Halifax

Explore Edmonton Corporation

Indigenous Tourism Association of Canada

Newfoundland and Labrador Tourism

Niagara Falls Tourism

Northwest Territories Tourism

Ottawa Tourism

Québec City Tourism

Tourism Calgary

Tourism Industry Association of Canada

Tourism New Brunswick

Tourism Nova Scotia

Tourism Partnership of Niagara

Tourism Prince Edward Island

Tourism Saskatchewan

Tourism Saskatoon

Tourism Vancouver

Tourism Whistler

Tourism Winnipeg

Tourism Yukon

Tourisme Montréal

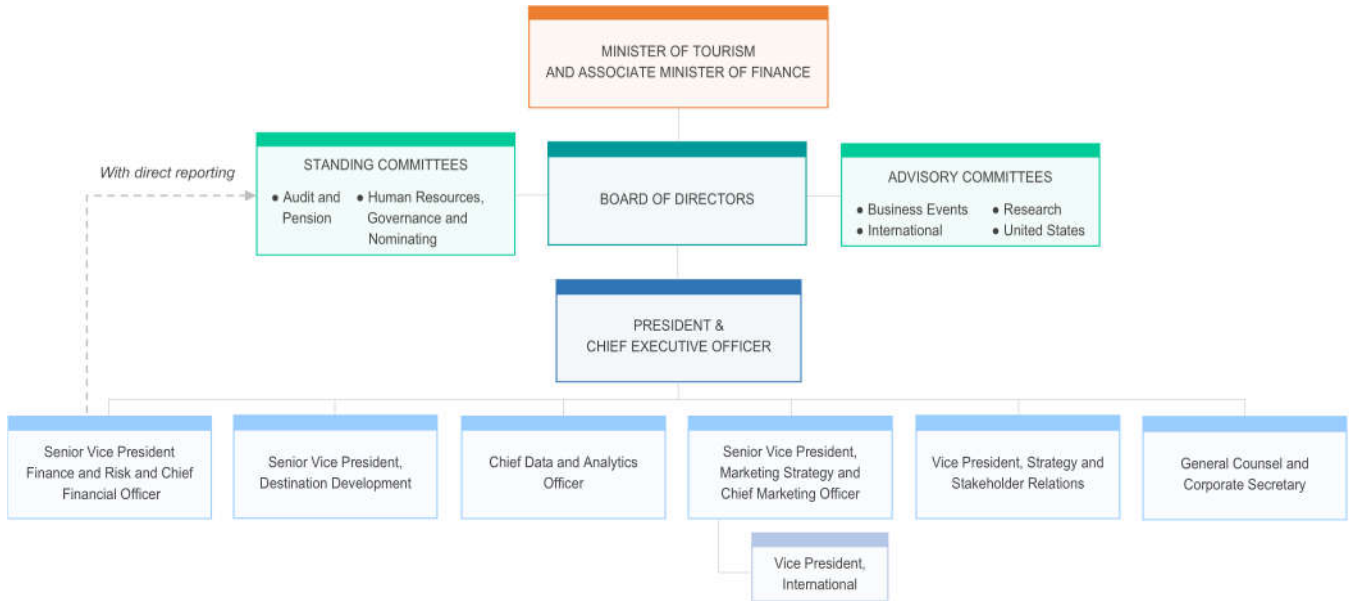
Travel Alberta

Travel Manitoba

APPENDIX B: MINISTERIAL MANDATE LETTER

Destination Canada has not received a Ministerial Mandate Letter or Statement of Priorities and Alignment.

APPENDIX C: GOVERNANCE STRUCTURE



Board of Directors

The Board consists of up to 12 members who oversee the management of Destination Canada, and provide strategic guidance and effective oversight. With the support of two committees, the Board ensures that appropriate systems of governance, leadership and stewardship are in place while at the same time empowering management to deliver on its mandate. Examples of specific functions of the Board are:

- Establishing the organization's corporate objectives
- Monitoring corporate performance and evaluating results
- Ensuring effective strategic risk management
- Providing financial oversight
- Monitoring the Chief Executive Officer's (CEO's) performance
- Overseeing succession planning of the CEO
- Reviewing and approving major decisions affecting the organization

The Board comprises the Chair and the President & CEO of Destination Canada which are Governor in Council appointments, and the Deputy Minister of Innovation, Science and Industry (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 management's decisions on strategic opportunities and risks.

Members with expired terms continue to serve on the Board until their replacements have been appointed.

Over the course of 2020, the Board met six times and average attendance at meetings was 94%.

Membership

As at September 1, 2021



The Honourable Liza Frulla

Chairperson of the
Board of Directors
Sutton, QC

Term: August 6, 2021 – August
5, 2026



Monique Gomel

Vice Chairperson of the
Board of Directors
Vancouver, BC

Term: April 12, 2017 – April 11,
2021



Marsha Walden

President & CEO,
Destination Canada
Vancouver, BC

Term: August 24, 2020 – August
23, 2025



Simon Kennedy (ex officio)

Deputy Minister,
Innovation, Science and
Industry
Ottawa, ON



**Patti Balsillie,
BA, ICD.D**

Tourism, Innovation and
Northern Strategist
Whitehorse, YK

Term: April 12, 2017 – April 11,
2021



Julie Canning

Cowgirl and Operating Partner,
Banff Trail Riders
Banff, AB

Term: February 1, 2018 –
January 31, 2022



Zita Cobb

Co-Founder and CEO,
Shorefast Foundation
Fogo Island, NL

Term: July 19, 2019 – July 18,
2023



Stan Cook

Former owner and President,
Stan Cook Sea Kayak
Adventures
St. John's, NL

Term: February 1, 2018 –
January 31, 2022



Randy Garfield

Former President,
Walt Disney Travel
Stratford, ON

Term: April 12, 2017 – April 11,
2021



Pat Macdonald, ICD.D

Co-founder & CEO,
United Craft, Inc.
Toronto, ON

Term: April 12, 2017 – April 11,
2020



Andrew Torriani

President, CEO and General
Manager,
Ritz-Carlton Montréal
Kirkland, QC

Term: July 19, 2019 – July 18,
2023

Committees of the Board

The Human Resources, Governance and Nominating Committee advises and supports directors in applying our corporate governance principles, assists in evaluating potential board candidates and develops recommendations to the Minister on board appointments (excluding the Chair, the President & CEO and the ex officio director). Additionally, the committee reviews and advises on the President & CEO's annual objectives and our human resources policies, plans and processes, including succession, compensation and benefits plans.

In addition to the duties and functions mandated by the *Financial Administration Act*, 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 our pension plans.

Both the above committees are mandated under the *Canadian Tourism Commission Act*.

Advisory Committees

From time to time, the Board creates advisory committees to advise it on how best to deliver our programs and services. The committees take their direction from the Board and report to the Board. Composed primarily of members from private sector tourism entities, these committees play an important role in linking Destination Canada to the tourism industry. We have the following four advisory committees: Business Events Canada Advisory Committee, International Advisory Committee, Research Advisory Committee and US Advisory Committee.

Executive Team

The President & CEO is accountable to the Board and has responsibility for day-to-day operations. Senior Management plays a vital role in strategic leadership, working closely with the Board to set objectives, develop strategies, implement actions and manage performance.

The executive team also recommends to the Board sweeping changes, identifies business risks and manages the complex intellectual, capital and technical resources of Destination Canada.

In August 2020, Destination Canada welcomed Marsha Walden as the organization's new President & CEO. Ms. Walden joins Destination Canada from Destination British Columbia where she served as the President & CEO since 2013. There she successfully led the newly formed provincial Crown corporation to create ground-breaking strategies for tourism development and nationally recognized, data-driven marketing. Most recently, her attention focused on leading the organization to support the ongoing recovery of British Columbia's tourism sector.

Membership

As at September 1, 2021



Marsha Walden

President & CEO



Anwar Chaudhry

Senior Vice President Finance and Risk and Chief Financial Officer



Gracen Chungath

Senior Vice President, Destination Development



Meaghan Ferrigno

Chief Data and Analytics Officer



Gloria Loree

Senior Vice President, Marketing Strategy and Chief Marketing Officer



Maureen Riley

Vice President, International



David Robinson

Vice President, Strategy and Stakeholder Relations



Sarah Sidhu

General Counsel & Corporate Secretary

APPENDIX D: PLANNED RESULTS

The impacts of COVID-19 on Canada's tourism economy, the role that we will play in destination development and the need for an overall fresh take on our strategic priorities has led to a strategy refresh. This shift in strategy has led, accordingly, to a shift in performance metrics against which to assess achievement of our strategy. This strategy is aligned with the federal priority to advance the vitality of Canada's tourism sector and our new set of performance metrics will help to support recovery of the sector to pre-pandemic levels.

A key challenge is that travel in 2021, and potentially up to 2025, will be impacted in ways which we cannot reliably forecast such as border restrictions, vaccination rates and requirements, perceptions of travellers on the safety of travel and the state of Canadian businesses to welcome visitors. For these reasons, we have adjusted our approach to how we assess and measure our attributable impact on outcomes of visitation and spending in Canada, and why, for many indicators, 2021 will be used a reset year in terms of targets.

Attribution against our parliamentary appropriations is important, and as such our set of Planned Results includes three new performance indicators that credibly and reliably track our attributable impact. The actual number and the associated economic value of booked business events, such as conferences and meetings booked by international organizations, are based on the leads we provide to host destinations.

In addition, we have estimated the additional impact to these key measures as a result of the incremental funding of \$100 million over three years. We have also estimated the economic impacts that are anticipated as a result of the incremental funding.

On the consumer side, attribution is measured through our impact on online search activity. We have conducted extensive research to understand the linkages between marketing, search engine activity and travel. This research indicates that there is a strong link between our marketing and search, and a corresponding link between search and travel. Media tactics encouraging potential travellers to think about travel has proven to lead to online searches for travel, in turn positively impacting bookings. The measure for online searches can be seen as a proxy measure for attribution to demonstrate that effective content marketing leads to actual visitation. Furthermore, to assess whether Canada is gaining ground, we will assess the change in search activity relative to our competition.

Economic Impact				
OUTCOME	PERFORMANCE INDICATOR	TARGETS	PORTION OF TARGET ATTRIBUTABLE TO BUDGET 2021 FUNDING	DATA SOURCE / METHODOLOGY
Long-term: Visitor economy is positively impacted by major programs	Tourism revenue – Total Leisure – Domestic Leisure – US Leisure – International Business Events	\$5.0 billion by 2025	\$565 million \$118 million \$139 million \$132 million \$176 million	Internal assessment of impacts based on incremental search, travel trade activities, and business events sales activities

Leisure – Domestic				
OUTCOME	PERFORMANCE INDICATOR	TARGETS	PORTION OF TARGET ATTRIBUTABLE TO BUDGET 2021 FUNDING	DATA SOURCE / METHODOLOGY
Short term: Tourism economic recovery is stimulated	Incremental spend by Canadians in Canada due to DC's activities	2021: \$254 million	2021: \$24 million	Google search data; use of A/B testing to determine the incremental search and associating spending due to DC activities
Medium term: Canadians spend more in Canada than in other countries	Incremental spend by Canadians in Canada due to DC's activities	2022: \$115 million 2023: \$54 million	2022: \$72 million 2023: \$23 million	Google search data; use of A/B testing to determine the incremental search and associating spending due to DC activities
Long term: Canadians value hosting visitors in their communities	Canadians' perception of the contribution of the visitor economy to their quality of life	Benchmarks: February 2021: 44% June 8, 2021: 47% June 22, 2021: 41% 2024: 50% 2025: 52%	N/A	Online survey of 1,800 Canadians who strongly agree with the statement 'Tourism positively impacts communities across Canada.'

Leisure – US				
OUTCOME	PERFORMANCE INDICATOR	TARGETS	IMPACT OF BUDGET 2021 FUNDING	DATA SOURCE / METHODOLOGY
Short term: US high value travellers are aware of Canada as a travel destination	Search for Canadian destinations compared to 2019 volumes while DC campaigns are in market	May 2021 benchmark in key 5 states: -65% (+/- 5%) 2022: Recover to -10% to 0% of 2019 levels 2023: Exceed 2019 levels	2022: Recovery boost to -10% to 0% of 2019 levels 2023: Exceed 2019 levels	Confidential Google search data (weekly)
Medium term: US high value travellers come to Canada	Search for Canadian destinations relative to competition, once borders reopen and while DC campaigns are in market	May 2021 benchmark in key 5 states: -57% (+/- 7%) 2023: Equal or better than competitive set in all five key states	2023: Equal or better than competitive set in all five key states	Proprietary industry data (eg. Google, weekly)
Long term: US high value travellers recommend Canada as a destination	Net promoter score ranking among US past visitors	2020 Benchmarks: 4 th in California 8 th in Florida 8 th in New York/New Jersey 7 th in Texas 2024: To be in top five in key US markets 2025: To be in top five in key US markets	N/A	Survey (semi-annual)

Leisure – International				
OUTCOME	PERFORMANCE INDICATOR	TARGETS	IMPACT OF BUDGET 2021 FUNDING	DATA SOURCE / METHODOLOGY
Medium term: High value travellers come to Canada	Search for Canadian destinations relative to competition, once borders reopen	May 2021 benchmark: -18% average in DC international markets (excluding US) 2022: Surpass competitor benchmark in more than half of our markets 2023: Surpass competitor benchmark in more than half of our markets	2022: Boost of 3.9% 2023: Boost of 1.0%	Proprietary industry data (eg. Google, weekly)
Long term: High value travellers promote Canada as a destination	Net promoter score ranking in key markets ^a among past international visitors	2019 benchmark: Top 5 in 85% of key markets 2024: Top 5 in all DC markets 2025: Top 5 in all DC markets	N/A	Survey (semi-annual)
Long term: Visitor economy grows from hosting visitors	Growth rate of spending by visitors from DC markets in Canada relative to their spending in competitor countries	2019 result: 3.2% 2024: Exceed growth rates of two countries in competitor set 2025: Exceed growth rates of two countries in competitor set	2024: Boost to exceed growth rate of additional country in competitor set 2025: Boost to exceed growth rate of additional country in competitor set	Statistics Canada, Bank of Canada, US Department of Commerce, Tourism Australia, Visit Britain (annually); selected comparator countries apply similar methodologies as Canada for tracking tourism spend

^a Australia, China, France, Germany, Japan, Mexico, the UK and US regions where Destination Canada is active.

Business Events				
OUTCOME	PERFORMANCE INDICATOR	TARGETS	PORTION OF TARGET ATTRIBUTABLE TO BUDGET 2021 FUNDING	DATA SOURCE / METHODOLOGY
Short term: Target decision makers book business events	Number of future booked business events from international organizations	2020 benchmark: 341 2021: 597 2022: 805	2021: N/A 2022: 68	Destination Canada Pace Reports (monthly)
	Value of future booked business events from international organizations	2020 benchmark: \$930 million 2021: \$1.19 billion 2022: \$1.38 billion	2021: N/A 2022: \$40.8 million	
Medium term: Target decision makers book business events	Number of future booked business events from international organizations	2020 benchmark: 341 2023: 1,013 2024: 1,157	2023: 136 2024: 140	
	Value of future booked business events from international organizations	2020 benchmark: \$930 million 2023: \$1.58 billion 2024: \$1.80 billion	2023: \$81.7 million 2024: \$143.8 million	
Long term: Business events industry recovers	Spending by US and international delegates in Canada	2018/2019 benchmark: \$646 million 2024: \$646 million 2025: \$679 million	2024: \$60 million 2025: \$33 million	Spending data from Statistics Canada

Partnerships			
OUTCOME	PERFORMANCE INDICATOR	TARGET	DATA SOURCE / METHODOLOGY
Short term, medium term and long term: Partners are aligned	Partner co-investment ratio	1:1 ^b	Internal financial tracking (annually)

^b Strategic partnerships shape how we work with our industry to drive collective success, and as such we remain focused on aligning with partner priorities and leveraging their investments. However, we are acutely aware that tourism sector partners are facing major budget constraints that will persist over the coming years. As such, we will continue to monitor our partner co-investment ratio, but recognize that meeting a 1:1 target ratio as a condition of additional funding made available through Budget 2017 will not be achievable in the near future. We will revisit this target, in consultation with Innovation, Science and Economic Development, the Department of Finance Canada and the Treasury Board Secretariat once partners' budgets have stabilized.

Pillar: Legendary Experiences

Increase the quality and quantity of internationally competitive travel experiences

As this will be a new role for Destination Canada, Years 1 and 2 will be spent establishing consulting with stakeholders on a comprehensive destination development strategy, defining the approach, defining the roles and responsibilities of stakeholders, and assessing the Canadian marketplace for currently available internationally competitive travel experiences. Outcomes, performance indicators and targets will be identified for the 2022-2026 Corporate Plan.

APPENDIX E: FINANCIAL STATEMENTS AND BUDGETS

Financial Condition

The global tourism industry has been devastated by the COVID-19 pandemic. We have moved to rapidly pivot all aspects of our business to help mitigate the adverse impacts to our visitor economy. The 2021-2025 Corporate Plan Financial Statements and Budgets reflect this reality and have been altered to take into account our updated strategy to address the current environment. This near term strategy includes a reduction in global marketing activities and event spending in our international markets, and increases focus on domestic recovery efforts, advanced analytics and sharing research information broadly and quickly.

With the hope to speed up the recovery efforts to our visitor economy, and to offset the sharp decrease in cash contributions from our partners, management allocated \$34.7 million of accumulated surplus to the 2021 fiscal year. This \$34.7 million will supplement the base parliamentary appropriations of \$96.2 million per year, for a one-time planned deficit of \$34.7 million for 2021. In addition, the 2021 Federal Budget announcement included \$100 million over three government fiscal years for domestic and international marketing for Helping Visitors Discover Canada. The additional budget for 2021 will be used primarily to further key strategic recovery priorities. The 2021-2025 Corporate Plan Financial Statements and Budgets reflect management's estimate that if borders reopen in October 2021, a full recovery of international travel to Canada is estimated to take until 2025.

As noted above, the 2021-2025 Corporate Plan reflects the base parliamentary appropriations of \$96.2 million per year, the one-time \$100 million funding from Budget 2021 and the additional \$5 million in one-time special funding to support growing the visitor economy through a domestic marketing campaign in the government fiscal year ended March 31, 2020. Appropriations were \$100.2 million in 2019, returned to base levels of \$95.7 million in 2020, and were adjusted to \$117.4 million in 2021.

In the 2017-2021 Corporate Plan, we outlined our approach to de-risk the pension plans. With annual actuarial valuations, a pension plan audit and other regulatory and required filing fees, the defined benefit component of the Registered Pension Plan for Canadian employees was the most costly and most financially volatile plan to maintain. With improved market conditions in 2019, our criteria for exercising an annuity purchase transaction were met. This transaction resulted in the assets and liability associated with the defined benefit plan transferred to a third party.

Total corporate services expenses represent less than 10% of total expenses on an ongoing basis. This allows us to allocate the majority of our parliamentary appropriations directly into marketing and sales programs, strategy, analytics and destination stewardship, and COVID-19 pandemic recovery efforts.

Major Assumptions

The financial statements, operating budgets and capital budgets are based on the following assumptions:

- Our base parliamentary appropriations remain the same at \$96.2 million, while we plan to expand our strategy in the areas of data and analytics, destination development and other new initiatives.
- A one-time funding allocation of \$100 million over three government fiscal years from Budget 2021 for Helping Visitors Discover Canada.
- The purchase of annuities for the defined benefit plan in 2019. The impact to the Statement of Operations is separately presented in the expenses as 'defined benefit pension de-risking impact' and the accrued benefit asset relating to this pension has significantly decreased this balance on the Statement of Financial Position.
- Our capital budgets include small but important investments in server upgrades and laptops in 2021.

Statement of Financial Position

As at December 31, 2019 to December 31, 2025

(In thousands of Canadian dollars)

	Actual Dec. 31, 2019	Actual Dec. 31, 2020	Planned Dec. 31, 2021	Planned Dec. 31, 2022	Planned Dec. 31, 2023	Planned Dec. 31, 2024	Planned Dec. 31, 2025
Financial assets							
Cash and cash equivalents	31,641	37,784	22,671	22,747	18,187	15,848	15,785
Accounts receivable							
Partnership contributions	1,617	1,306	60	238	477	715	954
Government of Canada	618	418	500	500	500	500	500
Other	4	1	15	25	25	25	25
Portfolio investments	803	713	574	492	356	267	225
Accrued benefit asset	1,653	1,450	1,450	1,450	1,450	1,450	1,450
	<u>36,336</u>	<u>41,672</u>	<u>25,271</u>	<u>25,452</u>	<u>20,995</u>	<u>18,805</u>	<u>18,939</u>
Liabilities							
Accounts payable and accrued liabilities							
Trade	14,333	3,427	18,439	18,702	14,328	12,221	12,437
Employee compensation	1,677	2,182	2,182	2,182	2,182	2,182	2,182
Government of Canada	81	75	157	157	157	157	157
Deferred revenue	488	1,845	362	362	362	362	362
Deferred lease inducements	580	482	382	283	184	85	-
Accrued benefit liability	5,435	3,749	3,585	3,503	3,421	3,339	3,257
Asset retirement obligation	164	164	164	164	164	164	164
	<u>22,758</u>	<u>11,924</u>	<u>25,271</u>	<u>25,353</u>	<u>20,798</u>	<u>18,510</u>	<u>18,558</u>
Net financial assets	<u>13,578</u>	<u>29,748</u>	<u>0</u>	<u>99</u>	<u>197</u>	<u>295</u>	<u>381</u>
Non-financial assets							
Tangible capital assets	1,721	1,136	1,026	758	486	245	218
Prepaid expenses and other assets	1,413	5,697	884	884	885	885	884
	<u>3,134</u>	<u>6,833</u>	<u>1,910</u>	<u>1,642</u>	<u>1,371</u>	<u>1,130</u>	<u>1,102</u>
Accumulated surplus	<u>16,712</u>	<u>36,581</u>	<u>1,910</u>	<u>1,741</u>	<u>1,568</u>	<u>1,425</u>	<u>1,483</u>

Our financial position will remain relatively stable throughout the 2021-2025 planning period, with the exception of a \$25.2 million decrease in the accumulated surplus from 2020 to 2021 in order to fund our new strategic initiatives, and sustained marketing and sales activities through the COVID-19 recovery and resilience phases.

Assets

Financial assets are expected to increase between December 31, 2019 and December 31, 2020 then decrease in 2021 due to a difference in the timing of our parliamentary appropriation drawdowns and the payments for the domestic marketing campaigns led by our industry partners.

Liabilities

Our overall liability is expected to decrease between December 31, 2019 and December 31, 2025. This is driven by the decrease in the accounts payable balance following the decrease in marketing and sales expenses over the same period.

Accumulated Surplus

We plan to spend all our appropriations and cash partnership contributions over the next five years, and in addition, show annual deficits. These deficits represent the amortization of tangible capital assets, actuarial losses on the pension plans and the deferred lease inducement. The sum of these expenses and revenues accounts for the entire in-year deficit and is covered by previous years' accumulated surplus. We plan to utilize most of the accumulated surplus to enhance marketing efforts in 2021, resulting in a larger in-year deficit.

Statement of Operations

For the years ending December 31

<i>(In thousands of Canadian dollars)</i>	Actual 2019	Actual 2020	Planned 2021	Planned 2022	Planned 2023	Planned 2024	Planned 2025
Revenues							
Partnership contributions	22,485	3,143	509	2,008	4,016	6,024	8,032
Other	2,024	1,361	1,100	1,122	1,144	1,167	1,190
	<u>24,509</u>	<u>4,504</u>	<u>1,608</u>	<u>3,130</u>	<u>5,160</u>	<u>7,191</u>	<u>9,222</u>
Expenses							
Marketing and sales	110,096	67,567	136,787	140,104	101,559	84,385	86,163
Corporate services	7,830	7,712	8,925	9,686	9,888	9,305	9,508
Strategy, analytics and destination stewardship*	4,558	4,937	7,596	8,221	9,529	9,472	9,535
Amortization of tangible capital assets	355	330	350	367	363	331	116
Defined benefit de-risking impact**	8,936	-	-	-	-	-	-
	<u>131,775</u>	<u>80,546</u>	<u>153,659</u>	<u>158,378</u>	<u>121,339</u>	<u>103,494</u>	<u>105,324</u>
Net cost of operations before funding from the Government of Canada	(107,266)	(76,042)	(152,050)	(155,249)	(116,179)	(96,303)	(96,101)
Parliamentary appropriations	102,221	95,666	117,395	155,080	116,005	96,160	96,160
Surplus / (deficit) from operations	<u>(5,045)</u>	<u>19,624</u>	<u>(34,655)</u>	<u>(169)</u>	<u>(174)</u>	<u>(143)</u>	<u>59</u>
Accumulated surplus from operations, beginning of period	21,951	16,906	36,530	1,875	1,706	1,532	1,389
Accumulated surplus from operations, end of period	<u>16,906</u>	<u>36,530</u>	<u>1,875</u>	<u>1,706</u>	<u>1,532</u>	<u>1,389</u>	<u>1,448</u>
Ratio of Operating expenses to Marketing and sales expenses***	8%	12%	7%	7%	10%	11%	11%

* Actuals for 2019 and 2020 include a reallocation of Research, previously included in Marketing and Sales, to the Strategy, analytics and destination stewardship line for consistency with the presentation from 2021 to 2025.

** The one-time accounting impact of the transfer of defined benefit pension liabilities by purchasing annuities to cover all future pension benefits. The 2019 planned operating budget includes the forecasted actuarial amortization of \$1.3 million.

*** Operating expenses include expenses for Corporate services and Strategy; Marketing and sales expenses include Research, Destination Development and Innovation Research and Development.

Revenues

Parliamentary Appropriations

We are financed mainly by Government of Canada parliamentary appropriations which were \$102.2 million in 2019. Appropriations peaked in 2019 as a result of \$3.0 million in one-time incremental funding to increase promotion of business events and meetings and tourism marketing initiatives in the US.

Parliamentary appropriations are based on a forecast from the Government's 2021-2022 Annual Reference Level Update.

In 2020, we received two sources of appropriations (for a description of how we reconcile the government fiscal year with our calendar fiscal year see *Reconciliation of Parliamentary Appropriations to Government Fiscal Year*):

- Base funding of \$95.7 million in 2019, confirmed throughout the remaining planning cycle. This base funding reflects the 2017 Federal Budget announcement and the Treasury Board's approved increase for negotiated salary adjustments; and
- \$5 million for a domestic marketing campaign in the 2019-2020 government fiscal year.

Partnership Contributions

We leverage the value of appropriated funding by partnering with other organizations on marketing campaigns to strengthen the Canada brand. For marketing campaigns that we lead, partner organizations either provide cash or in-kind contributions. Only cash contributions are recognized and reported as partnership contributions in the Statement of Operations.

We partner with provincial and territorial marketing organizations, national, regional and local companies, destination marketers, media, non-traditional partners and tourism associations.

Our estimates show a sharp decrease in cash contributions in 2020-2025 as we anticipate the impact of the COVID-19 restrictions on travel to have lasting financial consequences for all of our partners. Even before the pandemic, several of our traditional partners had experienced budget declines which decreased the capital pool available to invest in our marketing campaigns.

Expenses

Expenses are fairly consistent with our appropriation with the exception of the one-time defined benefit pension plan de-risking impact as separately presented in 2019, and the use of our accumulated surplus in 2021 to continue our domestic marketing campaigns and pursue our new strategic initiatives.

Marketing and Sales

We are committed to invest a minimum of 90% of all revenues and parliamentary appropriations in marketing and sales throughout the 2021-2025 planning cycle. Shifts in annual parliamentary appropriations and the anticipated decrease in cash partnership contributions have a direct impact on the marketing and sales spending levels and ratios.

Corporate Services

Over the planning period, the cost of corporate services as a percentage of overall spending is expected to remain below the 15% maximum set by Treasury Board. We are committed to spend no more than 10% of our combined revenue in corporate services throughout the 2021-2025 planning cycle, assuming similar appropriations.

Corporate services is expected to decrease in 2020, and then increase through 2021-2025 to include the larger scope of our new strategic efforts which will expand beyond marketing and sales. Training continues to be a focus at Destination Canada. The intention is to ensure we have an agile, high-performance workforce, to provide opportunities for staff to learn and develop as a key part of our employee value proposition, to recruit and retain talent and to increase employee engagement and enablement. These investments are also required to strengthen and modernize our computer hardware, internal control framework and optimize operational processes for greater efficiency.

Amortization

The Statement of Operations includes amortization expense of tangible capital assets, unamortized pension plan loss and amortization of leasehold improvements.

Pension de-risking impact

As part of our pension plan de-risking strategy, we transferred future Canadian employees' defined benefit pension risk to an insurance company. The full unamortized actuarial loss is recorded in our 2019 statements, the year of purchase. The one-time impact of this transaction is reflected in the Statements of Financial Position and Operations.

Statement of Remeasurement Gains and Losses

For the years ending December 31

<i>(In thousands of Canadian dollars)</i>	Actual 2019	Actual 2020	Planned 2021	Planned 2022	Planned 2023	Planned 2024	Planned 2025
Accumulated remeasurement gains / (losses) at beginning of year	154	(194)	51	35	35	35	35
Unrealized gains / (losses) attributable to foreign exchange	(194)	51	35	(35)	(35)	(35)	(35)
Amounts reclassified to the statement of operations	(154)	194	(51)	35	35	35	35
Net remeasurement gain for the period	(348)	245	(16)	-	-	-	-
Accumulated remeasurement gains / (losses) at end of year	(194)	51	35	35	35	35	35

Statement of Change in Net Financial Assets

For the years ending December 31

<i>(In thousands of Canadian dollars)</i>	Actual 2019	Actual 2020	Planned 2021	Planned 2022	Planned 2023	Planned 2024	Planned 2025
Accumulated surplus / (deficit) for the period	(5,045)	19,624	(34,655)	(169)	(174)	(143)	59
Acquisition of tangible capital assets	(386)	(57)	(240)	(100)	(90)	(90)	(90)
Amortization of tangible capital assets	355	330	350	367	363	331	116
Net disposition of tangible capital assets	-	4	-	-	-	-	-
	(31)	277	110	267	273	241	26
Effect of change in other non-financial assets							
(Increase) / decrease in prepaid expenses	994	(3,976)	4,813	-	-	-	-
	994	(3,976)	4,813	-	-	-	-
Remeasurement gain	(348)	245	(16)	-	-	-	-
Increase / (decrease) in net financial assets	(4,430)	16,170	(29,748)	98	99	98	85
Net financial assets, beginning of period	18,008	13,578	29,748	0	99	197	295
Net financial assets, end of period	13,578	29,748	0	99	197	295	381

Statement of Cash Flows

For the years ending December 31

<i>(In thousands of Canadian dollars)</i>	Actual 2019	Actual 2020	Planned 2021	Planned 2022	Planned 2023	Planned 2024	Planned 2025
Operating transactions							
Cash received from:							
Parliamentary appropriations used to fund operating transactions	102,221	95,666	117,395	155,080	116,005	96,160	96,160
Partnership contributions	25,091	4,811	271	1,830	3,778	5,786	7,794
Other revenues	1,134	886	615	630	645	660	688
Interest	788	377	385	392	400	408	416
	<u>129,235</u>	<u>101,740</u>	<u>118,667</u>	<u>157,934</u>	<u>120,829</u>	<u>103,015</u>	<u>105,059</u>
Cash payments:							
To suppliers	(115,202)	(80,982)	(117,112)	(139,505)	(106,733)	(87,792)	(87,163)
To and on behalf of employees	(14,863)	(14,893)	(16,550)	(18,334)	(18,699)	(17,560)	(17,909)
Cash applied to / (used in) operating transactions	<u>(830)</u>	<u>5,865</u>	<u>(14,994)</u>	<u>94</u>	<u>(4,604)</u>	<u>(2,338)</u>	<u>(13)</u>
Capital transactions							
Acquisition of tangible capital assets	(386)	(57)	(240)	(100)	(90)	(90)	(90)
Investing transactions							
(Acquisition) / Disposition of portfolio investments	(419)	90	139	83	135	89	42
Net remeasurement gain / (loss) for the period	(348)	245	(16)	-	-	-	-
Net increase / (decrease) in cash during the period	<u>(1,983)</u>	<u>6,143</u>	<u>(15,112)</u>	<u>77</u>	<u>(4,559)</u>	<u>(2,338)</u>	<u>(61)</u>
Cash and cash equivalents, beginning of period	<u>33,624</u>	<u>31,641</u>	<u>37,784</u>	<u>22,671</u>	<u>22,747</u>	<u>18,187</u>	<u>15,848</u>
Cash and cash equivalents, end of period	<u>31,642</u>	<u>37,784</u>	<u>22,671</u>	<u>22,747</u>	<u>18,187</u>	<u>15,848</u>	<u>15,785</u>

Reconciliation of Parliamentary Appropriations to Government Fiscal Year

For the years ending December 31

<i>(In thousands of Canadian dollars)</i>	Actual 2019	Actual 2020	Planned 2021	Planned 2022	Planned 2023	Planned 2024	Planned 2025
Amounts provided for operating and capital expenditures							
Amounts voted: prior year							
Main estimates	95,656	100,666	95,666	96,160	96,160	96,160	96,160
2021 Federal Budget (Helping Visitors Discover Canada)	-	-	-	25,000	60,000	15,000	-
Supplementary estimates A & B	3,027	-	-	-	-	-	-
	98,683	100,666	95,666	121,160	156,160	111,160	96,160
Less: portion recognized in prior year	(73,212)	(76,750)	(71,750)	(93,479)	(127,399)	(87,244)	(72,244)
Amounts recognized in current year	25,471	23,916	23,916	27,681	28,761	23,916	23,916
Amounts voted: current year							
Main estimates	100,666	95,666	96,160	96,160	96,160	96,160	96,160
2021 Federal Budget (Helping Visitors Discover Canada)	-	-	25,000	60,000	15,000	-	-
	100,666	95,666	121,160	156,160	111,160	96,160	96,160
Less: portion to be recognized in following year	(23,916)	(23,916)	(27,681)	(28,761)	(23,916)	(23,916)	(23,916)
Amounts recognized in current year	76,750	71,750	93,479	127,399	87,244	72,244	72,244
Parliamentary appropriations used for operations and capital in the year	102,221	95,666	117,395	155,080	116,005	96,160	96,160

Operating Budget

For the years ending December 31

<i>(In thousands of Canadian dollars)</i>	Actual 2019	Planned 2019*	Variance	Actual 2020	Planned 2020	Variance	Planned 2021
Partnership contributions	22,485	20,500	1,985	3,143	20,000	(16,857)	509
Other revenues	2,024	1,090	934	1,361	1,485	(124)	1,100
Operating costs							
Marketing and sales	110,096	115,115	(5,019)	67,567	110,963	(43,396)	136,787
Strategy, analytics and destination stewardship	4,558	4,753	(195)	4,937	4,653	284	7,596
Corporate services	7,929	10,134	(2,205)	7,811	8,884	(1,073)	9,024
	<u>122,583</u>	<u>130,002</u>	<u>(7,419)</u>	<u>80,315</u>	<u>124,500</u>	<u>(44,185)</u>	<u>153,408</u>
Net cost of operations	(98,074)	(108,412)	10,338	(75,811)	(103,015)	27,204	(151,799)
Funded by:							
Parliamentary appropriations	<u>102,221</u>	<u>100,656</u>	<u>1,565</u>	<u>95,666</u>	<u>99,156</u>	<u>(3,490)</u>	<u>117,395</u>
Net surplus / (deficit)	<u>4,147</u>	<u>(7,756)</u>	<u>11,903</u>	<u>19,855</u>	<u>(3,859)</u>	<u>23,714</u>	<u>(34,404)</u>

* Includes the actuarial pension adjustments which are not included in the Actual 2019, Estimated 2020 or Planned 2021 figures.

Cash partnership contributions are estimated to drop significantly from 2019 levels as a result of the COVID-19 pandemic and the travel restrictions that have been in place for most of 2020, and that are expected to continue in 2021. This incremental decrease in cash contribution results in lower marketing and sales expenses compared to plan and past years. We anticipate a significant 84% difference between the original 2020 plan and our latest estimates. In addition, corporate services costs are estimated to be \$1.3 million less than planned in 2020 due to a reduction in operating expenses impacted by COVID-19 (i.e. travel and hospitality, training, professional services and office costs).

Capital Budget

For the years ending December 31

<i>(In Canadian dollars)</i>	Actual 2019	Planned 2019	Actual 2020	Planned 2020	Planned 2021	Planned 2022	Planned 2023	Planned 2024	Planned 2025
Tangible capital assets									
Leasehold improvements and decommissioning	144,000	275,000	-	15,000	15,000	15,000	15,000	15,000	15,000
Office furniture	97,000	105,000	-	5,000	15,000	5,000	5,000	5,000	5,000
Computer equipment and software	145,000	70,000	57,000	120,000	210,000	80,000	70,000	70,000	70,000
Total	386,000	450,000	57,000	140,000	240,000	100,000	90,000	90,000	90,000

The 2020 year is estimated to include some modest capital investments in updated computer equipment and software in order for staff to work efficiently from home. In the five-year plan through 2021-2025, capital expenditures reflect an upgrade to our servers at headquarters in 2021 with no new additional investments planned.

Actual and Forecasted Expenditures for Travel, Hospitality and Conferences

For the years ending December 31

<i>(In Canadian dollars)</i>	Actual 2019	Actual 2020	Planned 2021	Planned 2022	Planned 2023	Planned 2024	Planned 2025
Travel							
Operational activities	4,379,664	812,382	701,476	4,598,000	4,690,000	4,180,000	4,264,000
Key stakeholders	187,176	18,135	47,447	311,000	317,000	283,000	289,000
Internal governance and training	198,649	48,964	39,666	260,000	265,000	236,000	241,000
Hospitality	763,603	72,311	145,543	954,000	973,000	867,000	884,000
Conferences	55,796	24,821	13,578	89,000	91,000	81,000	83,000
Total	5,584,888	976,613	947,710	6,212,000	6,336,000	5,647,000	5,761,000

Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards (“PSAS”). Significant accounting policies are as follows:

a) **Parliamentary appropriations**

We are funded primarily by the Government of Canada through parliamentary appropriations. Parliamentary appropriations used to fund core operations and capital expenditures are considered unrestricted and recognized as revenues when the appropriations are authorized and any eligibility criteria are met. Parliamentary appropriations used to fund one-time activities, such as Connecting America, are considered restricted. Restricted appropriations have eligibility criteria and stipulations that give rise to an obligation that meets the definition of a liability. Restricted appropriations are recognized as deferred revenue when the stipulation gives rise to a liability. Restricted appropriation revenue is recognized as the stipulation liabilities are settled.

As our year-end (December 31) differs from that of the Government of Canada’s (March 31), we receive parliamentary appropriations from two government fiscal years.

We will have a deferred parliamentary appropriations balance at year-end when the restricted funding received for the period exceeds the restricted appropriations recognized for the related fiscal period. We will have a parliamentary appropriations receivable balance when restricted appropriations recognized exceed the restricted funding received.

We do not have the authority to exceed approved appropriations.

b) **Partnership contributions**

We conduct marketing activities in partnership with a variety of Canadian and foreign organizations. When we assume the financial risks of conducting a marketing activity, contributions received from a partnering organization are recognized as income over the effective life of the contract or when the event has taken place. Partnership contributions received for marketing activities yet to take place are recognized as deferred revenue.

c) **Other revenues**

Other revenues consist of cost recoveries from co-location partners, interest revenues, capital asset sales and other miscellaneous revenues. These items are recognized as revenue in the period in which the transaction or event occurred that gives rise to the revenue.

d) **Foreign currency translation**

Monetary assets and monetary liabilities denominated in foreign currencies are translated into Canadian dollars at the applicable year-end exchange rate. Non-monetary assets and non-monetary liabilities denominated in foreign currencies are translated into Canadian dollars at historical exchange rates. Revenue and expense items are translated during the year at the exchange rate in effect on the date of the transaction. Amortization expenses of tangible capital assets are translated at historical rates to which the assets relate. Realized gains and losses are considered Operating Expenses and are included in the Statement of Operations as Corporate Services. Unrealized gains and losses are reported on the Statement of Remeasurement Gains and Losses and in the Statement of Change in Net Financial Assets. We do not hedge against the risk of foreign currency fluctuations.

e) **Cash and cash equivalents**

Cash and cash equivalents include cash in bank and mutual funds. These items are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

f) **Portfolio investments**

Portfolio investments are measured at amortized cost. Interest income related to these investments is calculated based on the effective interest method.

g) Prepaid expenses

Payments made prior to the related services being rendered are recorded as prepaid expenses. Prepaid expenses are recognized as expenses as the related services are rendered. Prepaid expenses consist of program and operating expenses such as subscriptions and tradeshow expenditures.

h) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and the amount of any write-downs or disposals. Tangible capital assets are written down when conditions indicate they no longer contribute to the ability to provide services and are counted as expenses in the Statement of Operations.

Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

Leasehold improvements	remaining term of lease
Office furniture	5 years
Computer hardware	3 years
Computer software	5 years

Intangible assets are not recognized in these financial statements.

i) Deferred revenue

Deferred revenue consists of contributions from partnering organizations and restricted appropriations received from the Government of Canada. When contributions are received from partnering organizations, they are recognized as deferred revenue until the related marketing activity or event has taken place. When restricted appropriations are received from the Government of Canada, they are recognized as deferred revenue until the criteria and stipulations are met that gave rise to the liability. As at December 31, 2019 and 2018, the deferred revenue balance is solely made up of deferred contributions from partnering organizations.

j) Deferred lease inducements

Deferred lease inducements consist of various office lease inducements including reimbursement of leasehold improvement costs and free rent periods. These inducements are deferred and recognized as a straight-line reduction to office lease expenses over the term of the lease.

k) Asset retirement obligation

Asset retirement obligation consists of decommissioning costs for various office leases. We recognize asset retirement obligations as a result of legal obligations to restore leased office spaces back to their original states at the end of the lease. Asset retirement obligations are measured initially at fair value, based on management's best estimates, with the resulting amount capitalized into the carrying amount of the related asset. The capitalized asset retirement cost is amortized on a straight-line basis over the term of the lease. The amortization expense is included in Corporate Services in determining the net cost of operations.

l) Employee future benefits

We offer a number of funded, partly funded and unfunded defined benefit pension plans, other unfunded defined benefit plans (which include post-employment benefits, post-retirement benefits and non-vested sick leave), and defined contribution pension plans. Pension plans include a statutory plan, a supplemental plan and a plan to cover certain employees working outside of Canada. Other benefit plans include post-employment severance benefits and post-retirement health, dental and life insurance benefits and non-vested sick leave. The defined benefit pension plans provide benefits based on years of service and average pensionable earnings at retirement. The defined benefit component of the statutory plan and the supplemental plan were closed effective December 30, 2017 and benefits and service of plan participants were frozen as of that date. We fund certain pension plans annually based on actuarially determined amounts needed to satisfy employee future benefit entitlements under current benefit regulations. Cost of living adjustments are automatically provided for retirees in accordance with Consumer Price Index increases.

The costs and obligations of the defined benefit plans are actuarially determined using the projected benefit method prorated on service that incorporates management's best estimates of the rate of employee turnover, the average retirement age, the average cost of claims per person, future salary and benefit levels, expected return on plan assets, future medical costs, and other actuarial factors. For the purposes of calculating the expected return on plan assets, those plan assets are based on the market value of plan assets.

Past service costs arising from plan amendments are recognized in the years in which the plan amendment occurred.

The unamortized actuarial gains and losses incurred prior to the plan settlement that relate to the obligation settled are recognized in the period of settlement. This amount is included as part of the gain or loss arising on settlement. Gains and losses determined upon a plan settlement are accounted for in the Statement of Operations in the period of settlement.

Actuarial gains and losses are amortized over expected average remaining service lifetime (EARSL) of active employees. If no active employees are remaining, actuarial gains and losses are amortized fully in the next fiscal year. For 2019, EARSL has been determined to be 5.6 years (6.6 years – 2018) for the Registered Pension Plan for Employees of the CTC (RPP), 0.0 years (0.0 years – 2018) for the Supplementary Retirement Plan for certain employees of the CTC (SRP), 15.5 years (15.4 years – 2018) for the Pension Plan for Employees of the CTC in Japan, South Korea and China (WWP), 21 years (21 years – 2018) for non-pension post-retirement benefits, 12 years (12 years – 2018) for severance benefits and 14 years (14 years – 2018) for sick leave benefits.

Employees working in the UK and the US participate in the Department of Foreign Affairs defined benefit pension plans administered by the Government of Canada. The assets of these plans cannot be allocated among participating employers, and as such, these plans are deemed “multi-employer” plans and accounted for as defined contribution plans. Our contributions to these plans reflect the full benefit cost of the employer. These amounts vary depending upon the plan and are based on a percentage of the employee’s gross earnings. Contributions may change over time depending on the experience of the plans since we are required under present legislation to make adjustments for the rate of contributions to cover any actuarial deficiencies of these plans. Contributions represent the total pension obligations to us for these employees and are charged to operations during the year in which the services are rendered.

m) Financial instruments

Financial assets consist of cash and cash equivalents, accounts receivable and portfolio investments, while financial liabilities consist of accounts payable and accrued liabilities. Financial assets and financial liabilities are measured at amortized cost, which approximates their fair value.

n) Measurement uncertainty

The preparation of financial statements in accordance with Canadian PSAS requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting periods. Actual results could differ significantly from those estimates. The most significant estimates involve the determination of the employee future benefits liability and related accrued benefit asset, the useful lives for amortization of tangible capital assets, the fair value of the asset retirement obligation and contingencies.

o) Related party transactions

Through common ownership, we are related to all Government of Canada created departments, agencies and Crown corporations. Our transactions with these entities are in the normal course of operations and are measured at the exchange amount.

Related parties also include key management personnel (KMP) having authority for planning, controlling, and directing the organization’s activities, as well as their close family members. We have defined our KMP to be members of the Board of Directors and management employees at the Senior Vice-President level and above.

p) In-kind partnership contributions

In the normal course of business, we receive in-kind contributions from our partners including the transfer of various types of goods and services to assist in the delivery of programs. The in-kind contributions from partners are not recognized in the financial statements.

q) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. We record inter-entity transactions at the exchange amount except for the following:

- Audit services received without charge between commonly controlled entities; and
- In-kind contributions received from commonly controlled entities.

The value of the audit services is considered insignificant in the context of the financial statements as a whole and inter-entity in-kind contributions are not recognized in the financial statements.

APPENDIX F: RISK MANAGEMENT

Overview

Background

We manage risk through formal risk review processes with staff and our Board of Directors, and by using the expert advice and support of an independent consultant. In addition, the Office of the Auditor General of Canada annually audits our financial statements and notes, and monitors us through periodic special examinations as required by the *Financial Administration Act*. By identifying strategic risks that impact our organizational objectives, we can address them proactively so that they are effectively managed.

Our independent consultant facilitates the enterprise risk management (ERM) process for the organization. While our staff manage the identification of the risks and mitigations, our independent consultant supports by facilitating:

- Workshops with staff to identify risks and potential mitigating activities;
- Workshops with senior management to evaluate key risks (i.e. identifying the impact and likelihood of each risk); and
- Discussions with senior management on the results of the risk ranking workshop to agree on final risk rankings, mitigating actions and risk categories (strategic vs. operational).

The strategic risks are presented to the Audit and Pension Committee for review and discussion. Additional updates are made to the risks following the committee's input and recommendations.

Approach and Criteria

Our approach to evaluating risks follows leading practice ERM frameworks that allow us to follow a set of coordinated activities enabling risks to be identified and managed in a consistent, systematic, credible and timely way.

- We assess our **risk appetite** in terms of the amount and type of risk we are willing to accept in pursuit of our business objectives. Although we have not produced a statement on risk appetite, management has a moderate risk appetite when it comes to the fulfilment of our mandate.
- We determine our **risk tolerance** which reflects our risk appetite at the specific risk level. This has not been defined due to the maturity of the ERM program, the COVID-19 environment and the changing operating business model. That said, we have a low tolerance for financial operations risk given the extensive internal financial controls that we employ.
- We have developed a 3-point scale (High/Medium/Low) to **evaluate the impact and likelihood of risks**. The risk rating descriptions and rating criteria are provided below. Consistent with best practices identified by our external consultant, we evaluate and report risks on a "residual risk" basis, i.e. after considering mitigating activities. Reporting residual risk is considered appropriate, given the level of understanding of our risks required by our internal and

external stakeholders in the development of our strategic objectives, the maturity of our ERM process, and the size of our organization. Inherent risk is considered in the development of our risk-based internal audit plan.

Risk Monitoring

The formal risk assessment process is conducted annually; however, management plans to review changes to risks and assess progress on mitigation action plans periodically throughout the year.

Risk Rating Description and Scoring Criteria

When performing our formal risk evaluation, we use the following 3-point scale (High/Medium/Low) to evaluate the impact and likelihood of risks occurring on a residual basis, after taking into consideration our mitigation activities. The following risk rating descriptions and rating criteria are used:

IMPACT RATING	DESCRIPTION	LIKELIHOOD RATING	DESCRIPTION
High	The risk would have a significant negative impact with material consequences to Destination Canada (e.g. complete inability to function) and our customers, shareholder / stakeholder relations, budget and financial operations, internal operations and learning and growth.	High	There is an almost certain likelihood the risk would occur (75% or greater). There is potential for the risk to occur frequently.
Medium	The risk would have a negative impact on Destination Canada. Consequences would limit our ability to function effectively and efficiently.	Medium	There is a possible likelihood the risk would occur (25%-75%). It is unlikely the risk would occur more than once.
Low	The risk would have a minimal or insignificant impact on Destination Canada. Consequences would be minor or restorable.	Low	There is a rare likelihood the risk would occur (25% or less). It is very unlikely the risk would occur at all.

Impact of COVID-19

After five years of strong growth, and poised in 2019 for another decade of solid growth prospects, the global tourism industry has been devastated in 2020 by the health and travel restrictions imposed due to the COVID-19 pandemic. In particular, this has adversely affected small- and medium-sized enterprises in the tourism sector and recovery to pre-pandemic levels will be slow and challenging. This has also had an impact on our organization's risk profile. As such, three new risks (Pandemic, Stakeholder Confidence and Strategic Shift) have been identified and added to our strategic risk register to address the current dire situation of the tourism sector.

In addition, there are other factors that may pose a risk to the speed of the sector's recovery, but which fall outside of our level of control. These include restrictions on when and how a border reopening could occur, which vaccines will be accepted for

travel to Canada, international competition for air access, the impact of reduced product offerings due to business closures and the impact of a shortage of labour that has been lost to other sectors. These are all factors outside our control but that we are regularly monitoring.

Risks and Risk Responses

Non-financial Risks



High residual risk



Medium residual risk



Low residual risk

GLOBAL ECONOMIC AND GEO-POLITICAL	2021:	2019:
<p>There is a risk that the global economy and the economies of the markets where we invest could experience a significant slowdown in growth, changes in political landscape, an impact from climate change, a global health event or changes in security which would impact travel to and within Canada.</p> <p>Mitigation activities: We will use research and data analytics to make decisions about the best opportunities for Canada domestically and internationally. We will work closely with our provincial, territorial and city partners to ensure alignment. Our decisions will be informed by the experience of our partners. We will reallocate funds as conditions dictate. We will support industry with research, information, tools, media assets and sales opportunities to support pathfinding and help maintain businesses during this critical period.</p>		
PANDEMIC	2021:	2019:
<p>There is a risk that we will not be able to market Canada effectively in the “new normal” as a result of the disruption of demand for domestic and international travel caused by the COVID-19 pandemic. Canada will face fierce international competition for visitors when borders reopen and reduced infrastructure, talent, capabilities and systems dedicated to moving visitors due to the pandemic shut down.</p> <p>Mitigation activities: We will be unable to mitigate some elements of this risk as certain key factors, such as numbers of COVID-19 cases, new variants, vaccine rollouts, border re-openings and travel restrictions are outside of our control. The one-time funding of \$100 million over three government fiscal years announced in Budget 2021 for Helping Visitors Discover Canada will help us target high-value travellers and stimulate demand for international and domestic visitors.</p>		N/A
STAKEHOLDER CONFIDENCE	2021:	2019:
<p>There is a risk that our ability to support a vibrant and profitable Canadian tourism industry does not match stakeholder expectations, negatively impacting our reputation.</p> <p>Mitigation activities: We have developed a three-phased approach to managing the COVID-19 crisis: our <i>Response Recovery Resilience (3R) Plan</i>. Destination Canada and our partners are learning from the crisis and reshaping our work moving forward to weave resilience into our mandate. Using data and analysis, we are adjusting our plans to use resources in the most effective way possible. We have increased sharing of information with partners and industry to keep everyone informed. We have broadened our outreach to national associations representing the visitor economy to make sure we have the best view of the industry possible. At all times we are making decisions within our domain that will allow industry to recover as quickly as conditions will allow.</p>		N/A



High residual risk



Medium residual risk



Low residual risk

STRATEGIC SHIFT

2021: 2019: N/A

There is a risk that our strategy shifts and the funding and resources required to execute may not be aligned to effectively deliver on our mandate. Our reliance on partners in the context of destination development and the broader mandate results in challenges in meeting objectives and managing relationships.

Mitigation activities: We developed our strategy from the ground-up that integrates destination development and other opportunities into corporate planning. Resources have been allocated and will continue to be adjusted so that these opportunities can be fully realized. Delivering on the potential of destination development will require close coordination with many independent actors. Government of Canada coordination mechanisms will be used extensively to gain traction and seek alignment as conditions permit. Destination development is a shared responsibility between us and others, most notably regional development agencies.

MARKETING EFFECTIVENESS

2021: 2019:

There is a risk that we are not effective at promoting Canada as a premier tourism destination.

Mitigation activities: Collectively with our partners, we will work to address challenges and strengthen our digital and strategic marketing capabilities. We will continue to analyze and share data and better measure the impact of our combined marketing efforts.

PERFORMANCE MEASUREMENT

2021: 2019:

There is a risk that we will be unable to measure the impact, effectiveness and attributable results of our marketing efforts, including the use of new marketing communications technologies in a manner that is meaningful to our various stakeholders.

Mitigation activities: We will continue to utilize the latest technology to measure the results of our marketing efforts and will continue working with our partners to standardize performance measurement approaches.

CHANGE MANAGEMENT

2021: 2019:

There is a risk that our dynamic and changing needs for skills and talent to support our shift in strategy may negatively affect our organizational efficiency and effectiveness. These dynamics may impact our ability to attract the right talent, maintain employee engagement and ultimately retain staff due to the competition in the marketplace for these skills and experience, which are new and in demand.

Mitigation activities: We will focus on training, job enrichment opportunities and enhancing employee communications through effective and timely communications to staff through town halls, our internal newsletter, our intranet page and other team meetings to ensure that we are all aligned on our new strategy and clearly understand how to execute on priority projects. We will continue to modernize our staffing approach and update succession plans at the management level to ensure the seamless continuity of business when key leadership positions are vacated.

PARTNERSHIP AND RELATIONSHIP MANAGEMENT

2021: 2019:

With our reliance on strategic partnerships and the number and complexity of such arrangements, the risks associated with managing partnership contracts and agreements grow. As we strive to share our research, collaborate and communicate in new ways and with new stakeholders in the visitor economy, risks associated with managing such wide-reaching relationships grow as well.

Mitigation activities: We will continue to leverage our strong relationships with various partners and will seek to add value to our relationships through, information, products and services. We will seek meaningful feedback to ensure that we are meeting the needs of our partners.

Financial Risk

CURRENCY

2021: 2019:

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 our marketing efforts in highly competitive international marketplaces.

Mitigation activities: We employ a balanced portfolio approach where investments are spread across a diversified set of leisure and business markets to balance risk and maximize return. In addition, we work with our large vendors to manage the risk by setting foreign exchange rates in advance of each month to reduce the fluctuation of value in our transactions in foreign currencies.

APPENDIX G: COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

As a Crown corporation, we are subject to various legislations, Treasury Board policies, and Governor in Council and ministerial directives. Below are examples of our efforts to comply with applicable governing instruments.

Public Health Guidance

Since the pandemic, we have taken a proactive role to stay informed and follow the advice of local and federal public health authorities. We have and will continue to take public guidance into account in all our programs and operational activities, including return to work and industry events, to safeguard the health and safety of our staff and others we may come into contact with.

Access to Information Act and Privacy Act

We provide access to records under our control upon receiving a formal request for information, unless the records or portions thereof are exempted or excluded from disclosure as determined under the respective Act. We also maintain internal policies and procedures on the processing of such requests.

We prepare and submit annual reports to Parliament on the administration of both Acts. Our last reports were submitted in August 2020 for 2019-2020 government fiscal year.

Conflict of Interest Act

All staff, advisory committee members and board members appointed through the Governor-in-Council process are expected to act honestly, openly and ethically. We have established codes of conduct and a code of ethics that all are required to adhere to, and all are required to disclose any conflicts of interest.

In addition to these requirements, the Government of Canada requires Governor-in-Council appointees to comply with the *Conflict of Interest Act* and with the pertinent sections of the *Financial Administration Act* on conflict of interest. To monitor compliance with these regulations, board members and advisory committee members are required to submit annual declarations to management affirming their compliance.

Canadian Human Rights Act and Canada Labour Code

The *Canadian Human Rights Act* and the *Canada Labour Code* form the basis of our Respectful Workplace policies. These policies support our commitment to provide a positive work environment that promotes the respect and dignity of all our team members. It is important for our employees to feel safe and free from harassment, discrimination and bullying at work. In response to updates made to the *Canada Labour Code* to strengthen the existing framework for the prevention of harassment and violence, we will accordingly update our internal policies and staff training protocols in 2021.

Official Languages Act

We prepare and submit annual reports to the Treasury Board Secretariat and Canadian Heritage on our efforts to comply with our obligations under the *Official Languages Act*. Our last report was submitted in September 2020 for the 2019-2020 government fiscal year.

In addition to ensuring compliance with official language reporting requirements, we actively work on and monitor progress against an official languages action plan that includes the promotion of linguistic duality and helping to advance the development of official language minority communities.

Trade Agreements

Our contracting policy establishes the guiding principles for the procurement of goods and services at Destination Canada. Reflecting the principles of integrity, fairness and open competition, the policy takes into account our obligations under various trade agreements that apply to us as a federal Crown corporation.

APPENDIX H: SUPPORT FOR GOVERNMENT PRIORITIES AND DIRECTION

Helping Canadians through the Pandemic

Our 2020/2021 fall and winter campaign will help restore Canadians' confidence in travelling, as restrictions are lifted, and will help to ready Canadian businesses to host visitors again. The campaign will highlight the extraordinary health and safety measures that tourism businesses have taken to keep guests, staff and communities safe. In parallel, the campaign will support the tourism sector's restart by giving businesses an added boost to re-open safely and bring back lost jobs.

Transparency and open government

As part of our ongoing commitment to transparency and good governance, we proactively disclose information on our operations and expenses on our corporate web site. This includes annual reports on the administration of our obligations under the *Access to Information Act* and of the *Privacy Act*, privacy impact assessments that we've undertaken, and quarterly travel and hospitality expenses of the Board Chair, the President & CEO and the senior management team.

Diversity and Inclusiveness

We recognize that a diversified workforce and a leadership team that embraces a multiplicity of viewpoints and cultures drives innovation and increases engagement. Our representation of women, visible minorities and women in leadership roles exceeds those of the public service and general population averages. The upcoming organizational assessment of our workplace culture, consumer activity, internal processes and work with partners as it relates to diversity and inclusion will give us insight into areas needing improvement and help shape future hiring practices, corporate processes and leadership development.

Safe Workspaces

We believe that all employees are entitled to work in an environment that is free of discrimination, harassment and violence. We are committed to making every reasonable effort to ensure that no employee is subjected to harassment or violence and to providing a working environment in which all employees are treated with dignity and respect.

In response to the new federal *Workplace Harassment and Violence Prevention Regulations* effective 2021, we will be revising our Workplace Harassment and Violence Policy and processes to ensure compliance. We have established a Workplace Committee to support the development and implementation of preventative measures to mitigate the risk of harassment and violence in the workplace and to support the development of a staff training program.

Accessibility

In 2019, the Government of Canada launched its first ever accessibility strategy to remove and prevent barriers in the workplace for persons with disabilities. We will review the applicable legislation to assess how we can support advancement of this federal priority. In particular, as one of the objectives of this strategy is to make communications technology usable by all, an area of focus may include reviewing best practices and examining ways that we can improve accessibility in our online channels.

Gender-Based Analysis Plus

To execute on our mandate, we consider a variety of Gender-Based Analysis Plus (GBA+) factors in the selection of our target audiences. Travel habits and patterns are greatly influenced by such factors as geographic location, gender, sexual orientation, age, socio-economic status, education level, marital and family status, and cultural norms. These factors are taken into account when developing our marketing plans and activities.

From a governance perspective, GBA+ factors are taken into account when reviewing our board composition, including regional representation. This information is routinely shared with the board to inform their recommendations to the Minister for membership.

Indigenous Peoples

We have long been working with Indigenous Tourism Association of Canada (ITAC) to share knowledge, expertise and market intelligence. In late 2018, we renewed our relationship with ITAC to ensure that Indigenous tourism businesses continue to have access to our relevant marketing programs, services and partnerships. In particular, this agreement serves to highlight Indigenous tourism experiences through our Business Events Canada marketing, connects travel trade and media to export-ready Indigenous experiences, and increases access to global research and market intelligence.

In 2020, in response to the devastating and prolonged impacts to Canada's tourism industry due to the pandemic, we redirected marketing funds to provincial and territorial marketing organizations and to ITAC to deliver locally led marketing programs encouraging domestic travel. The funds to ITAC, in particular, were critical to support recovery of the Indigenous tourism industry across Canada.

Sustainable Development

Over the years, we have put in place a number of initiatives to encourage environmental consciousness including relocating our headquarters office to a smaller footprint and ensuring that our headquarters office location is transit accessible. We have equipped our headquarters facility with recycling and organic waste amenities, and greater use of digital marketing has significantly reduced our consumption of printed marketing materials. In 2020, like many other organizations, we greatly reduced our carbon footprint due to the pandemic which led us to shift to remote working and switch many in-person events requiring travel to virtually connected events.

As we move forward, we will explore other opportunities to promote and facilitate environmentally sustainable choices and actions to reduce waste and consumption.

APPENDIX I: COVID-19 IMPACTS AND ACTIONS

Impacts to Internal Operations

In the early days of the global pandemic, we moved to rapidly pivot all aspects of our operations.

- In anticipation of a national lockdown, we formed an internal task force with a mandate to ensure business continuity, ensure technological readiness, deploy emergency staff communications and consider needed staff support resources.
- To safeguard the health of our staff and in compliance with public health orders, our offices around the world were shut down and all staff moved to remote working.
- We provided staff with additional technologies and associated training to assist with working remotely.
- We revised business processes to accommodate the new environment.
- We introduced new tools to keep staff frequently informed, connected and engaged.
- We placed a greater emphasis on employee wellbeing including mental health and social connections with colleagues in a virtual environment.
- We increased the frequency of internal communications and with the board significantly:
 - All staff meetings moved from quarterly to monthly;
 - The executive team moved from weekly to daily meetings to guide operations;
 - And contact between the CEO and the Chair of the Board moved to weekly.
- We assisted managers to effectively cope with the challenges of virtually managing teams in a prolonged teleworking environment.
- We temporarily redeployed some staff to high-demand areas of the business, including to research and corporate communications.
- Eleven positions that could not be redeployed to high-demand areas were eliminated throughout the organization.
- We scaled back many program and operational contracts, including with our General Sales Agents in our overseas markets.
- We are developing reintegration plans for all our offices.
- We will review all of our operational business needs for the long-term, including our co-investment model, technological infrastructure, global office footprint and the needs of our staff.

Program Activity Actions

We enacted a phased response and recovery approach to mitigate the adverse impacts to our visitor economy. We took important steps to bolster local tourism demand and support businesses across the country.

- We immediately paused international marketing activities.
- We have been assessing the short- and long-term impacts of COVID-19 on the industry and the Canadian economy.

- We responded to the urgent information needs of the industry-at-large and the rapidly expanding need for information for government decision-making.
- We quickly expanded our base of research intelligence to identify signals from consumer and industry behaviour to understand when, where and at what pace travel and tourism will resume.
- We conducted international research to determine how tourism promotion could resume after a pandemic and learned that a staged approach beginning with hyper local travel was the most viable option for resumption.
- We launched a video series of digital marketing tips and tricks to help Canadian tourism businesses continue to engage travellers and remain top-of-mind while travel remains largely on pause.
- To support the domestic travel market, we created a domestic program to begin restoring confidence in Canadians to travel within Canada, when the time is right.
- We developed an interactive map of Canada to provide up-to-date information on where travellers can go and each province's and territory's related travel restrictions.
- With partners struggling financially and research indicating that hyper local travel promotion was the first step need for recovery, we established a new partnership with the provincial and territorial marketing organizations and the Indigenous Tourism Association of Canada to deliver locally led marketing programs encouraging Canadians to travel domestically. Under this partnership and over 2020-2021, we are redirecting \$31.4 million previously earmarked for international marketing efforts to support the recovery of Canadian communities.
- With a shift in focus to the domestic market, we launched a series of webinars to share valuable knowledge of Canadian destinations with domestic travel advisors who were not as familiar with selling Canada to their clients.