REBUILDING: ON THE ROAD TO RECOVERY

ANNUAL REPORT 2022

DESTINATION CANADA

Canada

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As storytellers and representatives of Canada's tourism sector, we recognize our position of influence, and the importance of our work, workplace and workforce in reflecting the many voices and places that make up Canada.

At Destination Canada, we acknowledge the Indigenous Peoples of all the lands that we work and live on. We do this to reaffirm our commitment and responsibility in improving relationships between nations and our own understanding of local Indigenous peoples and their cultures. From coast to coast to coast, we acknowledge the territory of the Inuit, Métis, and First Nations people who have called this place home for generations beyond measure.

IMPRINT

Photos

Destination BC/Henrik Nilsson (4); DC: Moncton, New Brunswick (5 bottom); Destination Ontario/Pierre: Niagara Falls (5 top); Darren Roberts (6); Tourisme Montréal/Alison Slattery (7 left); Destination Toronto (7 right); Northern BC Tourism/Andrew Strain (8); Destination Ontario (10 left); Destination Ontario: Quetico Provincial Park (11 right); Destination Vancouver/Hubert Kang (13 top); Travel Alberta: (13 right); Tourism Montréal/Mathieu Dupuis (14); Travel Alberta (15); DC: Squish Studio, Fogo Island, Newfoundland and Labrador (16); Travel Manitoba/May Contain Studio (17 left); Northern BC Tourism/Shayd Johnson: Haida Gwaii (17 right); Travel Alberta: Calgary Stampede (17 right); Bonjour Québec/Raphael Ouellet (18); Tourism Montréal/Eva Blue (20); Newfoundland and Labrador Tourism: Western Brook Pond Fjord, Gros Morne National Park, Western (21); Northern BC Tourism/Shayd Johnson (22); Tourism Montréal/Susan Moss: "Tower of Songs", El Mac & Gene Pendon (23); Bonjour Québec/Gaëlle Leroyer (39); Battle Harbour Historic Trust (40); Destination Vancouver/Suzanne Rushton (41 left); Newfoundland and Labrador Tourism/Barrett & MacKay Photo: Iceberg at Crow Head (42); Travel Alberta: Lake Louise (43).

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Destination Canada

Message from the President & CEO

Restarting and rebuilding after a cataclysmic disruption to our sector has been more difficult than many of us imagined. Some businesses previously at risk of surviving are now struggling to fully restore operations and find workers. Others are continuing to navigate their way forward in the face of changing consumer preferences and a sluggish return of business travellers and international leisure visitors.

AS CANADA'S #1 SERVICE EXPORT IN 2019, TOURISM IS A POWERFUL ECONOMIC CONTRIBUTOR. IN 2019, IT GENERATED MORE THAN $105 BILLION IN REVENUE AND ADDED OVER $45 BILLION TO GROSS DOMESTIC PRODUCT. IT IS ALSO RESPONSIBLE FOR ONE IN 10 JOBS.

Tourism operators and travellers also weren't immune to the continued shocks of the pandemic as they faced a barrage of challenges in 2022, from cancelled flights and lost luggage, to reduced service levels and higher costs. And we, at Destination Canada, re-built our plans countless times over to support short-term revenue recovery while embarking on a new path for long-term sector resilience.

But after 30 long months of persistent uncertainty, Canada is finally on the road to recovery.

While our industry's recovery has been uneven across the country, it is making significant strides. Air capacity in the majority of our key markets has now recovered to over 80% of 2019 levels. Leisure travel is now forecasted to return to pre-pandemic levels by 2024 – albeit with big differences across our nine international markets. And while business events, leads and sales activities are still lagging behind 2019 levels, they are at the highest levels they've been since the pandemic began and we are working hard to reach pre-pandemic levels by 2026.

We are witnessing the steady return of travel.

The sector is moving from disruption to renewal, and despite the possibility of a broader recession in 2023, industry leaders are expecting tourism to be counter-cyclical. This creates a strong opportunity for Canada and its tourism businesses, but with this opportunity comes a competitive global landscape where destinations are vying ferociously for travellers.

Since our borders re-opened, we have been exploring every opportunity to keep Canada at the forefront of travellers' minds now, and to increase our country's competitiveness over the long term. We are working with partners across Canada and our major international markets to capture the imagination of travellers, rebuild revenues, restore air routes and prepare for the next era of travel – an era where tourism generates wealth and wellbeing for all of Canada while enriching the lives of our guests. Realizing this aspiration entails making bold choices – which audiences to target, which seasons to promote, which partnerships to pursue, how to elevate Canada's tourism brand, how to fortify our role in destination development, and how to support tourism businesses, the wider tourism community and governments with better intelligence.

I am grateful to our tireless staff for their tremendous work, and to our volunteer Board of Directors for their leadership, during this period of disruption. I extend a warm welcome to new members who joined our Board in 2022: Brenda Holder, Benjamin Ryan, Martin Soucy and Natalie Thiesen. I also thank outgoing members Patti Balsillie and Pat Macdonald for their outstanding contributions to our Board's important work over the years.

The last three years have not been easy, and we still have a long road ahead. But full recovery cannot be attained without boldness and courage. I look forward to working with our partners as we move beyond recovery and journey into the next era of travel together.

Marsha Walden
President & CEO

ABOUT US

Chilko Lake Cariboo Chilcotin Coast British Columbia

TOURISM GENERATES WEALTH AND WELLBEING FOR ALL OF CANADA AND ENRICHES THE LIVES OF OUR GUESTS.

Mandate

Destination Canada is 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.

Our mission is to influence supply and build demand for the benefit of locals, communities and visitors through strategic development, leading research, alignment with public and private sectors, and marketing Canada internationally to attract leisure travellers and business events.

Our work supports the growth of Canada as a premier four-season tourism destination that is regenerative in nature — ensuring economic vitality, sociocultural vibrancy and environmental thrivability.

Funding sources

We are financed primarily through parliamentary appropriations and operate on a calendar fiscal year.

In response to the pandemic, Budget 2021 announced a recovery plan for jobs, growth and resilience. This Budget included an incremental $100 million over three years to Destination Canada, in addition to our base funding, for marketing campaigns to help Canadians and other visitors discover and explore the country. In our fiscal year 2022, we received $74.3 million of this incremental funding, in addition to our base parliamentary appropriation of $96.2 million.

CONTEXT

South Nahanni River Northwest Territories

Global landscape

Fueled by strong pent-up demand, improved confidence levels and the lifting of COVID-19 travel restrictions to a large extent around the world in 2022, more than 900 million tourists travelled internationally, according to the UNWTO.

While this was double the number of international travellers recorded for the previous year across the globe, it represented only 63% of pre-pandemic levels of international travel.

The world is continuing to face surging inflationary pressures, travel disruptions, labour shortages, and the threat of a recession. While a slowing economy and rising prices will hinder the speed of recovery, predictions are for strong 2023 growth amidst continued economic and geopolitical uncertainty.

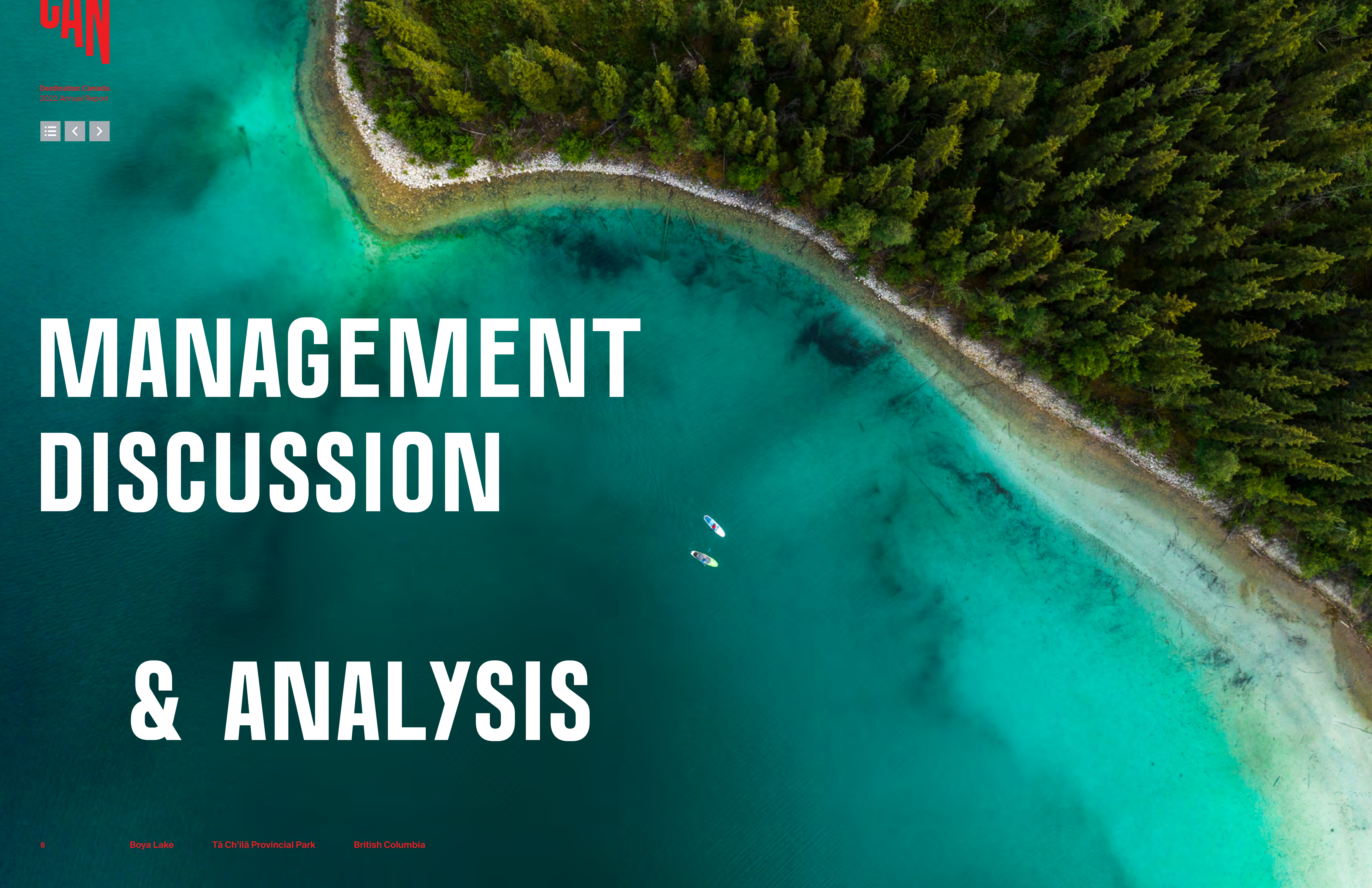
Canadian landscape

The recovery trajectory for the tourism sector in Canada is also steady. Leisure travel is now expected to recover to 2019 levels by 2024 — one year earlier than previously forecasted. Recovery will continue to be led by domestic tourism in the short-term.

Price competitiveness and proximity will buoy US travel to Canada. With the lifting of all pandemic-related travel restrictions on October 1, coupled with a strong US dollar, expectations are for recovery of the US market to accelerate in 2023 and reach 2019 spending levels by the end of 2024.

Slower recovery is expected from overseas markets, particularly as a result of a delayed lifting of outbound travel restrictions in China and overall weak travel sentiment in Asia. Modest recovery in visitation and expenditure levels from abroad is expected in 2023, with full rebuilding to 2019 levels expected by 2025.

Looking ahead, if Canada's tourism sector continues along the current trajectory, it has the potential to generate more than $142 billion in 2030, signifying 35% growth this decade, despite the devastating setbacks from the pandemic.



MANAGEMENT DISCUSSION & ANALYSIS

Boya Lake Tā Ch'ilā Provincial Park British Columbia

Strategic performance

Our corporate strategy is centred on four pillars that together will improve tourism business prosperity, engender community support for tourism, and drive long-term sector resilience.

These pillars are:

No. 1
Brand Resonance
Fortifying Canada's identity as an ideal place to visit (and, by extension, to study, work, invest, and live).

No. 2
Legendary Experiences
Increasing the quality and quantity of Canada's travel experiences for high value guests.

No. 3
Industry Vitality
Increasing our industry's global competitiveness, business profitability, and seasonal and geographic dispersion.

No. 4
Social License
Improving Canadians' perception of the contribution tourism makes to their wealth and wellbeing so that they continue to welcome tourism businesses and visitors.

Our ultimate goal is to help grow a vibrant tourism sector for both leisure and business events travel. As a result of our work across our business lines over the last year, we are on track to reach our attributable tourism revenue targets.

Performance result: Economic impact

OUTCOME	MEASURE	TARGET	RESULT	STATUS
Long-term: Tourism economy grows from hosting visitors	Attributable tourism revenue	$6.8 billion by 2026	$1.36 billion	On track
	Attributable tourism revenue as a result of $100 million in incremental funding through Budget 2021 (2021–2023)	$848 million between 2022–2026	$571 million	On track

Bold Choices

Embracing learnings from the last two years, we've made adjustments in our programming and operations to help lay the groundwork for creating greater success and prosperity across the hosting economy. As can be seen throughout this report, the bold choices we've made in the following areas will help position our business and our sector to take on the challenges of a new world, new consumer values, and a new way of travelling.

High-Value Guests
Understanding that 20% of Canada's guests represent 80% of the country's tourism revenue, we have chosen to pursue the most valuable guests for our host communities and businesses in order to increase yield and accelerate recovery. We've pivoted from focusing solely on revenue and volume of visitation to focusing on high value guests who yield the best return and whose travel patterns best contribute to wealth and wellbeing for all of Canada.

Seasonality
We've also chosen to focus on seasonal opportunities for growth beyond peak seasons. In an incredibly competitive and crowded marketplace, our ambition is to grow travel demand for fall and winter experiences.

Partnerships
Strategic partnerships are a powerful competitive advantage for Canada. We are engaging new media platforms and pursuing global partnerships. This includes tightening our integration with airlines, higher-value trade partners and key global media that are aligned with our target audience.

Brand
Canada's unique blend of openness – open spaces, open minds and open hearts – offers travellers the space they crave for growth and enrichment. To inspire the world to rethink what they know about Canada and help the country stand out, we are showcasing this unique blend of openness in all aspects of our programming.

Destination development
With a dedicated team now in place, we are providing strategic guidance as well as tools, resources and intelligence to help develop the quality and quantity of world class Canadian destinations aligned with the desires of high-value guests and the expectations of highly- engaged communities.

Data and analytics
Fundamental to Canada's competitiveness is our ability to harness the power of data in a digital world. Expanding our data pool and enhancing our intelligence capabilities will make us more skilled as marketers, more successful in developing destinations, and more accountable to Canadians.

Leisure – Domestic

The View From Here — our domestic campaign — was designed to reframe what Canadians thought they knew about Canada by showing a different perspective on travel icons found across the country.

The primary objective of this campaign was to encourage Canadians to travel long-haul domestically, anchoring the focus on travel icons in the following five regions of Canada: the West, the North, the Prairies, Central Canada and the Atlantic.

Using a multi-channel approach, *The View From Here* encouraged high-value guests in British Columbia, Alberta, Ontario and Quebec to view long-haul domestic regions in the same way that they consider travelling abroad. Notable partnerships with Air Canada enRoute, The Globe and Mail and La Presse generated impressive coverage, contributing to the success of the campaign.

Our primary objective in the domestic market was to drive search activity for Canadian destinations, relative to our international competitors, and to further surpass their levels by 15%. In 2022, we substantially exceeded our target with a result of 23%. Lingering pandemic threats coupled with Canada's COVID-19 travel restrictions not being lifted until later in the year resulted in reduced interest in foreign travel by Canadians.

Performance result: Leisure – Domestic

DESIRED RESULT	MEASURE	TARGET	RESULT
Target travellers seek out Canadian destinations	Search for Canadian destinations vs. 2019 volumes relative to competition	15% above competitor performance	23%

Worth Flying For

We partnered with The Globe and Mail to produce a new series highlighting five incredible long-haul travel journeys across Canada.

Set in a choose-your-own-adventure style, *Worth Flying For* allows travellers to view itineraries for Canada's five primary regions and is aimed at encouraging domestic travellers who frequently travel internationally to plan a long-haul trip within Canada instead. The average time spent engaging with this series was well above the news outlet's benchmark for travel and tourism content, and exposure to the custom content had a positive influence on Canadians' intent to travel domestically.

Canada's Best New Cookbook

We partnered with Air Canada enRoute to celebrate the outstanding people, places, ingredients and dishes that make this country so tasty.

Canada's Best New Cookbook is a roundup of mouthwatering recipes from Top 10 restaurants and Canada's best chefs, married with stories that explore the unique culinary regions and personalities from across the country. With so much of Canada's culinary identity rooted in the culture and geography of our communities, the cookbook was designed to inspire new culinary experiences – both at home and while travelling across the country.

Within three months of the launch, more than 6,000 copies of the book had been sold in both English and French, making it a national bestseller.

Tour Guidés

La Presse platforms are highly influential among their readership when it comes to travel, and many look to their travel guides for inspiration on where to go.

With this in mind, we partnered with La Presse to develop unique Tour Guidés for Western Canada, Northern Canada and the Prairies that featured bookable itineraries. Covering a number of experiences tailored to suit various traveller types, the feature was a French-led initiative and was aimed at Quebec travellers looking to plan long-haul trips in the coming year.

Leisure – United States

Our *Refresh Your View* campaign put Canada's iconic destinations at the forefront, expanding American travellers' knowledge of the remarkable experiences available in Canada, and restoring US travel to Canada during the summer.

With the objective to differentiate and grow awareness of Canada's legendary icons among high-value guests, and drive travel in 2022, the campaign cut across multiple channels to firmly place Canada on Americans' travel radar.

The campaign went beyond showcasing Canada's lush forests, endless coastlines, towering mountains and spectacular lakes to encourage Americans to refresh and take time to deepen their appreciation for the natural and cultural richness that exists within Canada's beautiful cities and outdoor spaces.

A tremendous success, *Refresh Your View* raised awareness of summer travel destinations in 3.7 million people in our target states.

Our primary objective in the US market was to drive search activity for Canadian destinations, relative to our competitors, and to further surpass their levels by 15%. Through our effective marketing in 2022, we surpassed our target with a result of 20%.

Performance result: Leisure – United States

DESIRED RESULT	MEASURE	TARGET	RESULT
Target travellers seek out Canadian destinations	Search for Canadian destinations vs. 2019 volumes relative to competition	15% above baseline performance	20%

Canada Refresh

As part of the *Refresh Your View* campaign, we partnered with Parks Canada to develop a program that put Canada's national parks and their unique differentiation in the spotlight during the Spring, Summer and Fall 2022 travel seasons.

Knowing that our high-value guests in our target US states are interested in the wellness benefits of time in nature and Canada's vast network of parks, we developed *Canada Refresh* — a campaign rooted in wellness and nature.

Utilizing earned media outreach, an engaging consumer contest, and paid media, we positioned Canada as the ultimate antidote to the stress Americans face. Employing creative messaging that leaned into Canada's icons — from long coastlines to soaring mountains to spectacular wildlife — we welcomed Americans to immerse themselves in a refreshing nature experience.

Canada Refresh received strong and in-depth coverage from top national publications — publications that are key to reaching our high value guests. In addition, a sweepstakes giveaway of 4,000 Parks Canada Discovery Passes and a sabbatical in Canada worth $20,000 made it even easier for Americans to take some time for themselves and experience the beauty and diversity of Canada's national parks.

Leisure – International

As countries began opening their borders once again around the world, it was pivotal to reestablish connections — both for our partners and with our high value guests.

We facilitated opportunities – both virtually and in-person — between our Team Canada partners and our in-market partners and tour operators. We were able to bring our Canadian partners back into international markets through various marketplace events and shows, including at Showcase Canada Europe, held in London, UK.

As connections were being reestablished among the travel industry, we were also executing on new, innovative and unexpected ways to engage with our high value guests and support recovery.

As borders around the world reopened in 2022, including in some of our key markets, we saw an increase in search activity for Canadians destinations. While our target was to surpass the performance of our competitors in three of our international markets, we outperformed our competitive set in four markets — Australia, Japan, Mexico and South Korea.

Performance result: Leisure – International

DESIRED RESULT	MEASURE	TARGET	RESULT
Target travellers seek out Canadian destinations	Search for Canadian destinations vs. 2019 volumes relative to competition	Outperform competitive set in three DC markets	Outperformed in four markets

Showcase Canada Europe

A new event for us, Showcase Canada Europe gave Canadian tourism suppliers an in-market opportunity to connect with tour operators from all over Europe during an important rebuilding stage of Canada's recovery.

Held towards the end of 2022 in London, UK, the event brought together 64 Canadian partners, including six Indigenous seller organizations, with over 90 European tour operators. After two years with little face to face contact, Showcase Canada Europe was an important lever to further help our industry secure bookings to Canada for 2023 and beyond.

Palacio de Hierro

As part of our winter campaign in Mexico, we partnered with upscale department store El Palacio de Hierro to meaningfully tap into their high-end customer base.

Our multichannel approach incorporated in-store activations, trade and media partnerships, social media and targeted e-newsletters. By leveraging the equity of the store's trusted brand, we highlighted the breadth of Canada's ski and non-ski winter activities that could be booked through the retailer's own travel agency.

Sounds of Canada

Through a unique partnership with Spotify, we took listeners on a musical journey between cities and landscape.

Showcasing the Sounds of Canada, the platform invited users to either Turn It Up, where they could discover the music and vibe of Canadian cities, or Take a Breath, where listeners could explore Canada's wilderness through guided meditative walks. Targeted at our high value guests in Australia, France, Germany and the UK, Sounds of Canada allowed us to leverage Canada's musical and wellness influencers in a fresh and unexpected way to raise awareness of the country's iconic experiences. It also represented the first ever destination-led campaign for Spotify.

Business Events

After two-plus years of navigating the constant changes caused by the COVID-19 pandemic, the future outlook for Canada's business events industry is slowly improving. With Canadian borders now open and all travel restrictions removed, Canada is experiencing a gradual resurgence of business events and incentive travel.

INCENTIVE TRAVEL RESEARCH

Throughout the pandemic, we remained committed to telling stories about Canada's extraordinary experiences that can be used to reward top performers in corporations across the globe. Through marketing, panel discussions, interviews and attendance at trade shows, we have highlighted Canada's diverse destinations and, as a result, we've seen a surge in interest among international groups wanting to host upcoming incentive programs in Canada.

At the same time, we understand that incentive travel has changed dramatically. Top performers are seeking experiences aligned with their passions, such as adventure or wellness. As such, we invested time in 2022 to gain a deeper understanding of our target audiences and their teams' travel desires. Equipped with powerful insights, we have been helping our clients create incentive programs tailored to their reward earners — programs that include some of the most captivating and out-of-the-box experiences available in Canada.

Selling Canada with a Vengeance

With travel restrictions lifted in our major markets, our own Business Events team was able to return to selling Canada at major international events and shows, including two led by us. Together with our partners, our leadership and participation at these shows allowed us to continue telling our *Why Canada* story and to connect with audiences, leaders and decision-makers to demonstrate what Canada has to offer.

Incentive Canada
This past summer marked the return of our signature business event, *Incentive Canada*. Held in Nova Scotia, the event brought together 20 international buyers to discover what makes this destination an incentive reward worth bragging about, from private yacht trips and helicopter rides to interactive culinary experiences.

Innovate Canada
We also hosted *Innovate Canada* this past summer for the first time in two years. Held in St. John's, Newfoundland and Labrador, it encapsulated our Economic Sector Strategy by fully displaying Canada's global leadership in the ocean technology and sciences sector. The event allowed attendees to take exclusive, hands-on tours of some of the world's leading ocean research facilities and see how this local knowledge capital can translate into events that drive attendance. A resounding success, we have decided to host a second oceans-focused program in Victoria, British Columbia in 2023.

ECONOMIC SECTOR STRATEGY

Aligned with the Government of Canada's economic growth sectors and international trade priorities, we have continued to proactively pursue events across six key sectors in which Canada excels. These are: agribusiness, finance and insurance, life sciences, natural resources, technology and advanced manufacturing.

Our Economic Sector Strategy is premised on aligning a conference's focus directly with a Canadian destination with strengths in a particular sector. That might include leveraging Canadian innovators as visionary keynote speakers or hosting inspirational tech tours that give delegates a first-hand look at the innovations shaping the future of a sector. Adopting such a novel approach is what makes our strategy so impactful.

CANADIAN BUSINESS EVENTS SUSTAINABILITY PLAN

Sustainability continues to be a top priority among C-suite executives and meeting planners. More than ever, they are looking at how destinations and venues are incorporating sustainability measures into business events.

With this in mind, we launched the Canadian Business Events Sustainability Plan. A first-of-its-kind national program, it aims to improve the economic, sociocultural and environmental sustainability practices of events hosted in Canada. The Plan directs coaching, training, and education opportunities to domestic partners to incorporate into their existing sustainability programs. It also supports the implementation of new programs across business events hosted in Canada.

The Canadian Business Events Sustainability Plan serves as an invaluable roadmap for strengthening Canada's attractiveness to event decision-makers as well as Destination Canada's broader agenda for a regenerative approach to tourism in the years to come.

LEGACY IMPACT STUDY

We also commissioned a multi-year Legacy Impact Study to evaluate the beyond-tourism benefits that our international business events generate in host communities. This will be aligned with the core sustainability pillars of economic, sociocultural and environmental enrichment.

Our primary objective was to increase bookings for business events held in Canada. In 2022, we saw a more significant jump in the number of booked business events than we initially anticipated. While some bookings represented new business for Canada, a large portion was as a result of rescheduled events that had been put on hold due to the pandemic.

Performance result: Business Events

DESIRED RESULT	MEASURE	TARGET	RESULT
Target decision-makers choose Canada for the next business event	Number of booked business events for future years from international organizations	625	1,062
	Value of booked business events for future years from international organizations	$1.06 billion	$1.64 billion

Montréal Convention Centre Montréal Québec

Destination Development

To help Canada remain a globally competitive destination for high value guests, our nation must offer experiences that meet their ever-changing expectations and desire for authenticity and discovery.

Understanding that the needs and aspirations of highly engaged communities as hosts are equally important and essential for generating wealth and wellbeing for Canada, we made a bold choice a few years ago to embrace a new responsibility for helping to guide strategic destination development and stewardship.

Strategic destination development is vital for generating a strong return on investment and for creating thriving destinations that support the economic, sociocultural and environmental resilience of the tourism sector. Laying the groundwork in 2022, we initialized work across three areas — thought leadership, strategy and stewardship, and measurement.

THOUGHT LEADERSHIP

In 2022, we established a team at Destination Canada solely dedicated to driving destination development. This includes the hiring of our first Senior Manager of Indigenous Relations — a role that is critical to working with Indigenous leaders to ensure our work is reflective of the needs and desires of Indigenous peoples and communities, and to enhancing our organization's internal competency related to reconciliation.

With a full team in place, we began laying the foundation for sharing knowledge with, and fostering dialogue among, public and private industry players. We established the National Destination Development Working Group to bring together destination development practitioners from across the country to discuss relevant challenges and opportunities, and we have begun planning for an international symposium to be held in 2023. The symposium will further foster peer-to-peer learning, bring awareness of destination development to influential stakeholders not traditionally engaged by the tourism sector, and cement Canada as a thought leader in regenerative destination stewardship in the world.

Also in 2022, we've been readying for the 2023 launch of a knowledge sharing platform that will feature resources, tools, case studies and data from Canada and around the world on destination development.

STRATEGY & STEWARDSHIP

Building relationships across the country and across the industry is key to advancing destination development projects that encapsulate a community's distinctiveness while elevating a guest's experience. Throughout 2022, we've been strengthening relationships with tourism marketing organizations and stakeholders in all provinces and territories to establish and actively monitor a pipeline of projects intended to contribute to Canada's economy, environment and sociocultural fabric.

MEASUREMENT

We understand that the impacts of tourism extend far beyond macroeconomic factors to influence the wealth and wellbeing of the people of Canada. As such, over the last year, we have been partnering with Statistics Canada on a wealth and wellbeing index to understand tourism's broader and deeper impacts both within and outside the sector. In addition, we have been working with experts to develop a regenerative approach to tourism development — an approach that strives for impact beyond the 'do no harm' ethos of sustainability to generate net benefits.

A key objective for us when it comes to destination development is strategic alignment with regional partners. In 2022, we established two strategies with partners for the development of their regions — River Valley in Alberta and Upper Bay of Fundy in New Brunswick.

Performance result: Destination Development

DESIRED RESULT	MEASURE	TARGET	RESULT
Strategic alignment with regional partners is increased	Number of shared regional strategies with demonstrated and aligned funding	2	2

Data & Analytics

In the early days and months of the COVID-19 pandemic, there was an urgent need for information to understand the magnitude of its impact on Canada's tourism sector. We took immediate action to respond to the information needs of our industry and government with an expanse of timely, reliable data, and to identify signals of recovery.

Over the last year, we've enhanced our intelligence and data capabilities to inform our strategies and investment decisions as we embark on a new path for long-term resilience. We've taken a bold choice to shift from a primary focus on consumer research and public data to become insights-driven and curate both supply and demand industry data. Our ability to harness the power of data — data that will make us more skilled as marketers, more successful in developing destinations, and more accountable to Canadians — is fundamental to Canada's competitiveness.

ENHANCED FORECASTING

While we've continued to deliver critical intelligence to the industry and our federal partners, we've been making important strides to better understand the future of tourism and enhance our forecasting capabilities. Our analysis on Canada's competitiveness and key trends in travel and tourism is shaping strategic areas of focus for a variety of stakeholders within the tourism ecosystem, including NorthStar partners and small- and medium-sized enterprises. In addition, a key deliverable for us in 2022 was our Fall 2022 Tourism Outlook which incorporates crucial factors such as inflation, a pending recession, and continued geopolitical unrest to provide insightful revenue forecasts out to 2030.

DEEPER INSIGHTS ON HIGH VALUE GUESTS

As mentioned earlier, we made a bold choice to focus on targeting the high value guest — a traveller who is considerate of Canadian values and travels in ways that best contribute to our communities' wealth and wellbeing. To deepen our insights into this audience segment, we developed high value guest profiles specific to each of our target markets. These profiles dive deep into the drivers influencing travel choices and consider how, where and when visitors spend their time and money. Having a richer understanding of our target guests helps us optimize our marketing investments to generate a greater return for Canada.

MARKET ALLOCATION PLATFORM

With the re-emergence of outbound travel across the globe, we needed to re-assess the potential of each market to inform decisions on where to market Canada and how best to allocate marketing resources.

Building on the leading-edge work conducted in this space over the last decade, we partnered with Tourism Economics to modernize our market selection and investment allocation system. New for 2023, the Market Allocation Platform (MAP) prioritizes markets for investment while considering factors such as economic conditions, sentiment towards Canada as a destination, accessibility, revenue potential, risks, costs and opportunities. A critical analytic framework, the MAP is a useful tool for informing marketing strategy and supporting the optimization of return across investments.

Partnerships

For the last few years, and particularly throughout the pandemic, the nature of how and with whom we partner has evolved. Together with our Team Canada partners, we have been executing joint marketing strategies that have resulted in the sharing of valuable marketing intelligence, increased economies of scale, and strengthened impact in our collective investments and marketing activities.

Furthermore, we've made a bold choice to engage in unique partnerships designed to advance the achievement of our strategy. We launched a global partnership with Spotify, and partnered with major high-end retailers to connect with their high-value clientele known to be frequent travellers. We've tightened our integration with keystone airlines and deepened our relationships with important global travel groups such as Virtuoso and Signature Travel Network that are valuable to deepening our foothold in the US market.

As shown by these examples and others highlighted throughout this report, we're engaging in partnerships that are global in nature and that leverage new media platforms, and with higher value trade partners with aligned target audiences.

Indigenous Tourism Association of Canada

Where tourism is welcomed by Indigenous peoples, it has the potential to create significant economic and social benefits as well as meaningfully support reconciliation through revitalization and sharing of languages, music, cuisine, arts, and culture.

We renewed and expanded our partnership with the Indigenous Tourism Association of Canada to support the rebuilding and recovery of the Indigenous tourism industry in Canada. Providing support for promotional activities, content creation and distribution, and enhanced Indigenous participation at our signature event Rendez-vous Canada, the agreement between our two organizations solidifies the collaborative relationship we've shared for years. It also assures the mutual commitment to share and develop knowledge, complementary expertise and market intelligence.

Trans Canada Trail

In 2022, Destination Canada formed a new partnership with Trans Canada Trail, steward of the world's longest recreational trail network.

A first-of-its-kind national initiative, the partnership focuses on sharing resources, knowledge and expertise, including identifying opportunities and maximizing connections with destinations and communities. This collaboration is the first step in creating a long-term relationship to enhance Canada's trail network, and ultimately generate wealth and wellbeing for all of Canada, while enriching the lives of communities and guests.

Air Service Marketing

The global pandemic led to significant declines in air traffic to Canada, primarily from the US.

The development of our Air Access Marketing Agreements with key Canadian airports and Canadian, US and international air carriers helped drive recovery.

The program was part of our strategy to restore needed air capacity, first from the US, and then from our other international markets. Our work in air service development helped drive the post-pandemic return of nearly 20 million inbound seats from our priority markets in 2022, restoring air capacity that fueled recovery.

Skift

To highlight leaders from Canada's priority economic sectors and spotlight the regions with demonstrated strengths in those sectors, our Business Events team launched a new series with Skift — one of the largest and most influential media companies covering the meetings and events industry. The six-part series communicated the unmatched value of face-to-face meetings and why location matters.

Reaching an audience of half a million event professionals around the world, Skift's profiles highlighted the destinations with a reputation for leadership, expertise and knowledge in Canada's key future growth sectors.

The partner co-investment model has long been an established government measure of partner alignment with Destination Canada. In 2022, the model was confirmed to be set against a value of $37.5 million within our total appropriation, representing incremental funding beginning in 2017 for international marketing activities.

Performance result: Partnerships

DESIRED RESULT	MEASURE	TARGET	RESULT
Partners are aligned	International partner co-investment ratio of $37.5 million	1:1	0.93:1

Management operations & controls

RETURN TO OFFICE

Like many organizations, the COVID-19 pandemic forced us to evaluate our employee value proposition and rethink our approach to work. In April 2022, we moved to a hybrid working model where our employees work both in-office and remotely. We followed a gradual and phased approach to office re-entry and continue to stay aligned with guidance from public health authorities and federal directives. While a hybrid workplace is new for Destination Canada, the first year has proven successful and we continue to adapt our model in order to optimize how people collaborate, get work done and deliver exceptional business results.

THIRD PARTY RISK MANAGEMENT

To a significant extent, we engage contractors to help deliver on our mandate and we have implemented procedures to improve the monitoring of the performance of contracts. 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 of brand partners, influencers or talent working on our behalf.

In 2022, we initiated an audit to evaluate any risks associated with using third party vendors and what mechanisms we employ to manage these risks. This audit is continuing into 2023 and we look forwardto the results of this assessment.

EQUITY, DIVERSITY AND INCLUSION

We are committed to the principles of equity, diversity and inclusion. Paramount to this work is our commitment to foster an inclusive environment at Destination Canada where people with various abilities can bring their true potential, unique skills and diverse outlooks to our workforce.

Our corporate values, in conjunction with the *Accessible Canada Act*, drove us to re-evaluate our processes in the areas of employment, the built environment, communications, information technologies, procurement, design and delivery of programs and services, and transportation.

Our assessment included an extensive consultation process with internal and external stakeholders, and has resulted in the development of an Accessibility Plan that identifies actions to address existing barriers. We have initiated steps to improve accessibility in our built environment and our technologies, and will continue implementation of this plan to further dismantle existing barriers to inclusive emloyment and extend opportunities for people of diverse abilities.

DATA SECURITY ASSESSMENT

An internal audit of our cybersecurity program in 2019 identified opportunities for improvement in the areas of incident response, awareness, policy and standards, and threat intelligence. As a follow up, we engaged a third-party firm in 2022 to assess our progress in implementing the recommendations and to reassess the current state.

This most recent data security assessment found that we had generally addressed the prior assessment's recommendations and that there are opportunities to further strengthen our data security environment. In particular, it was recommended that we continue our journey to further utilize cloud platforms in order to benefit from built-in threat detection infrastructure. A second recommendation is to bolster our real-time security monitoring capabilities.

Over the coming year, we will use the results of the assessment to address any identified areas of opportunity.

RISK MANAGEMENT

The significant impacts of the pandemic on tourism and our own operating environment necessitated a fresh look at the top risks impacting the tourism sector and our own organization. We identified major industry issues in the tourism product supply chain due to permanent business closures, the reduction of airline routes, the systematic exclusion or underrepresentation of certain people and communities, and environmental impacts.

The new risk framework goes beyond standard business and financial risks to categorize strategic risks using the following four lenses:

Economic: This includes changes in macroeconomic conditions, such as supply chain disruptions, geo-politics and major global events, which could negatively impact business strategies, operations and investments. For Destination Canada, there is a risk that our activities do not result in increased tourism results due to aggressive competition from other countries and due to other sectors in Canada competing for the same limited pool of investment dollars and labour.

Environmental: This includes monitoring impacts to climate change, reducing emissions and supply chain sustainability. For Destination Canada, there is a risk that destination activities that we promote could have a negative impact on the tourism assets that are being promoted.

Social: This examines how the business manages labour relations, diversity and inclusion. For Destination Canada, there is a risk that our operations and tourism promotion activities do not consider all stakeholders and are not equitable towards all affected peoples and local communities, and/or that we do not attract a diverse workforce.

Governance: This assesses leadership, internal controls and ethics to promote greater accountability and transparency. For Destination Canada, there is a risk that our corporate governance activities do not respond to the rapidly changing global business environment, leading to lower overall organizational effectiveness and efficiency.

The following strategic risks were intended to better match our new reality in 2022 and to more closely align with our refreshed strategy.

- High residual risk
- Medium-high residual risk
- Medium residual risk
- Low-medium residual risk
- Low residual risk

Economic – Pandemic

2022

The COVID-19 pandemic negatively affected all aspects of the tourism industry, driving many organizations out of business and having lasting negative impacts on the organizations that do survive. As the world shifts its focus to recovery, leisure travel demand is forecasted to increase. However, the reduction in tourism supply may require a longer time horizon to return to pre-pandemic levels. There is a risk that Destination Canada's activities do not result in increased tourism results due to aggressive competition from other countries, as well as other sectors in Canada competing for the same limited pool of investment dollars and labour.

Mitigation activities: We operate in a resource constrained environment and recognize that we compete with other sectors which may decide to invest more, based on their own economic realities. We mitigated this risk through careful financial management, through collaborating nationwide with our provincial, territorial and destination marketing partners, and by adopting a continuous improvement mentality which ensures that we operate as efficiently as possible with the resources that we have at our disposal. We continuously monitored the competitive environment on behalf of our stakeholders in the tourism industry and pivoted quickly, where required, to ensure that Canada was equipped and able to gain its fair share of post-pandemic tourism.

Economic – Russia/Ukraine Conflict

2022

Russia's invasion of Ukraine is a significant geopolitical crisis that has immediate consequences both in the region and beyond. Supply- and demand-side impacts will be felt worldwide as consumer confidence retracts and reduced transport connectivity takes hold. There is a risk that safety fears could weaken demand and be a deterrent for international long-haul travel, with guests favouring locations with greater familiarity and/or in close proximity to their home.

Mitigation activities: We tracked traveller sentiment closely and adjusted our market forecasts often, and made data-driven marketing investments, plans and content as conditions warranted. This included working with business event partners to prepare for and/or accommodate last-minute event changes. We also kept up to date with air route changes and cancellations, and worked with domestic and major international airlines on joint marketing through our air service recovery program.

Environmental

2022

As transportation and development of tourism infrastructure consume natural resources and affect the local environment, there is a risk that the tourism activities we promote in turn negatively impact the tourism assets that are being promoted and diminish our social license to operate.

Mitigation activities: We are stewarding destination development based on values that are place-based, community-led and environment-centered, and that are also balanced with economic viability. This values-based approach contributed to mitigating the unintended and negative impacts on the tourism assets we promote. As a national leader, we raised awareness and reinforced messages to our marketing and industry partners about capacity challenges of destinations and the need for environmental sensitivity when developing their programs. We encouraged them to meet Canada's greenhouse gas goals and to worked alongside communities to instill actions that are regenerative. Further, we promoted these values to our high value guests.

High residual risk
Medium-high residual risk
Medium residual risk
Low-medium residual risk
Low residual risk

Social

2022

Focus on social issues impacting indigenous communities and other minority groups has progressively increased in importance in recent years. The tourism sector relies on managing relationships with geographically and ethnically diverse groups all across the world. Destination Canada also relies on having a diverse workforce that enables us to optimize our own performance. There is a risk that our operations and tourism promotion activities are not considerate of all stakeholders, nor are equitable towards all affected peoples and local communities. There is also a risk that we do not optimize our performance by attracting a diverse workforce.

Mitigation activities: We worked across multiple initiatives to ensure that our activities reflect the diversity of Canada. This included working with our agency partners to showcase all elements of diversity in our global marketing; refining our processes in human resource recruitment, procurement and other operational practices; training our staff to be aware of biases; working to support Indigenous reconciliation through tourism; and following a community economic empowerment strategy. We developed and deployed our internal diversity, equity and inclusion strategy to ensure that we embrace diversity in our operations and reflect the communities we serve.

Governance

2022

In the current environment, stakeholder, employee, and customer expectations are constantly transforming. Economic, social and environmental conditions have shifted quickly and significantly within two years. Organizations in the tourism industry strive to represent their country and their communities on a regional and global level. There is a risk that our corporate governance activities are not responsive to the rapidly changing global business environment, leading to lower overall organizational effectiveness and efficiency.

Mitigation activities: We conducted an extensive environmental scan exploring the big shifts in the tourism industry and aligned our governance activities in the changing environment. We engaged with a Board of Directors made up of seasoned industry and business professionals who ensure that our strategic direction is aligned with the rapidly changing conditions. We consulted broadly with the industry to develop a strong business strategy, implemented a full policy suite to ensure compliance and address day-to-day operations, developed a more robust enterprise risk management framework, and continued to work on internal audits having the largest impacts to our operations. We measured our performance against our own targets and our stakeholders' objectives, we benchmarked some areas of market performance against key competitors, and we implemented appropriate information technology controls to protect against the cyber risks of doing business in today's environment.

Financial overview

The financial overview presents supplemental information as context to the financial statements and notes and compares our current year to past year's performance and budget. Our financial statements are prepared in accordance with Canadian public sector accounting standards (PSAS).

In 2022, the tourism industry slowly began to recover from the global impact of the COVID-19 pandemic, which significantly impacted our financial and operational plans in 2020 and 2021. The pandemic had impacted every aspect of our business and most of the line items in the financial statements. While the increase in spending from 2021 was driven primarily by the reactivation of marketing programs due to the lifting of travel restrictions around the globe, the underspend in 2022 compared to budget was due to the later than anticipated reopening of many nations' borders for travel. This impacted the extent to which programming could fully resume in 2022.

STATEMENT OF FINANCIAL POSITION

Financial assets increased by $3.8 million, or 12%. This change was driven by a much higher cash balance of $16.2 million compared to $11.1 million in 2021, which was a result of a December 2021 appropriation drawdown deposit received in January 2022 alongside the January 2022 deposit. There was also an additional $1.5 million in invoice credits issued from one of our larger agencies and a $0.5 million adjustment related to an actuarial valuation gain. These increases were offset by a reduction of accounts receivable from Government of Canada of $15.1 million.

Total liabilities decreased by $5.4 million from 2021. This decrease was caused primarily by much lower trade accounts payable, which is the result of the timing of disbursements and $1.5 million of credits from an agency being reclassed from trade payables to accounts receivable. There was also a $1.25 million decrease in the accrued benefit liability account due to the actuarial valuation adjustment.

Non-financial assets decreased by $1.4 million, or 26%, from 2021. This reflects a decrease in prepaid expenses at year-end that primarily relate to funds that were disbursed through general program expenses which span over two fiscal years for Destination Canada – 2022 and 2023. Any cash sent to partners for programs that had not yet occurred as at December 31, 2022 was classified as prepaid expenses.

As a result, we report an accumulated surplus of $20.0 million as at December 31, 2022, which is a $7.8 million increase compared to the prior year. This accumulated surplus has primarily arisen from marketing efforts deferred to 2023. The majority of the surplus, $14.4 million, is earmarked for reinvestment in the US leisure market, global marketing and analytic projects. The remainder of the surplus consists of the amortization of tangible capital assets, accrued benefit assets, and lower than budgeted Corporate services and strategy costs.

STATEMENT OF OPERATIONS

We report an in-year accounting surplus of $7.8 million for the year ended December 31, 2022, compared to a planned deficit of $0.9 million. The current year surplus compared to budget was driven by reduced spending in Marketing and sales, Corporate services and strategy, and Destination stewardship, as well as greater partner revenues than expected as Destination Canada resumed marketing activities with our international partners.

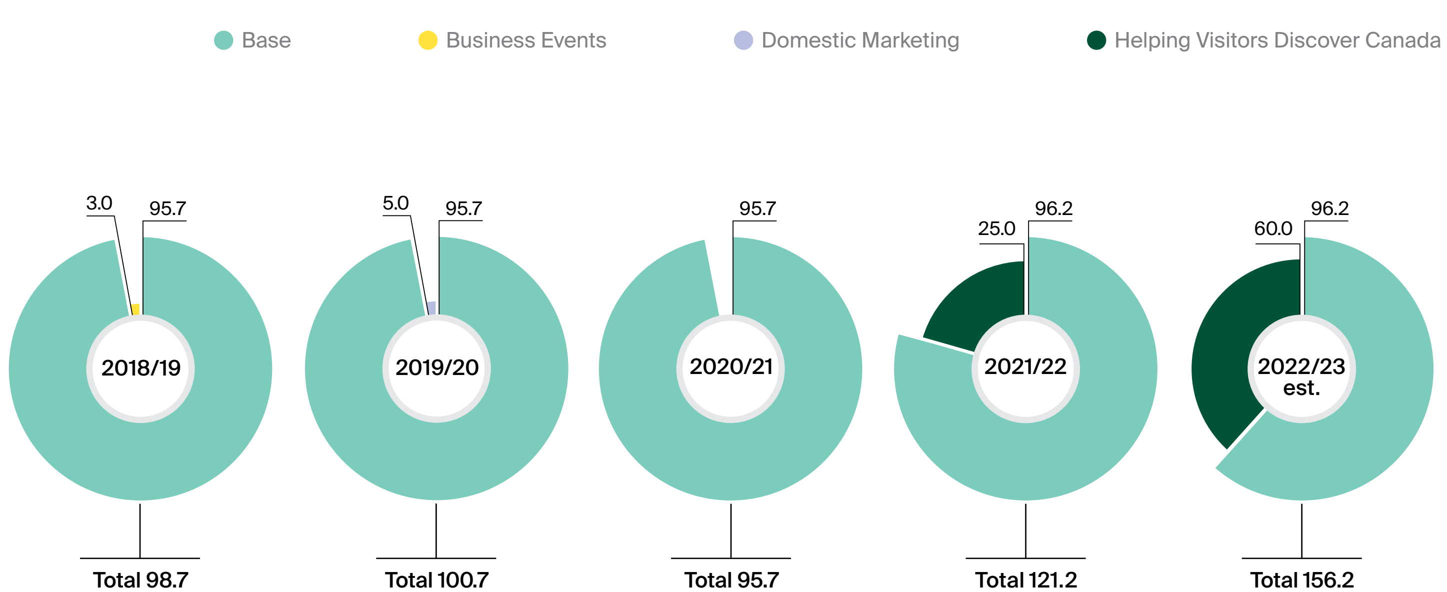
Parliamentary Appropriations by Government Fiscal Year

We are funded primarily by Government of Canada parliamentary appropriations. As our fiscal year-end is December 31 and the federal government year-end is March 31, we draw funding from two government fiscal years.

For the 2022/2023 government fiscal year, we received our base funding of $96.2 million and $60 million in special funding from the 2021 Federal Budget to Help Visitors Discover Canada.

The accompanying table shows the total funds received from the Government of Canada for the past five fiscal years. Starting in 2018/19, our base appropriations were confirmed at $95.7 million per government fiscal year, allowing for greater stability and the ability to plan multiple years of sustainable programming with confidence. While we continue to seek improved operational efficiencies with this funding to deliver our mandate in a scalable, effective and adaptable way, we have been experiencing an erosion of buying power over the years due to inflation and the impact of foreign exchange losses. This is particularly impactful in terms of our programming in the US.

Parliamentary appropriations by government fiscal year (in millions of $CAD)



Partner Cash Revenues

We leverage the power of appropriated funding by engaging other organizations supporting the visitor economy to co-invest in campaigns that we lead. Our partners include provincial, territorial and destination marketing organizations, media publishers, commercial partners and tourism associations.

Through these agreements, partners join us in funding initiatives, whether through cash or in-kind contributions, to market the Canada brand. Only cash partnership contributions are recognized as revenues in our Statement of Operations as per our accounting policy explained in Note 2 of the financial statements.

Partner cash revenues (in millions of $CAD)

In 2022, the cash portion of these contributions represented $1.8 million of partner co-investment compared to $1.5 million in 2021. As shown in the accompanying graph, our partner revenues exceeded the budget by $1.8 million, which is still well below the pre-pandemic revenue levels.

Expenses

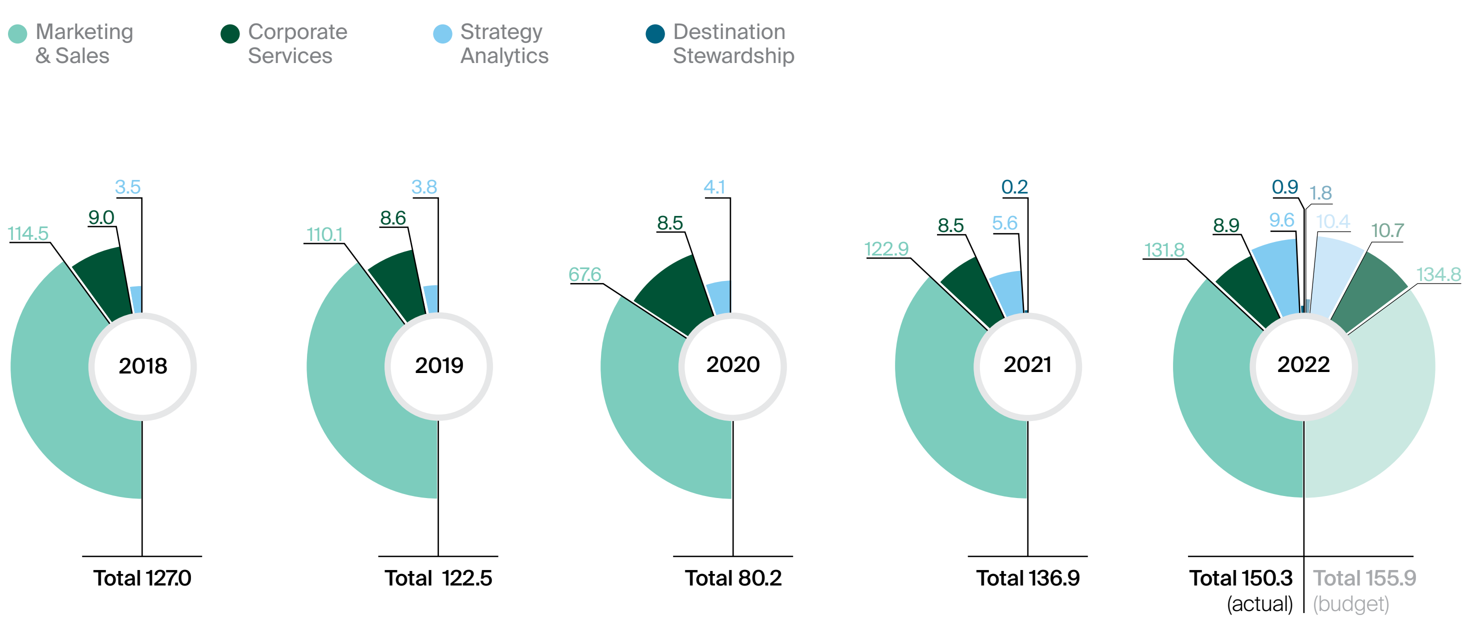
Total expenses excluding amortization increased by $14.0 million to $151.1 million in 2022, a 10% increase from last year. This increase was driven by a return to travel, resulting in an increase in investment in Marketing and sales activities, as well as new investments in Analytics and Destination stewardship.

The largest change relates to an $8.9 million increase in Marketing and sales expenses compared to last year as tradeshows, marketing campaigns and other programs picked up. This was due to more Canadians and travellers from our target markets being vaccinated and most travel restrictions being lifted in 2022. We are also shifting our focus from primarily marketing to enhanced Analytics and Destination stewardship which saw additional investment of $4.6 million combined over 2021.

Our Corporate services and strategy costs excluding amortization increased by $0.5 million compared to 2021. The 2022 expenses of $8.9 million represent 5.9% of total expenditures, excluding amortization, compared to the 6.8% budgeted. Corporate services and strategy expenses were $1.8 million below budget, even as we increased our spending in programs. The remainder of our budget was spent in Analytics and Destination stewardship. We consistently spend most of our funding in Marketing and sales activities and continue to leverage new corporate efficiencies in order to continue to beat our target of 90% of spending in programs.

Expenses

(Excluding amortization, in millions of $CAD)



FINANCIAL SUMMARY

The following financial statements and notes reflect our legal name, "Canadian Tourism Commission".

Management responsibility statement

March 7, 2023

The management of the Canadian Tourism Commission (the "Commission") is responsible for the performance of the duties delegated to it by the Board of Directors. These include the preparation of an Annual Report together with audited financial statements. Management is responsible for preparation of these financial statements in accordance with Canadian public sector accounting standards. Other financial and operational information appearing elsewhere in the Annual Report is consistent with that contained in the financial statements.

Management is responsible for maintaining internal accounting control systems designed to provide reasonable assurance that relevant and reliable financial information is produced and that transactions comply with the relevant authorities.

Management is also responsible for maintaining financial and management control systems and practices designed to ensure the transactions are in accordance with Part X of the *Financial Administration Act* and regulations, the *Canadian Tourism Commission Act*, and by-laws of the Commission. These systems and practices are also designed to ensure that assets are safeguarded and controlled, and that the operations of the Commission are carried out effectively. In addition, the Audit and Risk Committee, appointed by the Board of Directors, oversees the internal audit activities of the Commission and performs other such functions as are assigned to it.

The Commission's external auditor, the Auditor General of Canada, is responsible for auditing the financial statements and for issuing her report thereon.

Marsha Walden
President and Chief Executive Officer

Anwar Chaudhry
Senior Vice President, Finance and Risk Management, and Chief Financial Officer

Office of the Auditor General of Canada | Bureau du vérificateur général du Canada

INDEPENDENT AUDITOR'S REPORT

To the Minister of Tourism and Associate Minister of Finance

Report on the Audit of the Financial Statements

Opinion

We have audited the financial statements of the Canadian Tourism Commission (the Commission), which comprise the statement of financial position as at 31 December 2022, and the statement of operations, statement of remeasurement gains and losses, statement of change in net financial assets and statement of cash flows for the year then ended, and notes to the financial statements, including a summary of significant accounting policies.

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

Basis for Opinion

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

Other Information

Management is responsible for the other information. The other information comprises the information included in the annual report, but does not include the financial statements and our auditor's report thereon.

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

In connection with our audit of the financial statements, our responsibility is to read the other information and, in doing so, consider whether the other information is materially inconsistent with the financial statements or our knowledge obtained in the audit, or otherwise appears to be materially misstated. If, based on the work we have performed, we conclude that there is a material misstatement of this other information, we are required to report that fact. We have nothing to report in this regard.

Responsibilities of Management and Those Charged with Governance for the Financial Statements

Management is responsible for the preparation and fair presentation of the financial statements in accordance with Canadian public sector accounting standards, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

In preparing the financial statements, management is responsible for assessing the Commission's ability to continue as a going concern, disclosing, as applicable, matters related to going concern and using the going concern basis of accounting unless management either intends to liquidate the Commission or to cease operations, or has no realistic alternative but to do so.

Those charged with governance are responsible for overseeing the Commission's financial reporting process.

Auditor's Responsibilities for the Audit of the Financial Statements

Our objectives are to obtain reasonable assurance about whether the financial statements as a whole are free from material misstatement, whether due to fraud or error, and to issue an auditor's report that includes our opinion. Reasonable assurance is a high level of assurance, but is not a guarantee that an audit conducted in accordance with Canadian generally accepted auditing standards will always detect a material misstatement when it exists. Misstatements can arise from fraud or error and are considered material if, individually or in the aggregate, they could reasonably be expected to influence the economic decisions of users taken on the basis of these financial statements.

As part of an audit in accordance with Canadian generally accepted auditing standards, we exercise professional judgment and maintain professional skepticism throughout the audit. We also:

- Identify and assess the risks of material misstatement of the financial statements, whether due to fraud or error, design and perform audit procedures responsive to those risks, and obtain audit evidence that is sufficient and appropriate to provide a basis for our opinion. The risk of not detecting a material misstatement resulting from fraud is higher than for one resulting from error, as fraud may involve collusion, forgery, intentional omissions, misrepresentations, or the override of internal control.
- Obtain an understanding of internal control relevant to the audit in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the Commission's internal control.
- Evaluate the appropriateness of accounting policies used and the reasonableness of accounting estimates and related disclosures made by management.
- Conclude on the appropriateness of management's use of the going concern basis of accounting and, based on the audit evidence obtained, whether a material uncertainty exists related to events or conditions that may cast significant doubt on the Commission's ability to continue as a going concern. If we conclude that a material uncertainty exists, we are required to draw attention in our auditor's report to the related disclosures in the financial statements or, if such disclosures are inadequate, to modify our opinion. Our conclusions are based on the audit evidence obtained up to the date of our auditor's report. However, future events or conditions may cause the Commission to cease to continue as a going concern.

- Evaluate the overall presentation, structure and content of the financial statements, including the disclosures, and whether the financial statements represent the underlying transactions and events in a manner that achieves fair presentation.

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

Report on Compliance with Specified Authorities

Opinion

In conjunction with the audit of the financial statements, we have audited transactions of the Canadian Tourism Commission coming to our notice for compliance with specified authorities. The specified authorities against which compliance was audited are Part X of the *Financial Administration Act* and regulations, the *Canadian Tourism Commission Act*, the by-laws of the Canadian Tourism Commission, and the directives issued pursuant to section 89 of the *Financial Administration Act*.

In our opinion, the transactions of the Canadian Tourism Commission that came to our notice during the audit of the financial statements have complied, in all material respects, with the specified authorities referred to above. Further, as required by the *Financial Administration Act*, we report that, in our opinion, the accounting principles in Canadian public sector accounting standards have been applied on a basis consistent with that of the preceding year.

Responsibilities of Management for Compliance with Specified Authorities

Management is responsible for the Canadian Tourism Commission's compliance with the specified authorities named above, and for such internal control as management determines is necessary to enable the Canadian Tourism Commission to comply with the specified authorities.

Auditor's Responsibilities for the Audit of Compliance with Specified Authorities

Our audit responsibilities include planning and performing procedures to provide an audit opinion and reporting on whether the transactions coming to our notice during the audit of the financial statements are in compliance with the specified authorities referred to above.

Sophie Bernard, CPA, CGA
Principal
for the Auditor General of Canada

Vancouver, Canada
7 March 2023

Statement of financial position

As at December 31, 2022
(in thousands of Canadian dollars)

	Note	Dec. 31, 2022	Dec. 31, 2021
Financial assets			
Cash and cash equivalents	4	27,411	11,118
Accounts receivable	13		
Partner		839	535
Government of Canada		1,194	16,376
Other		8	14
Other – Agency Credit		1,480	–
Accrued benefit asset	8	2,525	1,934
Portfolio investments	5	852	541
		34,309	30,518
Liabilities			
Accounts payable and accrued liabilities	13		
Trade		12,307	16,698
Employee compensation		2,537	2,246
Government of Canada		652	–
Accrued benefit liability	8	2,528	3,783
Deferred revenue		–	569
Deferred lease inducements		286	384
Asset retirement obligation		112	164
		18,422	23,844
Net financial assets		15,887	6,674
Non-financial assets			
Prepaid expenses	3	3,358	4,573
Tangible capital assets	7	755	959
		4,113	5,532
Accumulated surplus	10	20,000	12,206

Contractual Obligations, Contingencies, Contractual Rights (Notes 3, 14, 15 and 17). The accompanying notes form an integral part of these financial statements.

Approved on behalf of the Board of Directors

Liza Frulla
Director

Randy Garfield
Director

Statement of operations

For the year ended December 31
(in thousands of Canadian dollars)

	Note	Budget 2022	2022	2021
Revenues				
Partner revenues		–	1,803	1,537
Other		974	1,307	1,169
		974	3,110	2,706
Expenses	12			
Marketing and sales	11	134,812	131,794	122,927
Analytics		10,364	9,552	5,563
Corporate services and strategy		10,681	8,920	8,456
Destination stewardship		1,815	860	230
Amortization of tangible capital assets		375	317	313
		158,047	151,443	137,489
Net cost of operations before funding from the Government of Canada		(157,073)	(148,333)	(134,783)
Parliamentary appropriations	9	156,160	156,160	110,495
Surplus (Deficit) for the year		(913)	7,827	(24,288)
Accumulated operating surplus, beginning of year		8,002	12,242	36,530
Accumulated operating surplus, end of year	10	7,089	20,069	12,242

The accompanying notes form an integral part of these financial statements.

Statement of remeasurement gains and losses

For the year ended December 31
(in thousands of Canadian dollars)

	Note	2022	2021
Accumulated remeasurement (loss) gain, beginning of year		(36)	51
Unrealized loss attributable to foreign exchange		(69)	(36)
Amounts reclassified to the statement of operations		36	(51)
Net remeasurement loss for the year		(33)	(87)
Accumulated remeasurement loss, end of year	10	(69)	(36)

The accompanying notes form an integral part of these financial statements.

Statement of change in net financial assets

For the year ended December 31
(in thousands of Canadian dollars)

	Note	Budget 2022	2022	2021
Surplus (Deficit) for the year		(912)	7,827	(24,288)
Acquisition of tangible capital assets	7	(145)	(113)	(136)
Amortization of tangible capital assets	7	375	317	313
		230	204	177
Effect of change in other non-financial assets				
Decrease in prepaid expenses		1,946	1,215	1,124
		1,946	1,215	1,124
Net remeasurement loss		–	(33)	(87)
Increase (decrease) in net financial assets		1,264	9,213	(23,074)
Net financial assets, beginning of year		3,111	6,674	29,748
Net financial assets, end of year		4,375	15,887	6,674

The accompanying notes form an integral part of these financial statements.

Statement of cash flows

For the year ended December 31
(in thousands of Canadian dollars)

	Note	2022	2021
Operating transactions:			
Cash received from:			
Parliamentary appropriations used to fund operating and capital transactions	9	170,495	96,160
Partners		930	1,032
Other		663	851
Interest		545	221
		172,633	98,264
Cash paid for:			
Cash payments to suppliers		(138,555)	(109,338)
Cash payments to and on behalf of employees		(17,328)	(15,541)
Cash provided by (used in) operating transactions		16,750	(26,615)
Capital transactions:			
Acquisition of tangible capital assets		(113)	(136)
Cash used in capital transactions		(113)	(136)
Investing transactions:			
(Acquisition) redemption of portfolio investments		(311)	172
Cash (used in) provided by investment transactions		(311)	172
Net remeasurement loss for the year		(33)	(87)
Net increase (decrease) in cash during the year		16,293	(26,666)
Cash and cash equivalents, beginning of year		11,118	37,784
Cash and cash equivalents, end of year		27,411	11,118

The accompanying notes form an integral part of these financial statements.

Notes to the financial statements

December 31, 2022

1. Authority, objectives and directives

The Canadian Tourism Commission (the "Commission") was established on January 2, 2001 under the *Canadian Tourism Commission Act* (the "Act") and is a Crown corporation named in Part I of Schedule III to the *Financial Administration Act*. The Commission is for all purposes an agent of his Majesty in right of Canada. As a result, all obligations of the Commission are obligations of Canada. The Commission is not subject to income taxes.

As stated in section 5 of the Act, the Commission's 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 the governments of Canada, the provinces and the territories.

In December 2014, the Commission was issued directive PC 2014-1378 pursuant to section 89 of the *Financial Administration Act* directing the Commission to implement pension plan reforms. These reforms are to ensure that pension plans of Crown corporations provide a 50:50 current service cost-sharing ratio between employee and employer for pension contributions by December 31, 2017. The 50:50 cost-sharing ratio was fully implemented as of December 31, 2017.

In July 2015, the Commission was issued directive PC 2015-1109 pursuant to section 89 of the *Financial Administration Act* to align its travel, hospitality, conference and event expenditures policies, guidelines and practices with Treasury Board policies, directives and related instruments on travel, hospitality, conference and event expenditures in a manner that is consistent with its legal obligations, and to report on the implementation of this directive in the Commission's next corporate plan. The Commission implemented its new Travel, Hospitality, Conference, and Event Expenditures Policy on August 21, 2015 which complied with the requirements of the directive. The Treasury Board issued revised directives and guidelines in 2017. On November 29, 2018, the Commission approved an updated policy to align with the new requirements.

2. 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

The Commission is mainly financed 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 are considered restricted when they 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 a result of the Commission's year-end date (December 31) being different than the Government of Canada's year-end date (March 31), the Commission is funded by portions of appropriations from two Government fiscal years. Refer to Note 9.

The Commission 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. The Commission will have a parliamentary appropriations receivable balance when restricted appropriations recognized exceed the restricted funding received.

The Commission does not have the authority to exceed approved appropriations.

b) Partner revenues

The Commission conducts marketing activities in partnership with a variety of Canadian and foreign organizations. Where the Commission assumes the financial risks of conducting a marketing activity, contributions received from a partnering organization are recognized in income over the effective life of the contract or when the event has taken place. Partner revenues received for which the related marketing activity has not yet taken 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 and strategy. Unrealized gains and losses are reported on the Statement of Remeasurement Gains and Losses and in the Statement of Change in Net Financial Assets. The Commission does not hedge against the risk of foreign currency fluctuations. Refer to Note 6.

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. Refer to Note 4.

f) Portfolio investments

Portfolio investments are measured at amortized cost. Interest income related to these investments is calculated based on the effective interest method. Refer to Note 5.

g) Prepaid expenses

Payments made prior to the related services being rendered are recorded as a prepaid expense. Prepaid expenses are recognized as an expense as the related services are rendered. Prepaid expenses consist of program and operating expenses such as subscriptions, marketing activities with provincial and territorial marketing organizations 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 accounted for 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

Intangible assets are not recognized in these financial statements. Refer to Note 7.

i) Deferred revenue

Deferred revenue consists of revenue from partnering organizations and restricted appropriations received from the Government of Canada. When revenues are received from partnering organizations, they are recognized as deferred revenue until the event has taken place or recognized as partner revenue over the effective life of the contract. 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, 2022, there was no deferred revenue balance.

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. The Commission recognizes 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 term. 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 and strategy in determining the net cost of operations. Refer to Note 7.

l) Employee future benefits

The Commission offers a number of 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), as well as defined contribution pension plans. The 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 has been closed effective December 30, 2017 and benefits and service of plan participants were frozen as of that date. The Commission funds 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 of 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 2022, EARSL has been determined to be 0 years (0 years – 2021) for the Supplementary Retirement Plan for certain employees of the Commission ("SRP"), 12 years (13 years – 2021) for the Pension Plan for Employees of the Commission in Japan, South Korea and China ("WWP"), 0 years (0 years – 2021) for non-pension post-retirement benefits, 14 years (14 years – 2021) for severance benefits and 14 years (14 years – 2021) for sick leave benefits.

Employees working in the United Kingdom (UK) participate in the Global Affairs Canada 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. The Commission's 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 the Commission is 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 of the Commission for these employees and are charged to operations during the year in which the services are rendered.

Gains and losses determined upon a plan curtailment are accounted for in the period of curtailment. Refer to Note 8.

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. Refer to Note 13.

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 fair value of the asset retirement obligation, contingencies, partner revenues, prepaid expenses and accrued liabilities.

o) Related party transactions

Through common ownership, the Commission is related to all Government of Canada created departments, agencies and Crown corporations. The Commission's transactions with these entities are in the normal course of operations and are measured at the exchange amount. Refer to Note 16.

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

p) Partnership contributions in-kind

In the normal course of business, the Commission receives in-kind contributions from its 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. The Commission records inter-entity transactions at the exchange amount except the following:

- Audit services received without charge between commonly controlled entities.
- 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.

3. COVID-19 financial impacts

Marketing and sales expenditures

The Commission expanded from marketing primarily in the domestic travel market in 2021, to marketing to the rest of North America and internationally during 2022. By the second half of the year, the marketing plans were expanded to include the Asia Pacific market. The increased spend on marketing campaigns to help Canadians and other visitors explore the country has resulted in an increase of $8,867,000 ($55,360,000 – 2021) in Marketing and sales expenditures. The total Marketing and sales expenditures at December 31, 2022 was $131,794,000 ($122,927,000 – 2021). Refer to Note 11.

Prepaid expenses

The total prepaid expenses at December 31, 2022 was $3,358,000 ($4,573,000 – 2021). $2,874,000 ($3,911,000 – 2021) of the prepaid balance relates to Marketing and sales, Analytics and Destination stewardship expenses and $484,000 ($662,000 – 2021) of the balance relates to Corporate services and strategy expenses.

Contractual obligations

The Commission has increased the value of contracts and retainer fees because of increased marketing to the North American and international travel markets in 2022 and onwards. The total contractual obligations of the Commission as at December 31, 2022 were $100,327,000 ($96,171,000 – 2021). Refer to Note 14.

Current and future impact on operations

An additional $100,000,000 of funding was approved in 2021 for the purpose of Helping Visitors Discover Canada. The funding must be spent over three government years. The Commission began using this funding in the fourth quarter of 2021 to target international leisure travellers and domestic travellers and plans to spend the additional funds by 2024. The Commission will focus on the following areas with these additional funds: Stability for City Destination Marketing Organization Marketing Network, Re-Connecting Canadians, International Marketing and United States Marketing.

The duration and future impact of the pandemic on the Commission's operations is unknown at this time. As a result, an estimate of the financial impact of COVID-19 on the Commission's future results of operations and financial position cannot be made at this time.

4. Cash and cash equivalents

(in thousands of Canadian dollars)	2022	2021
Cash in bank	27,382	11,082
Mutual funds	29	36
Total cash and cash equivalents	27,411	11,118

5. Portfolio investments

The Commission holds portfolio investments consisting of Canadian provincial governmental bonds with maturity dates staggered between 2023 and 2031 and guaranteed investment certificates with maturity dates staggered between 2023 and 2027. The carrying value at December 31, 2022 was $852,000 ($541,000 – 2021).

Issuer *(in thousands of Canadian dollars)*	**Maturity date**	**Cost**	**Interest accrued to date**	**Carrying value**	**Market value**	**Maturity**
Province of Ontario Bond	02-Dec-23	47	22	69	67	70
Province of Ontario Bond	02-Dec-25	51	26	77	75	84
Province of BC Bond	18-Dec-28	32	17	49	47	59
Province of Ontario	02-Dec-31	33	20	53	49	70
Effort Trust GIC	06-Dec-23	100	–	100	100	109
Bank of Nova Scotia GIC	06-Dec-24	100	–	100	100	112
Royal Bank of Canada	03-Nov-25	100	1	101	101	115
RBC Mortgage Corp	02-Nov-27	100	1	101	101	125
Royal Trust Corp	02-Nov-26	100	1	101	101	120
Home Equity Bank	02-Nov-27	100	1	101	101	125
		763	89	852	842	989

6. Foreign currency translation

The Commission is exposed to currency risk as a significant portion of its revenues and expenses are earned or incurred, and subsequently received or paid in currencies other than Canadian dollars. Currency risk arises due to fluctuations in foreign exchange rates, which could affect the Commission's financial results. The Commission does not hedge against fluctuations in foreign exchange rates and accepts the operational and financial risks associated with any such fluctuations.

The undernoted accounts excluding Canadian-denominated balances comprise the following currencies as at December 31, 2022:

Currency *(in thousands of Canadian dollars)*	**Cash**		**Accounts receivable**		**Accounts payable & accrued liabilities**	
	Currency units	Canadian equivalent	Currency units	Canadian equivalent	Currency units	Canadian equivalent
Australian Dollars	17	15	–	–	15	14
Chinese Yuan	751	146	–	–	3,137	611
Euros	82	118	–	–	45	65
Great Britain Pounds	219	359	–	–	261	427
Japanese Yen	–	–	–	–	53,339	543
United States Dollars	71	97	–	–	177	240
Total Canadian equivalent		735		–		1,900

At December 31, 2022, if the above foreign currencies had strengthened by 10% against the Canadian dollar, with all other variables held constant, the unrealized foreign exchange gain would have increased by approximately $117,000 ($31,000 – 2021). If the above foreign currencies had weakened by 10% against the Canadian dollar, with all other variables held constant, the unrealized foreign exchange gain would have decreased by approximately $117,000 ($31,000 – 2021). The amount of realized foreign exchange losses recorded under Corporate services and strategy on the Statement of Operations in 2022 is $28,000 ($34,000 – 2021).

7. Tangible capital assets

(in thousands of Canadian dollars)	Computer hardware	Leasehold improvements*	Office furniture	2022 Total
Cost of tangible capital assets, opening	754	1,948	340	3,042
Acquisitions	113	–	–	113
Disposals	(42)	(124)	(3)	(169)
Cost of tangible capital assets, closing	825	1,824	337	2,986
Accumulated amortization, opening	587	1,205	291	2,083
Amortization expense	107	191	19	317
Disposals	(42)	(124)	(3)	(169)
Accumulated amortization, closing	652	1,272	307	2,231
Net book value	173	552	30	755

** Asset retirement costs are included in the cost of tangible capital assets and accumulated amortization.*

(in thousands of Canadian dollars)	Computer hardware	Leasehold improvements*	Office furniture	2021 Total
Cost of tangible capital assets, opening	671	1,948	340	2,959
Acquisitions	136	–	–	136
Disposals	(53)	–	–	(53)
Cost of tangible capital assets, closing	754	1,948	340	3,042
Accumulated amortization, opening	538	1,013	272	1,823
Amortization expense	102	192	19	313
Disposals	(53)	–	–	(53)
Accumulated amortization, closing	587	1,205	291	2,083
Net book value	167	743	49	959

** Asset retirement costs are included in the cost of tangible capital assets and accumulated amortization.*

Substantially all of the Commission's tangible capital assets are located in Canada. There are no assets legally restricted for the purpose of settling asset retirement obligations.

8. Accrued benefit asset/liability

The Commission offers a number of employee future benefit plans covering its employees in Canada and abroad. The following table summarizes these plans and the benefits they provide:

Employees covered	Name of the plan	Nature of the plan	Contributors	Accounting treatment
Canada	Registered Pension Plan for the Employees of the Commission – Defined Contribution component	Combination of Defined Contribution Plan and Group RRSP	The Commission & Plan Members	Defined Contribution Plan
	Supplementary Retirement Plan for Certain Employees of the Commission – Defined Benefit component	Funded, Defined Benefit Plan	The Commission & Plan Members	Defined Benefit Plan
	Supplementary Retirement Plan for Certain Employees of the Commission – Defined Contribution component	Defined Contribution Plan	The Commission	Defined Contribution Plan
	Non-Pension Post-Retirement Benefit Plan for Canadian Employees	Unfunded, Defined Benefit Plan	The Commission & Plan Members	Defined Benefit Plan
China, Japan & South Korea	Pension Plan for Employees of the Commission in China, Japan and South Korea	Unfunded, Defined Benefit Plan	The Commission	Defined Benefit Plan
US	Non-Pension Post-Retirement Benefit Plan for Certain US Employees	Unfunded, Defined Benefit Plan	The Commission & Plan Members	Defined Benefit Plan
UK	Canadian High Commission Locally Engaged Staff Pension Scheme	Funded Multi-employer Defined Benefit Plan	The Commission & Plan Members	Defined Contribution Plan
Canada, China, Japan, US, UK	Severance Benefits for certain Canadian and Locally Engaged Employees	Unfunded, Defined Benefit Plan	The Commission	Defined Benefit Plan
	Non-Vested Sick Leave Benefits for certain Canadian and Locally Engaged Employees	Unfunded, Defined Benefit Plan	The Commission	Defined Benefit Plan

● The Commission ● The Commission & Plan Members ● Defined Benefit Plan ● Defined Contribution Plan

Defined Contribution Plans

Canada

The Commission established a defined contribution pension plan for non-unionized employees in Canada, hired on or after August 1, 2005. On January 30, 2007, the Canadian unionized employees of the Commission agreed to participate in the defined contribution plan effective March 8, 2007. This decision impacted unionized employees hired on or after August 1, 2005.

The total cost for the Commission's defined contribution pension plans was $714,000 in 2022 ($666,000 – 2021).

In addition, the Commission provides a defined contribution supplemental plan to cover senior employees whose contributions under the defined contribution plan is impacted by the *Income Tax Act*. The benefits accrued are paid out each year and deemed immaterial for the Commission's financial statements.

UK

The Commission also participates in multi-employer defined benefit plans providing pension benefits to employees working in the UK. In 2022 the total cost was $215,000 for the UK plan ($181,000 – 2021). The plans are accounted for as defined contribution plans.

Defined Benefit Plans

Canada

The Commission has a number of defined benefit plans in Canada which provide post-retirement and post-employment benefits to its employees.

Effective January 2, 2004, pension arrangements include a registered pension plan as well as a supplemental arrangement which provides pension benefits in excess of statutory limits. The Commission provides pension benefits based on employees' years of service and average earnings at the time of retirement. The registered pension plan is funded by contributions from the Commission and from the members. In accordance with pension legislation, the Commission contributes amounts determined on an actuarial basis and has the ultimate responsibility for ensuring that the liabilities of the plan are adequately funded over time. The supplemental retirement plan liabilities arising on and after January 2, 2004 are funded annually on a hypothetical plan termination basis according to the valuation report prepared by the actuary.

In 2016, the Commission offered former members of the defined benefit component of the registered plan who were entitled to a deferred pension the option to transfer the value of the pension benefits out of the registered plan. There were no related settlements in 2019 or 2018. The defined benefit component of the registered plan and the supplemental agreement was closed effective December 30, 2017, and benefits for participants were frozen as of that date.

In May 2019, the Commission purchased a group annuity buy-out from a third-party insurer for the defined benefit component of the Registered Pension Plan ("RPP") for a premium of $30,195,000 and transferred substantially all assets and obligations of all members of the defined benefit component of the RPP to the insurer. The insurer began making payments to the members in August 2019 and the transaction was finalized in October 2019, the date after which premium adjustments were no longer allowed. The form and amount of the benefit payments for the members did not change and are fixed, subject to an annual increase that reflects the same terms and conditions that would have applied under the RPP. The transaction resulted in a plan settlement and a plan settlement cost of $8,936,000 was recognized in the Statement of Operations in the period of settlement.

Amendments proposed to the *Pension Benefits Standard Act* ("PBSA") 1985 under section 17.2 permit an administrative discharge on the purchase of a life annuity in lieu of providing a pension benefit. This proposed section of the PBSA received Royal Assent on June 21, 2019 but is not yet in force. The plan settlement is a significant transaction requiring the use of judgment in applying accounting policy. Key judgments made by management include the expectation that section 17.2 will come into force in the future and that the federal regulations, once developed, will provide a retroactive application to this transaction.

China, Japan and South Korea

The Commission has a defined benefit pension plan for certain locally engaged staff in China, Japan and South Korea. The Pension Scheme for Employees of the Government of Canada Locally Engaged Outside Canada, 1996 (known as the World Wide Plan, "WWP"), provides retirement benefits based on employees' years of service and average earnings at the time of retirement. These liabilities are funded on a pay-as-you-go basis.

In March 2012, the Commission received $1,000,000 from Treasury Board Secretariat ("TBS") relating to locally engaged staff pension benefits under the WWP for service prior to January 2, 2001. Prior to this, TBS had been reimbursing the Commission for amounts related to the past service period. The funds are held by the Commission in bonds and a money market term deposit and are recorded as portfolio investments (Note 5) and Cash and cash equivalents (Note 4). The Commission continues to be responsible for the service accruing on and after January 2, 2001.

Severance and post-retirement benefits

Severance benefits are provided for certain current employees in Canada, China, Japan and the UK. The cost of the benefits is fully paid by the Commission. The severance benefit plans are unfunded.

Post-retirement benefits which may include health, dental and life insurance are provided for certain retired employees in Canada and the US. US employees hired prior to 2001 were eligible for post-retirement benefits. These plans are administered by Global Affairs Canada and provided by United Healthcare. The cost of these benefits is shared by the Commission and the retirees. The post-retirement benefit plans are unfunded.

Measurement date and date of actuarial valuation

The most recent actuarial valuation of plans accounted for as defined benefit plans was as at September 30, 2022, with extrapolation to December 31, 2022.

The Commission measures its accrued benefit obligations and the market value of plan assets of its pension plans and post-retirement non-pension benefits for accounting purposes at September 30th of each year.

Change in accrued benefit obligation

(in thousands of Canadian dollars)	Pension		Other benefit plans	
	2022	2021	**2022**	2021
Accrued benefit obligation, beginning of year	3,129	3,344	2,280	3,449
Current period benefit cost (employer portion)	45	66	43	50
Interest cost on average accrued benefit obligation	67	61	40	31
Benefits paid	(129)	(137)	(46)	(69)
Actuarial gain	(193)	(205)	(422)	(1,181)
Accrued benefit obligation, end of year	2,919	3,129	1,895	2,280

Change in plan assets

(in thousands of Canadian dollars)	Pension		Other benefit plans	
	2022	2021	**2022**	2021
Market value of plan assets, beginning of year	4,801	4,285		
Actual return on plan assets net of actual investment expenses	(329)	598		
Employer contributions	46	55	46	69
Benefits paid	(129)	(137)	(46)	(69)
Market value of plan assets, end of year	4,389	4,801	–	–

Reconciliation of funded status

Detailed pension plan information *(in thousands of Canadian dollars)*	**2022**	2021
Supplementary Retirement Plan for Certain Employees of the Commission		
Accrued benefit obligation	(2,278)	(2,336)
Plan assets	4,389	4,801
Surplus	2,111	2,465
Pension Plan for Employees of the Commission in China, Japan and South Korea		
Accrued benefit obligation	(641)	(793)
Deficit	(641)	(793)

The accrued benefit obligation and market value of assets at year-end are the following amounts in respect of plans that are unfunded:

Funded status *(in thousands of Canadian dollars)*	Pension		Other benefit plans	
	2022	2021	**2022**	2021
Accrued benefit obligation	(641)	(793)	(1,895)	(2,280)
Funded status – deficit at end of year	(641)	(793)	(1,895)	(2,280)

Reconciliation of funded status to accrued benefit asset (liability)

(in thousands of Canadian dollars)	Pension		Other benefit plans	
	2022	2021	**2022**	2021
Funded status – surplus (deficit), end of year	1,470	1,672	(1,895)	(2,280)
Unamortized actuarial losses (gains)	380	(393)	42	(848)
Accrued benefit asset (liability)	1,850	1,279	(1,853)	(3,128)

The cumulative excess of pension contributions on the Registered Pension Plan and Supplementary Retirement Plan over pension benefit cost is reported as an accrued benefit asset. The Pension Plan for Employees of the Commission in China, Japan, and South Korea, the post-retirement, post-employment benefits and sick leave are reported as an accrued benefit liability.

Accrued benefit asset (liability)

(in thousands of Canadian dollars)	2022	2021
Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the Commission	2,525	1,934
Pension Plan for the Employees of the Commission in China, Japan and South Korea	(675)	(655)
Non-pension Post Retirement Benefit Plan	(1,311)	(2,628)
Post Employment Severance Plan	(338)	(303)
Non-Vested Sick Leave Plan	(204)	(197)
Total accrued benefit liability	(2,528)	(3,783)
Total net accrued benefit asset	(3)	(1,849)

The weighted-average asset allocation by asset category of the Commission's defined benefit pension plans is as follows:

Asset allocation	2022	2021
Equity securities	57%	60%
Cash	0%	1%
Receivable from Government of Canada	43%	39%
Total	100%	100%

Net benefit cost recognized in the period

(in thousands of Canadian dollars)	Pension		Other benefit plans	
	2022	2021	2022	2021
Current period benefit cost	45	66	43	50
Interest cost	–	–	40	31
Amortization of net actuarial gain	(520)	(413)	(1,312)	(20)
Retirement benefits expense	(475)	(347)	(1,229)	61
Interest cost on average accrued benefit obligation	67	61	–	–
Expected return on average pension plan assets	(117)	(102)	–	–
Retirement benefits interest income	(50)	(41)	–	–
Total pension expense	(525)	(388)	(1,229)	61

Significant actuarial assumptions used are as follows (weighted average)

	Pension		Other benefit plans	
	2022	2021	2022	2021
Accrued benefit obligation				
Discount rate				
• Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the Commission	2.85%	2.45%		
• Pension Plan for the Employees of the Commission in China, Japan and South Korea	3.20%	1.40%		
• Non-pension post retirement			3.14%	1.92%
• Post employment severance			3.20%	1.40%
• Non-Vested Sick Leave Plan			3.20%	1.40%
Consumer price index				
• Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the Commission	2.00%	2.00%		
• Pension Plan for the Employees of the Commission in China, Japan and South Korea	1.05%	0.80%		
Rate of compensation increase				
• Canadian			2.50%	2.50%
• Locally engaged	2.75%	2.75%	3.40%	3.40%
Pension expense				
Discount rate				
• Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the Commission	2.45%	2.40%		
• Pension Plan for the Employees of the Commission in China, Japan and South Korea	1.40%	0.48%		
• Non-pension post retirement			1.92%	0.99%
• Post employment severance			1.40%	0.48%
• Non-Vested Sick Leave Plan			1.40%	0.48%
Expected long-term rate of return on plan assets				
• Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the Commission	2.45%	2.40%		
Rate of compensation increase				
• Canadian			2.50%	2.50%
• Locally engaged	2.75%	2.75%	3.40%	3.40%

Assumed health care cost trend rate for other benefit plans

Net benefit cost	Other benefit plans			
	2022		2021	
	CDN	US	CDN	US
Initial health care trend rate	5.73%	7.03%	5.69%	7.23%
Ultimate health care trend rate	4.00%	4.50%	4.00%	4.50%
Year ultimate rate reached	2040	2033	2040	2033

Accrued benefit obligation	Other benefit plans			
	2022		2021	
	CDN	US	CDN	US
Initial health care trend rate	5.67%	6.75%	5.73%	7.03%
Ultimate health care trend rate	4.00%	4.50%	4.00%	4.50%
Year ultimate rate reached	2040	2033	2040	2033

Total cash amounts

Total cash amounts for employee future benefits, consisting of cash contributed in the normal course of business by the Commission to its funded and unfunded defined benefit pension plans, cash payments directly to beneficiaries for its unfunded other benefit plans, cash contributed to its defined contribution plans and cash contributed to its multi-employer defined benefit plan, are $1,078,000 ($1,197,000 – 2021).

9. Parliamentary appropriations

The schedule below reconciles the amount of funding available to the Commission during the year with the amount actually used in operations:

(in thousands of Canadian dollars)	2022	2021
Amounts provided for operating and capital expenditures		
Amounts voted:		
Main estimates 2021/22 (2020/21)	121,160	95,666
Less: portion recognized in prior year	(86,579)	(71,750)
Amounts recognized in current year	34,581	23,916
Amounts voted:		
Main estimates 2022/23 (2021/22)	156,160	96,160
Supplementary estimates B	–	25,000
	156,160	121,160
Less: portion to be recognized in following year	(34,581)	(34,581)
Amounts recognized in the current year	121,579	86,579
Parliamentary appropriations used for operations and capital in the year	156,160	110,495

$14,335,000 was received in January 2022 relating to an appropriation receivable from December 2021, making the total amount received in 2022 $170,495,000.

10. Accumulated surplus

The accumulated surplus comprises:

(in thousands of Canadian dollars)	2022	2021
Accumulated operating surplus	20,069	12,242
Accumulated remeasurement loss	(69)	(36)
Accumulated surplus	20,000	12,206

11. Marketing and sales expenses

The Commission carries out its activities in a variety of countries. These countries are supported by the Commission's Corporate Marketing and sales units, including Global Programs, located at headquarters. Market information is as follows:

(in thousands of Canadian dollars)	2022	2021
North America	54,663	38,961
Global Programs	22,217	13,875
Europe	19,162	8,867
Business Events	12,426	7,000
Domestic Program	11,981	49,254
Asia Pacific	11,345	4,970
	131,794	122,927

12. Expenditures by object

The following is a summary of expenditures by object:

(in thousands of Canadian dollars)	2022	2021
Program expenses		
Leisure Consumer Marketing	79,835	97,786
Leisure Trade Travel	31,334	10,073
Business Events	10,013	5,552
Program research	7,285	4,197
Travel and hospitality	1,683	178
Destination Development	165	–
Total program expenses	130,315	117,786
Salaries and benefits	15,773	15,155
Operating expenses		
Professional services	1,450	1,431
Information technology	1,116	1,101
Rent	989	1,057
Office	662	535
Travel and hospitality	438	139
Other	355	(62)
Realized foreign exchange loss	28	34
Total operating expenses	5,038	4,235
Expenses before amortization	151,126	137,176
Amortization	317	313
Total expenses	151,443	137,489

13. Financial instruments

Credit risk

The Commission is exposed to credit risk resulting from the possibility that parties may default on their financial obligations and from concentrations of third-party financial obligations that have similar economic characteristics such that they could be similarly affected by changes in economic conditions. There is no concentration of credit risk with any one customer. Financial instruments that potentially expose the Commission to credit risk consist of cash and cash equivalents, portfolio investments and accounts receivable.

At December 31, 2022, the exposure to credit risk for Cash and cash equivalents was $27,411,000 ($11,118,000 – 2021) (Note 4) and for portfolio investments was $852,000 ($541,000 – 2021) (Note 5).

The Commission minimizes credit risk on Cash and cash equivalents and Portfolio investments by dealing only with reputable and credit worthy financial institutions. At December 31, 2022, the Commission held $27,596,000 in Cash and cash equivalents and Portfolio investments with federally regulated chartered banks and $667,000 in cash at foreign institutions. The federally regulated chartered banks and foreign institutions with which the Commission holds Cash and cash equivalents and Portfolio investments have the following long-term bank deposit credit and financial strength ratings:

Credit Ratings

Moody's	Aa3	A1	Aa2
Standard & Poor's	A+	A	A+

In March 2012, the Commission received $1,000,000 from Treasury Board Secretariat relating to locally engaged staff pension benefits under the WWP (Note 8). The Commission's policy is to invest these funds with well-established financial institutions in investments composed of low-risk assets. Currently the Commission has invested these funds in Canadian provincial governmental bonds, guaranteed investment certificates and mutual funds (Note 4 and Note 5). All investments are monitored by management on a monthly basis.

Accounts receivable credit risk is minimized by the fact that many of the partners that work with the Commission are federally, provincially or municipally funded. The Commission measures its exposure to credit risk based on how long the amounts have been outstanding. An impairment allowance is set up based on the Commission's historical experience regarding collections.

In 2021, an additional $100,000,000 of funding was approved for the purpose of Helping Visitors Discover Canada. The Commission began incurring expenses related to the special funding in the fourth quarter of 2021 and also accrued a $14,335,000 receivable from the Government of Canada in the fourth quarter of 2021, which was received in the first quarter of 2022.

At December 31, 2022, there is no impairment allowance ($0 – 2021). The amounts past due at year-end are as follows:

Accounts receivable *(in thousands of Canadian dollars)*

	Total	Current	Days 1–30	31–60	61–90	91–120	> 120
Partner	839	201	554	22	–	–	62
Government of Canada	1,194	653	541	–	–	–	–
Other	8	8	–	–	–	–	–
Other – Supplier Credit	1,480	1,480					
Total	3,521	2,342	1,095	22	–	–	62

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the credit risk.

Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet all cash outflow obligations as they come due. To mitigate this risk, the Commission monitors cash activities and expected outflows through monthly and quarterly budget and forecast analysis. In addition, investments are maintained in assets that may be converted to cash in the near term if unexpected cash outflows arise. The amounts of financial liabilities past due at year-end are as follows:

Accounts payable *(in thousands of Canadian dollars)*

	Total	Current	Days 1–30	31–60	61–90	91–120	> 120
Trade	12,307	6,447	5,409	302	44	–	105
Employee compensation	2,537	2,448	–	–	–	–	89
Government of Canada	652	305	346	1	–	–	–
Total	15,496	9,200	5,755	303	44	–	194

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the liquidity risk.

Currency risk

Currency risk arises because the Commission operates in several different currencies and translates non-Canadian revenue and expenses to Canadian dollars at different points in time. The Commission does not hedge against fluctuations in foreign exchange rates and accepts the operational and financial risks associated with any such fluctuations. At December 31, 2022, the exposure to currency risk based on the year-end monetary balances denominated in a foreign currency for financial assets was $735,000 ($1,964,000 – 2021) and for financial liabilities was $1,900,000 ($1,663,000 – 2021) (Note 6). The impact of a 10% change in foreign exchange rates would not have a material impact on net operations.

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the currency risk.

Interest rate risk

Interest rate risk is the potential for financial loss caused by fluctuations in fair value or future cash flows of financial instruments because of changes in market interest rates. The Commission is exposed to this risk through its interest-bearing portfolio investment balances. The Commission does not hedge against fluctuations in market interest rates and accepts the operational and financial risks associated with any such fluctuations. A variation of 1% in the interest rate would not have a material impact on the financial statements. At December 31, 2022, the exposure to interest rate risk for portfolio investments was $852,000 ($541,000 – 2021).

There have been no significant changes from the previous year in the exposure to risk or policies, procedures and methods used to measure the interest rate risk.

14. Contractual obligations

The Commission has entered into various agreements for marketing and consulting services and leases for office premises and equipment in Canada and abroad. The total contractual obligations of the Commission as at December 31, 2022 were $100,327,000 ($96,171,000 – 2021). Also included in the contractual obligation amount are purchase orders issued for which the Commission has not yet received the goods or services.

(in thousands of Canadian dollars)

2023	72,599
2024	21,220
2025	6,308
2026	180
2027	20
Total	100,327

15. Contingencies

In the normal course of business, various legal claims and lawsuits have been brought against the Commission. Where in the opinion of management, losses, which may result from the settlement of the matters, are determinable within a reasonable range and such losses are considered by management as likely to be incurred, they are charged to expenses. In the event management concludes that potential losses are indeterminable, no provision is recognized in the accounts of the Commission. There are no significant legal claims against the Commission.

16. Related party transactions

The Commission enters into transactions with all Government of Canada created departments, agencies, and Crown corporations in the normal course of business. Details of these transactions are provided in Note 9 and Note 13.

There were no significant transactions with KMP and their close family members, nor were there any transactions that have occurred at a value different from which would have been arrived at if the parties were unrelated.

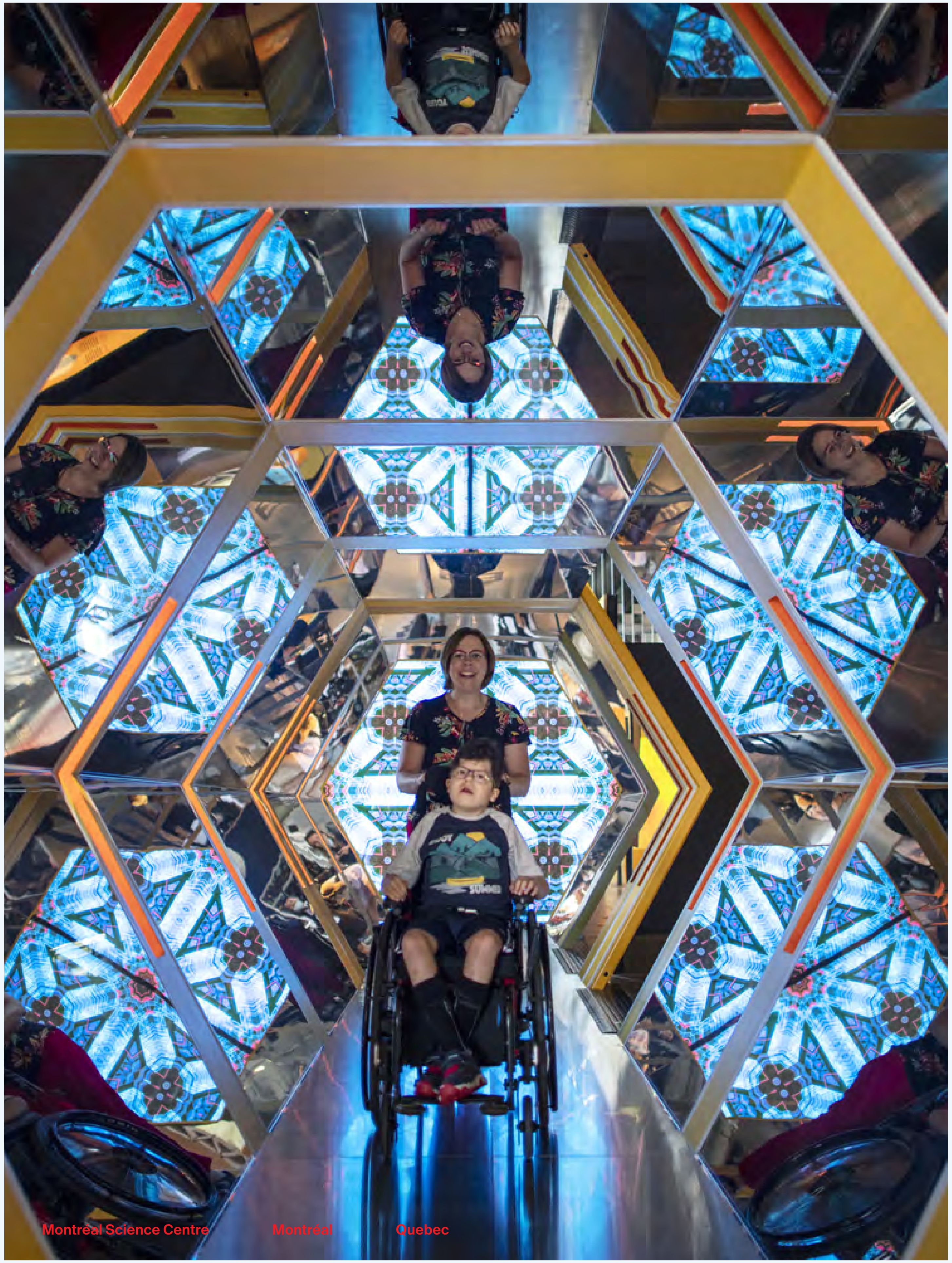
17. Contractual rights

The nature of the Commission's activities can result in some multi-year contracts and agreements that result in the Commission having rights to both assets and revenue in the future. These arrangements typically relate to marketing services. Where the terms of contracts and agreements allow for reasonable estimates, the major contractual rights are summarized in the table presented below.

(in thousands of Canadian dollars)	2023	2024	2025	**Total**
Marketing revenue	95	–	–	95
Other revenue	594	326	43	963
	689	326	43	1,058

18. Comparative figures

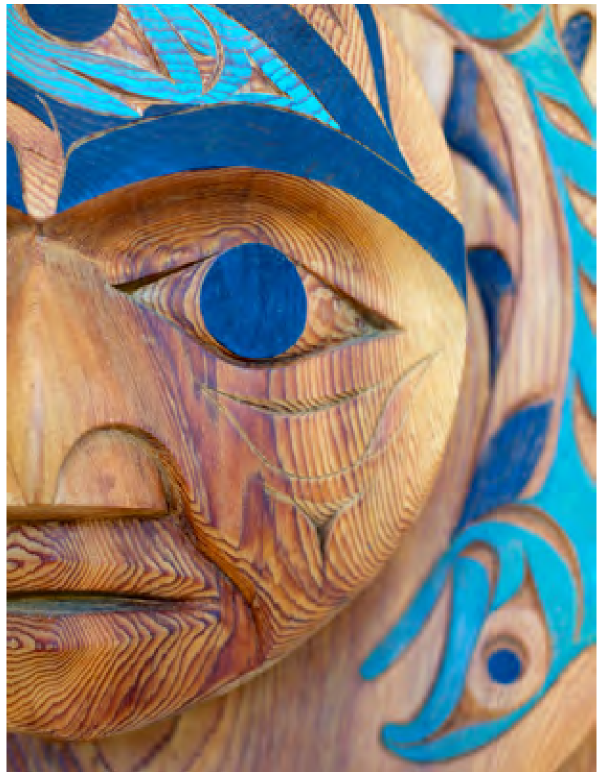
The Commission added strategy to Corporate Services and isolated the Analytics and Destination stewardship categories on the Statement of Operations to better reflect spend. The prior year's comparatives have been restated to reflect the current year presentation. Refer to the Statement of Operations.



Montreal Science Centre Montreal Quebec

GOVERNANCE

Battle Harbour Historic Trust   Battle Harbour   Newfoundland-and-Labrador



Board of directors

Our Board of Directors consists of up to 12 members who oversee the management of the organization and provide strategic guidance and effective fiduciary oversight. 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.

Board membership comprises the Chair and the President and CEO of Destination Canada which are Governor-in-Council appointments, and the Deputy Minister of Innovation, Science and Economic Development Canada (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 our decisions on strategic opportunities and risks.

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

Over the course of 2022, the Board met six times and average attendance at meetings was 99%.

Legislative framework

As an agent of the Crown, we are a federal Crown corporation wholly owned by the Government of Canada.

We are provided with overarching public policy priorities, broad strategic goals and expectations. The *Canadian Tourism Commission Act* and various regulations provide the legislative basis for our establishment and our activities. Through the Minister of Tourism and Associate Minister of Finance, we are accountable to Canada's Parliament through the submissions of an Annual Report, a five-year Corporate Plan and an Operating and Capital Budget annually to Parliament.

Membership

As at January 31, 2022

The Honourable Liza Frulla, P.C., C.M., O.Q.
Chairperson of the Board of Directors

Marsha Walden
President & CEO, Destination Canada

Simon Kennedy (ex officio)
Deputy Minister, Innovation, Science and Economic Development

Brenda Holder
Owner, Mahikan Trails and Chair, Indigenous Tourism Alberta

Julie Canning
Cowgirl & Operating Partner, Banff Trail Riders

Zita Cobb
Co-Founder & CEO, Shorefast Foundation

Stan Cook
Former Owner & President, Stan Cook Sea Kayak Adventures

Randy Garfield
Former President, Walt Disney Travel

Benjamin Ryan
Chief Commercial Officer, Air North

Martin Soucy
CEO, Alliance de l'industrie touristique du Québec

Natalie Thiesen
Vice President, Tourism, Economic Development Winnipeg (Tourism Winnipeg)

Andrew Torriani
President, CEO and General Manager, Ritz-Carlton Montréal

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 and CEO and the ex officio director). Additionally, the committee reviews and advises on the President and CEO's annual objectives and our human resources policies, plans and processes, including succession, compensation and benefits plans.

The committee met four times in 2022 and meeting attendance was 97%.

In addition to the duties and functions mandated by the *Financial Administration Act*, the Audit and Risk 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.

The committee met five times in 2022 and average meeting attendance was 89%.

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, 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 three advisory committees:

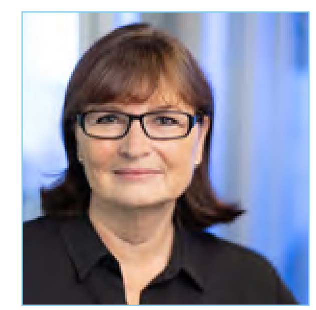
- Business Events Canada Advisory Committee
- Leisure Marketing Advisory Committee
- Research Advisory Committee

Executive team

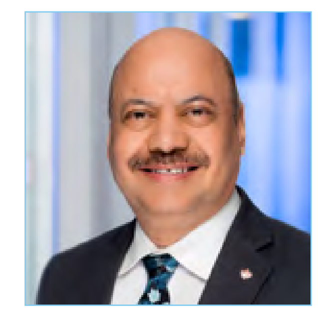
As at December 31, 2022

The President and CEO is accountable to the Board and has responsibility for the 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. Senior management also recommends to the Board sweeping changes, identifies business risks and manages the complex intellectual, capital and technical resources of Destination Canada.

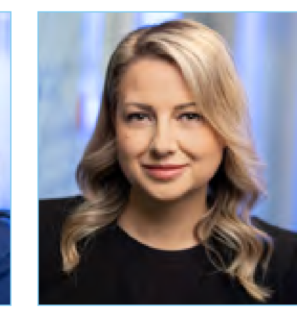


Marsha Walden
President & CEO, Destination Canada



Anwar Chaudhry, CPA, CA
Senior Vice President, Finance & Risk Management and Chief Financial Officer

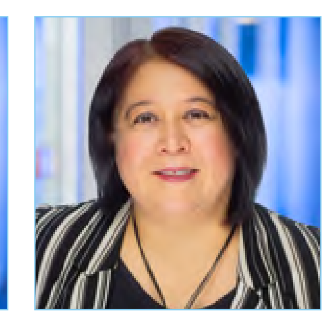
Gracen Chungath
Senior Vice President, Destination Development



Meaghan Ferrigno
Chief Data & Analytics Officer

Gloria Loree
Senior Vice President, Marketing Strategy and Chief Marketing Officer

David Robinson
Senior Vice President, Public Affairs and Corporate Secretary



Maureen Riley
Vice President, International

REBUILDING: ON THE ROAD TO RECOVERY

Lake Louise Banff National Park Alberta

**DESTINATION
CANADA**

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