

# DESTINATION CANADA

2023 – 2027 Corporate Plan Summary

# CANADA'S TOURISM RENAISSANCE

# ACKNOWLEDGEMENT

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, we acknowledge the territory of the Inuit, Métis, and First Nations people who have called this place home for generations beyond measure.

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# EXECUTIVE SUMMARY

After a long and difficult two+ years for Canada's tourism industry, we are finally starting to see a return to travel. While signs of recovery are still below pre-pandemic levels, airports are once again crowded and visitor volume and spending are on the rise. Coupled with the busy summer travel season that just passed, these signs are sparking hopes of a long-awaited recovery.

The hosting economy is finally being seen for its power as a community builder, a job generator, a path to reconciliation, a protector of natural assets, and an enabler of Canada's identity and broader global ambitions.

For the past two years, our work has focused on three industry imperatives: response, recovery and resilience. 225,000 small- and medium-sized tourism businesses and their communities across Canada are looking to recover from the devastating effects of the pandemic. Driving sector recovery will be our laser focus for this planning period. At the same time, we have a responsibility to plan and take action for an even better future. This Corporate Plan describes our strategy for recovery and begins to lay the foundations for our sector's future.

We know that travel will not be the same. Tourism businesses will operate differently and travellers will choose differently. And this means we have to lead differently. We have a short-term focus on revenue recovery and a longer-term ambition for sector resilience that will make Canadian tourism a more successful competitor and create greater value for all of Canada.

We want the hosting economy to be even better in its next life – stronger, more profitable and more resilient. We want more responsible travel that helps preserve nature and culture. We want to bring the world closer together. We want a sector that produces prosperous business growth and net benefits for our communities from a regenerative approach to the tourism ecosystem.

Our aspiration is clear: we are striving for tourism growth that generates wealth and wellbeing for Canada while enriching the lives of our guests – increasing business prosperity, strengthening socio-cultural vibrancy and lifting environmental sustainability.

# ABOUT US

## 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.

## Corporate Profile

Destination Canada is headquartered in Vancouver. Along with in-market offices in London, Beijing and Tokyo that serve as regional hubs, we drive marketing in ten key geographic leisure source markets: Australia, Canada, China, France, Germany, Japan, Mexico, South Korea, the United Kingdom (UK) and the United States (US). In addition, we have a small satellite office in Ottawa focused on working with the federal family on tourism-related issues and national tourism associations headquartered in Ottawa. As of January 1, 2022, we have a workforce of 131 people.

Our parliamentary appropriations for the 2023 calendar year will be \$121.8 million. Budget 2021 announced a recovery plan for jobs, growth and resilience, and included \$100 million over three years to Destination Canada for marketing campaigns to help Canadians and other visitors discover and explore the country.

# WHY TOURISM MATTERS

## Central to the New Economy

The hosting economy – tourism and hospitality – is bigger than most people think. In 2019, travellers spent over \$104 billion in Canada<sup>1</sup>. While this figure plummeted by half in 2020, prospects are good for a full recovery within the next few years<sup>2</sup>. As one of Canada's most geographically diversified sectors, tourism enhances the economic wellbeing of every province and territory.

Travel and tourism are catalysts for Canada's overall economy – through transportation, accommodation, hospitality, conferences and other sub-sectors. Tourism marketing and subsequent visitation by foreign travellers strengthen Canada's identity abroad, supporting a global understanding of our nation's brand and Canadian values.

## Community Builder

Tourism supports the wealth and wellbeing of communities, helping to sustain a host of amenities that make life richer for local residents, such as museums and festivals, trails and recreation facilities, arts and culture, pubs and restaurants, transportation links and more. In turn, these tourism businesses and amenities buy local supplies, create local jobs and encourage residents and guests to spend on local goods and services, leading to profits that stay close to home and strengthen communities.

In addition, tourism helps a vast array of adjacent businesses thrive. Florists that supply hotels and conferences, local farmers that supply restaurants, technology suppliers who help host business events – they all benefit from the trickle-down effect that that tourism has on local businesses.

## Job Generator

Tourism offers exciting career options for a vast range of talents and temperaments – from helicopter pilots to international sales managers, from pastry chefs to wilderness guides, from brew masters to housekeepers, from mechanical engineers to event planners.

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<sup>1</sup> Statistics Canada, Tables 36-10-0230-01 and National Tourism Indicators, 2021 Q3

<sup>2</sup> Destination Canada, Canada Tourism Fact Sheet 2020

In addition to long-term professions, the hosting economy plays a crucial role in helping people onto the career ladder by providing entry-level jobs for youth and new Canadians. Tourism accounts for one in 10 jobs in virtually every part of the country<sup>3</sup>, fuels more than 231,000 businesses, and sustains 692,000 direct jobs and nearly 2 million total jobs<sup>4</sup>.

## Strengthens Cultural Identity and Public Diplomacy

Tourism helps Canadian and foreign travellers get to know our land and our people. Sharing authentic Canadian experiences with others strengthens our sense of shared identity and our appreciation for diversity. Tourism helps us celebrate the multi-cultural mosaic of our country, reflect the many voices and places that make up Canada and bolsters cultural preservation, including for Indigenous Peoples, and minority ethnic and language groups.

As a shaper of perception, tourism also has the power to influence Canada's international relations. Beyond communicating our ideas and ideals, tourism also serves as a key support for broader government priorities. The hosting economy helps to position Canada as a destination where others can study, live and invest.

## A Path to Reconciliation

Tourism provides a platform for truthful storytelling.

By connecting people, tourism helps all peoples of Canada to better know and understand one another, breaking down barriers and building unity. We have long recognized that our sector can play an important role in reconciliation. Where welcomed, Indigenous tourism can help revitalize cultures and languages, celebrate music, song and dance, share stories, art and cuisine, elevate national pride and generate economic prosperity.

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<sup>3</sup> Tourism HR Canada

<sup>4</sup> Statistics Canada, National Tourism Indicators 2021 Q3 and Destination Canada calculations from industry reconciliation between Statistics Canada's Business Register 2019 at the establishment level and the Canadian Tourism Satellite Account



# OPERATING ENVIRONMENT

## State of the Sector

### Travel Demand and Recovery

Since Spring 2022, borders have been fully open to vaccinated travellers and health measures have been less restrictive in all parts of the country. Despite some bright spots in 2021, national tourism revenues were approximately \$58 billion, down 45% from 2019<sup>5</sup>. For 2022, however, revenues are forecast to grow to between \$80 and \$85 billion<sup>6</sup>. Recovery will be asynchronous, with resort communities performing well while rural and urban centres dependent on international guests will see slow but steady improvements. With almost half of total industry revenues flowing from Toronto, Montreal and Vancouver, growth in major urban centres will greatly impact the nation's overall performance.

Emerging from the deepest contraction on record to impact the global travel sector, Canadian tourism is finally on the path to recovery. Demand for domestic leisure travel is paving the way, driven by a strong rebound in inter-provincial air travel<sup>7</sup>. Domestic expenditures are rebounding strongly and are expected to recover by the end of 2023<sup>8</sup>.

Since the reopening of the Canadian border, international arrivals have improved, with the US proving to be the frontrunner. In particular, the recovery of air arrivals from the US is outpacing the recovery of drive traffic. While all arrivals are still substantially below pre-COVID levels, international expenditures are on an upward trajectory and are expected to demonstrate steady growth over the 2022 to 2025 horizon<sup>9</sup>.

Business travel is also continuing along an upward trajectory, albeit at a slower pace than leisure travel. Travel for business events such as conventions, large corporate meetings and incentive trips are expected to recover by 2026 as planners consider careful, and even alternate, approaches to the return of business events<sup>10</sup>.

### Travel Restrictions

Given positive evolutions in the pandemic, the Government of Canada dropped all COVID-19 travel restrictions effective October 1, 2022. This includes lifting the vaccination requirement for entry and masking mandates for flights and trains, and testing, quarantine and isolation requirements for anyone entering Canada. These changes are expected to further boost recovery, particularly from the US, for both leisure and business event travel.

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<sup>5</sup> Statistics Canada, National Tourism Indicators 2021 Q4, Table 24-10-0041-01

<sup>6</sup> Destination Canada preliminary forecast

<sup>7</sup> Destination Canada Tourism Outlook, Spring 2022

<sup>8</sup> *Ibid*

<sup>9</sup> *Ibid*

<sup>10</sup> *Ibid*

## Supply Chain Disruptions

Gaps in the tourism supply chain persist, affecting everything from rental car inventory to attraction closures, from hotel supplies to airline services and airport operations. These gaps will hamper recovery in 2022/23 and will also negatively impact the guest experience. These gaps present significant challenges to a sector built on the interconnectedness of experiences.

## Workforce

Tourism continues to lag other sectors in recovering its workforce. The pandemic brought unprecedented devastation to Canada's tourism workforce, with more than 900,000 workers displaced at its peak and employment still down 39% from 2019<sup>11</sup>. Despite significant government relief programs for employees and businesses, many talented people in the sector moved on to other industries. As the sector re-opened for 2022, over 172,000 jobs remained unfilled<sup>12</sup>. While the shortage of frontline workers is the current concern of the tourism sector, labour experts contend that the tremendous drain of management talent and industry knowledge will be the more significant issue facing the sector in the mid- and long-terms.

## Digitalization

We now live in a digital economy characterized as the fourth industrial revolution. In every sector, adoption of digital tools and access to data, both publicly and privately held, is increasingly important to support resource efficiency and propel competitiveness. Moreover, the use of online platforms and the pace of technology adoption has accelerated greatly during the pandemic. Travellers throughout the world rely heavily on online resources for researching, planning, booking and sharing their travel adventures. Digital service platforms are increasingly prevalent across the tourism ecosystem.

## Federal Tourism Growth Strategy

The Government of Canada announced in Budget 2022 that it is developing a Federal Tourism Growth Strategy that will plot a course for growth, investment and stability. Building on the work done since the launch of the original strategy in 2019, including extensive industry engagement by the Minister of Tourism in summer 2022, the new strategy will include a focus on long-term economic growth across the country, and may impact our work in the months and years ahead.

## Air Travel

The pandemic brought the world air transport system to a halt in early 2020. Now, after more than two years, global travel is resurgent and people are returning to flying at an increasing rate.

Re-establishing air routes into and within Canada is critical for the recovery of the tourism sector. While airports, airlines and other players in the aviation ecosystem have been striving to return to pre-pandemic standards of operation, this has proven difficult and is straining all aspects of the system. This, in turn, has created trickle-down effects in the areas of flight delays and cancellations, airport congestion and baggage woes for travellers, to name a few.

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<sup>11</sup> Tourism HR Canada from Statistics Canada, Labour Force Survey custom tabulations

<sup>12</sup> Statistics Canada, Table 14-10-0326-01 Job vacancies, payroll employees, job vacancy rate, and average offered hourly wage by industry sector, quarterly, unadjusted for seasonality

Furthermore, as some airlines have reinstated routes or launched new ones, other carriers have needed to make meaningful reductions in peak schedules in order to reduce passenger volumes and flows to manageable levels. As of June 2022, seat capacity from our US and other international markets was at 78% compared to 2019 levels<sup>13</sup>.

## Economy

The impact of Russia's invasion of Ukraine in early 2022 has resulted in the closure of some countries' airspace over the Russia and Ukraine regions, causing a rerouting of international flights, particularly between Asia and Europe. In addition to a diversion of air routes, rising fuel costs attributed to the war and persistent supply chain disruptions are contributing to inflationary pressures, creating further spikes in fuel costs and other associated travel costs.

# Internal Environment

## How Destination Canada Works

Collaboration with our tourism partners across the sector provides a powerful competitive advantage for Canada.

We have deepened relationships with destination marketing organizations and airports across the country, global airlines, the travel trade and Canadian government agencies in order to help grow a stronger tourism sector.

While the global tourism ecosystem is complex and involves many players, our mutual success depends on working together, not independently, toward common goals. This Team Canada approach means building Canada's brand as a travel destination in lockstep with our partners for greater impact. It means bringing together diverse data sources and leveraging shared platforms to better inform both demand- and supply-side decisions. It includes producing joint business strategies, building agile co-op programs with travel trade, investing in keystone sector players like airlines, and pooling resources to extend the impact of our collective investments. It means looking more broadly at the many complex factors that influence our sector's ability to succeed and help create shared long-term value for a broader range of stakeholders, including businesses, governments, employees, residents and communities.

## Hybrid Working Model

Like many organizations, the COVID-19 pandemic forced us to rethink our approach to work. In April 2022, we moved to a hybrid working model where staff work part of the time in-office and part of the time remotely. We followed a gradual and phased approach to office re-entry, and continue to stay aligned with guidance from public health authorities. 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.

## Labour

We now operate in a very competitive labour market. Strong demand for labour coupled with shrinking supply has impacted recruitment efforts, and we expect this challenge to continue for the foreseeable future. In addition, Destination Canada's

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<sup>13</sup> Destination Canada research.

collective agreement with unionized staff – representing approximately 70% of our workforce – is expired and the collective bargaining process is currently underway.

## Special Examination

As a Crown corporation, we are required to maintain systems and practices that provide reasonable assurance that our assets are safeguarded and controlled, that our financial, human and physical resources are managed economically and efficiently, and that our operations are carried out effectively. This type of audit is conducted periodically by the Office of the Auditor General, and the next such audit is expected to occur in 2023. The last special examination was completed in 2014/2015, which resulted in no significant findings.

# STRATEGIC PLAN

## Overview

Our goal is to help grow a vibrant tourism sector for both leisure travel and business events travel. We are driving rapid recovery in the short-term while setting the foundations for greater resilience in the long-term. We want a sector that can take on the challenges of a new world, new consumer values, and a new way of travelling. It includes proving to Canadians why tourism is important to us all and worth nurturing.

We're collaborating with partners in deeper, more strategic ways to attract high value guests to communities and their businesses. We're changing our sales and marketing approaches and re-targeting investments. We're also taking up the challenge of influencing strategic destination development, embracing destination stewardship, and moving toward smart growth underpinned by regenerative tourism principles. A dual focus on supply strength (destination development) and demand stimulation (marketing) will improve the long-term competitiveness of our sector and produce greater benefits. It will help us realize our aspiration for tourism to generate wealth and wellbeing for all of Canada, while enriching the lives of our guests.

Our strategy also includes initiatives to enhance our agility as an organization – improving processes, implementing new systems and minimizing decision gates to contend with ever-changing circumstances and take advantage of opportunities as they arise.

The direction set by our new strategy, and the changes we've made in our operations, help lay the groundwork for greater industry success and prosperity. When done right, tourism should result in net economic, socio-cultural and environmental benefits for all of Canada – supporting the wealth and wellbeing of people, businesses and communities.

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**Our aspiration** is for tourism to generate wealth and wellbeing for all of Canada and to enrich the lives of our guests.

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## High Value Guests

For our industry to recover and prosper, we are sharpening our focus on the most valuable guests we can attract to Canada. We are no longer simply focused on attracting *more* international visitors to Canada, and have started to focus on attracting travellers who yield the best return on investment for Canada and contribute to Canadians' wealth and wellbeing. In other words, value and values over volume.

These high value guests (HVGs) visit and interact with our places and people, respectfully. They leave a destination better than they found it and make travel choices based on extraordinary experiences over price. HVGs have a higher than average income, travel more frequently and show intentions of travelling within the next two years. They are naturally curious, actively seek culture and engage with locals, and are proud to share their travel adventures with the world. And because they return often to Canada, they hold a greater lifetime value than the average traveller.

## Areas of Focus

We will continue our focus on three key segments of the travel market: domestic leisure, international leisure, and international business events and incentive travel. We will target high value guests from those geographic markets offering the greatest potential for rapid return on marketing investment. Knowing that uncertainty and change will be a continuing phenomenon, our sales and marketing strategies will adapt as needed to capture the best opportunities in each of these segments.

In our largest and nearest source markets, paid media, public and media relations and localized social media are the primary channels that we invest in. In our long-haul markets, where trade drives a much more significant portion of bookings into Canada, we invest in key trade relationships to increase the awareness for Canada through marketing partnerships.

### Domestic Marketing

In Canada and around the world, there has been a growing number of calls from communities, travellers and the sector itself for tourism that prioritizes communities and the environment. More and more communities are rejecting uncontrolled tourism development, and there is growing awareness that, for all the vast good it does, the underlying model of tourism itself is in need of transformation.

Our refreshed strategy is underpinned by regenerative principles and puts Canada's wealth and wellbeing at the heart of our efforts to attract guests. In 2023, our primary focus in the domestic market will be on gaining support from Canadians. Our activities will centre on Canadians who are passionate about travel and believe that travel is good for communities. Leveraging the support of Canadians that welcome guests from other parts of Canada and the world will also create positive experiences for visiting guests, and enable Canada's tourism sector to be more prosperous and resilient.

Our secondary focus will be on differentiating Canada from international destinations to encourage our high-value guests to travel domestically. For Canadians, interest in Canada as a travel destination continues to face strong headwinds as more destinations begin liberalizing travel rules and restrictions. Further, Canadians have been increasingly exposed to high-quality competitor advertising from a variety of international destinations.

To combat this, we will inspire Canadians to travel at home through compelling, differentiated travel experiences that rival our competitors and bring awareness to long-haul travel opportunities in Canada. Knowing that high-value Canadian guests seek deeper travel experiences to connect to people and places, we will present the multitude of ways that Canada offers them the opportunity to deepen their knowledge and love for their own country through unique, inspiring, and enjoyable travel experiences.

## International Marketing

As we emerge from the grip of the pandemic, we're building Canada's brand as a travel destination with our partners. We're working together to build agile co-op programs with travel trade, investing in keystone sector players like airlines, and pooling resources to extend the global impact of our collective investments.

We've done extensive analyses to determine where our best opportunities lie for international travel to Canada. International tourists traditionally spend more and stay longer in our communities than domestic travellers. Same-day visitors, particularly from the US, provide an important economic lifeline to border communities across Canada.

Using new global partnerships, new media partners and high value trade partners, and with a tighter integration with airlines, we will target high value international guests in nine markets, spending more where the opportunities are the greatest. In the immediate term, we aim to win a disproportionate market share of outbound travel from the United States and Europe. Working with major carriers, key Canadian airports and other partners, we are implementing our strategy to quickly restore international air service on priority routes.

## Destination Development

To remain a globally competitive destination for high value(s) guests, Canada must offer experiences that meet the ever-changing expectations of travellers and their desire for authenticity and discovery. Tourism has traditionally been about the visitor, but equally important are the needs of the local community as hosts and what communities are proud to showcase to their guests.

Destination development strategies ensure a destination evolves with the marketplace and realizes its aspirations for a hosting economy. People want their lives and communities to be enriched by tourism, and appreciate visitors who will be respectful and treat a host destination well. When done right, tourism makes a destination more desirable for both guests and residents over time. This requires sustained, strategic, significant investments in economic and cultural development.

Competing for global tourism investment that supports a healthy sector requires an integrated and strategic approach to planning and investment over a long period. Rebuilding businesses and restoring good jobs are dependent on coherent development strategies with a long-term horizon that are demand-informed and that can attract private capital and government funding to the opportunities.

Strengthening the quality and spotlighting the uniqueness and breadth of our destinations to ensure long-term tourism competitiveness and resiliency requires a new way of working together with diverse stakeholders. Working across three lanes of engagement with Team Canada partners, government agencies and communities, our role will be to:

- Provide thought leadership and resources for industry. We will share knowledge, encourage dialogue and provide information. We will engage federal family departments and agencies by providing advice on tourism policy levers and programs in the key areas of labour, transportation, economic development and infrastructure, parks and trails, arts/culture/heritage, Indigenous tourism, environmental sustainability, and digitalization. A key activity for 2023 will be the launch of an online knowledge platform featuring resources, tools, case studies and data from Canada and around the world on destination development. In addition, we will bring together tourism thought leaders via a global symposium in 2023 to showcase the best of destination development and stewardship and influence a path forward for tourism's long-term growth. Lastly, the National Destination Development Working Group, established in 2022, will continue its work to bring destination development practitioners from across the country to discuss and address relevant challenges and opportunities.

- Foster strategy and stewardship. We will provide reliable supply- and demand-side data for planning and identify and nurture public and private investment proposals. Key activities for 2023 include refining the pipeline of potential destination development projects that have a notable impact on tourism in the short-, mid- and long-terms; and analyzing Canada's assets, emerging clusters and potential places to invest.

In addition, we will enable existing destination development strategies in communities, clusters and corridors, and support the development of new strategies to accelerate development efforts across the country. In particular, in 2023, and using current knowledge and initial research, we will work with stakeholders within high-potential tourism corridors to develop comprehensive destination development strategies that include plans for new assets and investment attraction.

- Measure tourism's impact on the wealth and wellbeing of the people of Canada. We will increase understanding of the tremendous impact of tourism by developing and socializing a regenerative approach towards tourism, build models to assess the holistic return on investments in tourism, and create dynamic feedback systems.

In addition to marketing and research, our role to enable strategic destination development is essential for creating thriving destinations – places that are aligned with high value guest demand as well as the aspirations of highly engaged communities – that support the economic, socio-cultural and environmental resilience of the tourism sector.

## Business Events

Vying for business events is ultra-competitive and the sales cycle can be years in the making. However, they create immediate economic benefits as well as legacy opportunities, particularly for urban centres. They have a powerful and positive ripple effect as business travellers tend to make return visits, often as buyers or investors. C-suite decision-makers see the business prospects possible in Canada. Event delegates often extend their stay as leisure travellers or return at another time with their families. And, importantly, business events create forums for knowledge-sharing and help build Canada's economy of the future.

Organizations around the world use incentive travel programs to reward their top sellers and high performance staff. These are usually custom experiences with significant budgets, and are typically sourced and implemented by third-party agencies. We engage with these powerful agencies to win incentive travel business. Working with agencies allows us to tap into robust international client bases for promoting Canada and keeping our business events assets top of mind.

To differentiate Canada's hosting destinations and attract high value business events – conventions, conferences, corporate meetings, and incentive travel – our efforts are strategic and global. We work with our tourism partners, government agencies, and private sector industries to target decision-makers and leaders in six economic growth sectors where Canada offers unique competitive advantages for hosting events. These sectors – technology, life sciences, natural resources, advanced manufacturing, agribusiness, and finance and insurance – have been identified as priorities for Canada's economic future. We have identified more than 20 Canadian host destinations championing growth in these sectors. Promoting these destinations for business events creates enormous short- and long-term value for Canadian host cities, and helps spread tourism dollars from coast to coast to coast, through more seasons.

In 2023, we will add International Sporting and Cultural Events as a seventh priority sector. The addition of Sport & Culture to our portfolio will better position Canadian destinations to compete internationally for the right to host these events – events with far-reaching impacts that are felt for years to come.

Also in 2023, to increase Canada's competitiveness to host high-yield international business events, we will explore a new type of partnership with destinations to demonstrate that Canada's cities have the commitment and financial capacity to host events viably and successfully. We will consider providing letters of support for bids to attract high caliber business events in



our priority economic sectors that include a commitment to provide financial incentives for successful bids by Canadian event organizers. Corporations and associations holding the event consider such a business partnership at all levels of government to be a testament to a country's commitment and hosting ability and regard it as a key differentiator when selecting a host destination.

## Insights and Analytics

In a digital world, data fuels competitiveness. We have the opportunity to use data in far better ways, making us more skilled as marketers, more successful in developing destinations, and more accountable to Canadians. We are striving to be an insights-driven organization by improving our data maturity across multiple dimensions. We are investing in growing our data sources and our analytical capabilities quickly, because we know that collective intelligence produces a powerful collaborative and competitive advantage.

As a sector, we must be able to quickly identify and respond to emerging trends and issues, deeply understand our target travellers, foster a seamless digital path to purchase, monitor and optimize guest experiences in real time, and understand the sentiments of local communities. We will assemble supply-side data about our sector (e.g. accommodation, transportation, investment, and labour) and demand-side data yielding deep customer insights (e.g. decision dynamics, consumer preferences, purchasing profiles, travel behaviours) to build a rich, connected, and actionable ecosystem of tourism intelligence. We will bring the right data together, share the insights with industry and our partners, and take action around it. As we strive to improve our collective intelligence, we are developing the Canadian Tourism Data Collective with Statistics Canada and industry partners to create better outcomes for our entire sector. This is a new area of activity, and in 2023, we will develop this unified data platform using an agile approach that focuses on delivering innovating value quickly. Users will have secure access to rich, interactive dashboards, research publications and curated data sets that will help to accelerate recovery of the tourism sector and support longer-term resilience and competitiveness. It will also enhance targeting of our HVGs and inform destination development strategies.

Delivery of the Data Collective will be incremental and paced using a scalable technology foundation, with additional features to be prioritized in future years. Furthermore, this platform will be Destination Canada-lead and operated, and will be built in compliance with Government of Canada regulations pertaining to the storage, use and sharing of data.

## Strategic Drivers

Our corporate strategy is centred on four strategic drivers that collectively will improve tourism business prosperity in the short term, engender community support for tourism in the medium term, and lay the foundations for competitiveness and sector resilience in the long term.

### Brand Resonance

We need to strengthen the appeal of Canada as a travel destination for high value guests, creating an urgent desire among them to visit. We want the life-enriching experiences offered by our unique mosaic of people and places to define and differentiate our country from a world of other choices.

To do this, we will express emotional motivators and market Canada's icons to capture the hearts and minds of travellers. By elevating our most recognizable and appealing assets and legendary experiences – those must-see places and must-do

experiences that make Canada stand out in a hyper-competitive travel marketplace – we will sharpen our global identity to create a clearer picture of Canada and put us firmly in the travel consideration set. Using these icons and layering in the many other experiences Canada offers to make their trip unforgettable, we can more effectively capture the imagination of travellers. By fortifying Canada’s global identity as an ideal place to travel to, we’ll move them from dreaming about Canada to planning their journey, booking their trip and, finally, sharing their travel adventures with others.

## Legendary Experiences

To attract high value international guests, Canada needs exceptional travel experiences that reflect the essence of our country and its diverse destinations, and can compete with a great big world of other choices available to global travellers. We want to attract and influence strategic investments – from the private sector and all levels of government – in tourism destinations, products and experiences and in infrastructure that will yield smart growth for tourism in alignment with communities’ broader goals. We will work with partners and industry to identify and nurture unique destinations (clusters, corridors, and communities) and experiences that are able to compete well for high value international guests.

## Industry Vitality

Coming out of the pandemic, we want Canada’s tourism businesses to grow stronger, more profitable, and more resilient in the future. Industry vitality requires taking a holistic view of all the factors impacting the health and prosperity of the hosting economy. This includes aspects such as revenues across multiple seasons, private sector investment in urban and rural areas, public infrastructure investments, and government policies in transportation, labour, arts, culture and parks, just to name a few.

To help create the conditions that enable business and community success, we will influence thoughtful action across the full spectrum of private and public sector levers guided by regenerative principles. Helping to rebuild and grow our sector will result in increased sector global competitiveness, business prosperity and seasonal and geographic resilience.

At the same time, we will do what we can to help reposition the tourism sector as an attractive place to work and build a career. While workforce challenges existed prior to COVID-19, waves of the pandemic exacerbated this issue as much talent has moved on to other industries, creating reputational damage and a labour shortage among front-line workers and management ranks alike. Skilled talent is critical to recovery, and to help address this severe labour challenge, we will use existing communications channels to promote tourism jobs that will help to reposition the attractiveness of the sector. We will also provide valuable information on stakeholder programs to help tourism businesses address labour needs, and will continue to amplify messaging related to improving awareness of federal programming of benefit to the tourism sector.

## Support from Canadians (Social License)

Tourism benefits all peoples of Canada, but few fully understand the importance tourism plays in their quality of life.

Our sector needs to have the trust and respect of all peoples of Canada so they welcome tourism into their communities and want to invest in its growth. Using research and analytics, we will help our partners better understand resident sentiment and help Canadians become ambassadors for tourism. With strong support from Canadians, and the assurance of net benefits to communities, Canadians become champions for the tourism sector and our best ambassadors – proud to share their stories and show off their hometowns and recommend local businesses to support. In addition, with a deeper understanding of tourism’s benefits, public policy-makers will also recognize the importance of tourism to the wealth and wellbeing of Canadian residents and businesses.

By fostering positive, welcoming sentiments in host communities, and leveraging this through support from Canadians, we will help improve Canadians' perception of the contribution that tourism makes to their wealth and wellbeing.

## Corporate Agility

The pandemic has taught us the importance of organizational agility. We have been continuously improving processes, implementing new systems, and minimizing decision gates to shorten lead time between planning and execution, so that we can respond to ever-changing circumstances with greater ease, speed and effectiveness.

### Recruitment and Retention

As noted earlier, demand for labour coupled with shrinking supply has impacted recruitment efforts, and we expect this challenge to continue. In addition, we must develop our talent to embrace change, provide structured development programs for career growth and, overall, offer a competitive employee value proposition that allows us to attract and retain the right talent. We know a strong corporate culture values differences in opinions and backgrounds, and when backed by the right tools and processes, improves our employee experience and drives better business performance.

In order to respond to the expectations of top talents we want to attract and retain, we will focus on offering an employee value proposition that considers many factors, including compensation, career growth and development opportunities, flexibility and work-life balance, and staff training.

### Workforce Management

We have been on a journey to integrate multi-HR services into a single solution to enhance operational management and to offer a more efficient and simplified user experience. This multi-year project began with upgrading our pay module in 2020, and in 2022 we introduced a new time management component to enhance internal service offerings.

As a follow up to this initiative, in 2023 we will explore options to further leverage the power of this new system, particularly in the area of talent acquisition and/or talent management. We will look at how we can provide a stellar and seamless experience for candidates end-to-end – from recruitment to hiring to onboarding.

### Compensation Review

As a regular practice, we review our compensation philosophy every three years to ensure it remains relevant to our business objectives and that our compensation structure reflects market conditions. This model was last updated for all employee groups in 2019, and the outcomes of the latest review – being conducted presently in 2022 – will be implemented in 2023.

# APPENDICES

# APPENDIX A: MINISTERIAL MANDATE LETTER



**PROTECTED B**

The Honourable Liza Frulla, P.C., C.M., O.Q.  
Chair  
Board of Directors  
Destination Canada  
800-1045 Howe Street  
Vancouver, British Columbia V6Z 2A9

[liza.frulla@ithq.qc.ca](mailto:liza.frulla@ithq.qc.ca)

Dear Liza Frulla:

As the Minister responsible for Destination Canada (DC), I am writing to you to provide you with a Statement of Priorities and Accountabilities (SPA). The Prime Minister's *Open and Accountable Government* guidelines identify mandate letters from the Minister to portfolio organizations as a best practice for ensuring the integrity and coherence of government activities in an integrated manner that best supports the Innovation, Science and Economic Development Canada (ISED) Portfolio and the tourism sector. As DC enters the next phase of its development, this letter sets out the Government of Canada's priorities to guide DC as it delivers on its commitments and develops its corporate plans, and it outlines DC's accountabilities to the Government and the public.

I would like to acknowledge the extraordinary efforts DC has made in the last three years to provide leadership in the tourism sector during one of the worst crises it has ever faced. During a period of uncertainty that completely disrupted the normal conditions under which small and medium-sized tourism enterprises thrived before the COVID-19 pandemic, DC adeptly shifted its business activities to market with provincial, territorial, and municipal partners in a successful effort to sustain as much economic activity in the tourism sector as was possible. This helped preserve the jobs and businesses of many people across the provinces, territories, and regions of Canada.

...2

Furthermore, DC's efforts to provide research, market intelligence, and data and analytics to support tourism and give it the necessary tools to navigate difficult times exemplified the leadership that was needed at that time. Not only did this help tourism businesses, it was a critical element that enabled federal partners to deliver programs and policy to respond to the COVID-19 pandemic effectively.

In addition, I would like to underscore the work DC has done in the last year to reassert Canada's strong brand in the United States leisure market, as well as working with airlines to reinvigorate demand and seat capacity for key Canadian destinations. These efforts are already showing results and are laying a strong foundation for a more resilient tourism sector in Canada.

As the tourism sector further recovers from the COVID-19 pandemic, the leadership role that DC plays in fulfilling its legislative objects will continue to be critical in building a more resilient tourism sector that remains competitive in the international tourism marketplace and supports economic recovery in communities.

As Minister of Tourism, my overarching goal is to support the tourism sector to make it a leader in inclusive economic growth and job creation. My mandate letter from the Prime Minister sets out specific priorities, such as working with DC and the tourism sector to ensure that Canada remains a tourist destination of choice.

As Chair of the DC Board of Directors, you are the primary link between DC and me. You are also responsible for ensuring that the Board executes its responsibilities, including oversight of DC's business activities and ensuring that there are appropriate management systems, risk management, and financial controls in place. In addition, you are responsible for guiding the strategic direction of the Crown corporation to ensure that it fulfills its legislative objects to sustain a vibrant and profitable Canadian tourism sector; market Canada as a desirable tourist destination; support a co-operative 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.

The *Financial Administration Act* requires DC to submit a corporate plan to the Treasury Board for approval of its major business activities, as well as operating and capital budgets prior to the start of the first year of the plan. The corporate plan should align with federal objectives, including ensuring DC's activities contribute to the Government's objectives of creating jobs, growing our economy, and increasing our competitiveness, while creating a cleaner and more inclusive future.

The work of DC to deliver cutting-edge marketing programs in partnership with provinces, territories, municipalities, and tourism partners, including through the NorthStar partnership, continues to be central to Canada's efforts to attract visitors to explore Canada. DC should build on the strong momentum of this work and develop a common marketing plan with clearly defined roles for partners in Canada's international and domestic markets that also includes measurable targets for success.

The work DC undertook to provide research, market intelligence, and data and analytics to help guide the decision making of small and medium-sized enterprises in the tourism sector during the pandemic serves as an important foundation for the work of the organization going forward. DC's efforts to develop a data collective is expected to build on this success and ensure that the entire tourism ecosystem continues to have access to the information it needs to thrive as the sector recovers.

One of the outcomes expected from DC's business activities is increased alignment among tourism sector partners in order to maximize visitation and economic growth in tourism. At the same time, DC has faced ongoing challenges in achieving this target due to partner budget constraints and the changing nature of partnerships in the tourism sector. To address this challenge, DC should work with ISED to develop a revised partner co-investment model that appropriately accounts for evolving partnerships and partner-based activities. Once a proposal has been developed, ISED and DC will work with central agencies to ensure that the revised methodology aligns with their expectations and secure approval.

To ensure appropriate oversight of public finances, the Treasury Board of Canada Secretariat (TBS) recommends that, as a best practice, Crown corporations report to responsible ministers when Crown corporations' spending exceeds a \$10-million or 5% variance from approved budgets, as identified in the *Financial Administration Act*. I would like to congratulate DC for working with ISED and TBS to develop a Letter of Understanding that improves oversight and transparency of the parliamentary appropriations drawdown process, and I request that DC inform me of future budgetary variances or any other significant changes to planned spending.

I also request the continued collaboration of DC in supporting the Government's efforts to deliver a new, post-pandemic Federal Tourism Growth Strategy that will plot a course for investment, growth, and stability for the visitor economy for years to come. DC's considerable market intelligence and insights into the needs of the tourism sector will serve as an invaluable resource both for the development of the initiatives to be included in the new Strategy, as well as for tracking the success of the Strategy once it is launched.

Based on the feedback I received during the consultations on the renewed Strategy, I request that DC add sports and culture as additional priority event sectors for its international events attraction strategy. Diversifying and expanding international audiences in this way, alongside the existing international business strategy, is crucial for the long-term prosperity of the visitor economy and will raise Canada's profile internationally, creating investment opportunities that will benefit urban and rural communities alike.

As a Crown corporation, DC maintains an arm's length relationship from the federal government when managing its daily affairs. However, as a Crown corporation within the ISED Portfolio, DC should work closely with the Deputy Minister of Economic Development to support its efforts to lead a coordinated response to policy development, public communications, reporting to Parliament, and any other areas where a portfolio approach is deemed appropriate.

As part of delivering results for Canadians, I expect that DC will continue to measure its efforts and report outcomes through documents, including the corporate plan and annual report, at its annual public meeting and on its website. I would also request that, in order to track the progress DC is making toward achieving the objectives of Budget 2021 funding and supporting economic recovery in the tourism sector, DC continue to provide me with bimonthly reports on major business activities, including the results of ongoing marketing efforts.

I remain committed to an open, transparent, merit-based selection process for Governor in Council appointments that will attract qualified candidates for leadership positions across the ISED Portfolio. Candidates should reflect Canada's regional and linguistic diversity, and equity-seeking groups, such as women, Indigenous peoples, persons with disabilities, and members of visible minorities. As Chair of the DC Board, you will be invited to participate in the selection processes for leadership positions, which will help inform appointment recommendations.

To fulfill its legislative objects, DC should draw on a diverse range of talent and perspectives from across Canada, as well as international best practices. This includes continued commitment to diversity of the workforce in your organization and efforts to foster the inclusion of a broad range of voices and views in governance and decision making, including but not limited to the equity-seeking groups noted above.

DC's role as a convener of the Canadian tourism sector places it in a unique position as an influencer and thought leader in the sector. Given this role, I would like to stress the importance of strategic communications with parliamentarians, tourism sector stakeholders, and Canadians to convey the importance of tourism to communities across the country, and to grow the visitor economy.



As Canada's national tourism marketing organization, DC plays a critical role in supporting the economic well-being of the Canadian tourism sector through its efforts to make visitors aware of our tourism offerings and the development of new products. DC also plays a profoundly important leadership role, bringing together different tourism stakeholders, ensuring that they are strategically aligned in the pursuit of objectives, and maximizing investments. I am confident that tourism businesses can continue to look to DC for leadership and support as they navigate the road to recovery.

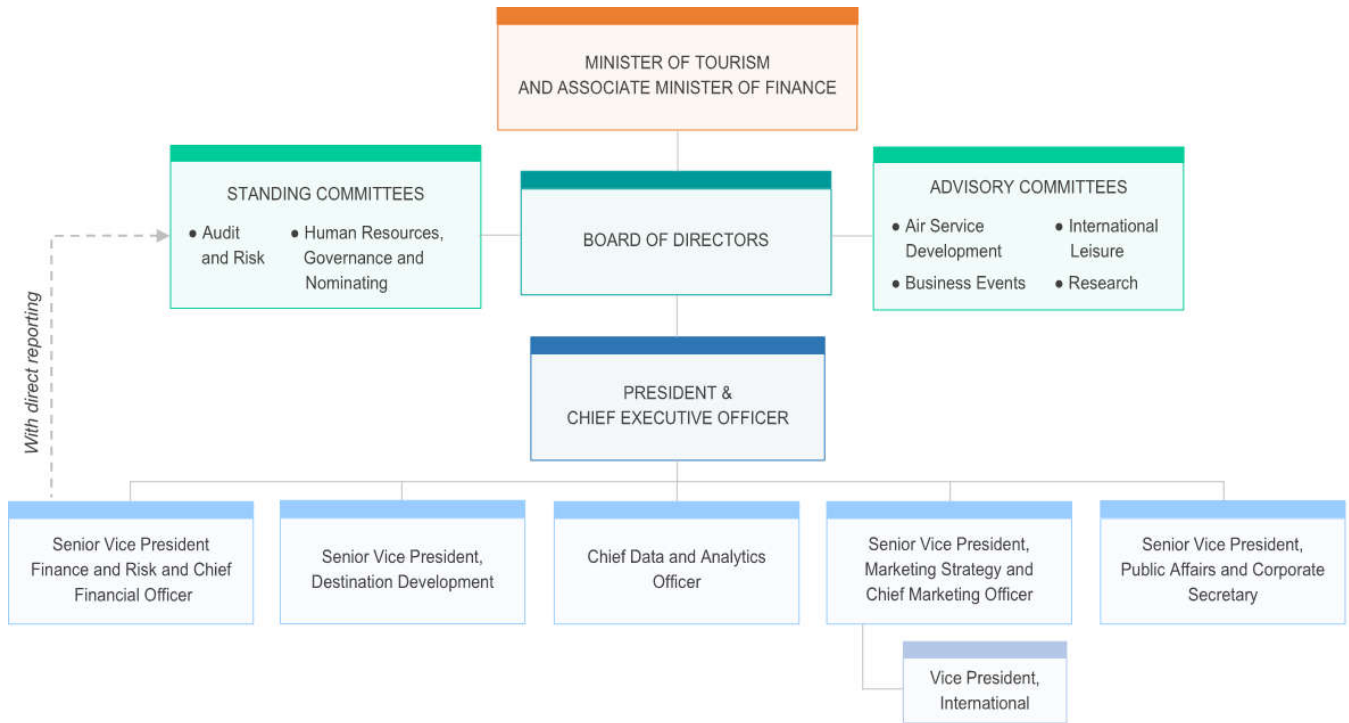
I look forward to our continued collaboration as we work to advance the recovery of the tourism sector and the delivery of a post-pandemic strategy. My department officials, as well as those in partner departments and central agencies, will, as always, provide DC the support it needs to be successful in growing tourism in Canadian communities.

Sincerely,

A handwritten signature in black ink, appearing to read 'R. Boissonnault', with a long horizontal flourish extending to the right.

The Honourable Randy Boissonnault, P.C., M.P.

# APPENDIX B: GOVERNANCE STRUCTURE



# Board of Directors

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

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

The Board comprises the Chair and the President & CEO of Destination Canada which are Governor in Council appointments, and the Deputy Minister of Innovation, Science and Industry (ex officio). Further, up to nine additional directors, appointed by the Minister with Governor in Council approval, make up the remainder of the Board. Directors are appointed based on the full range of skills, experience and competencies required to add value to management's decisions on strategic opportunities and risks.

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

Over the course of 2021, the Board met six times and average attendance at meetings was 99%.

## Membership

As at July 1, 2022



**The Honourable Liza Frulla, P.C., C.M., O.Q.**

Chairperson of the Board of Directors  
Sutton, QC

Term: August 6, 2021 – August 5, 2026



**Marsha Walden**

President & CEO,  
Destination Canada  
Vancouver, BC

Term: August 24, 2020 – August 23, 2025



**Simon Kennedy (ex officio)**

Deputy Minister,  
Innovation, Science and  
Economic Development Canada  
Ottawa, ON



**Brenda Holder**

Owner, Mahikan Trails and  
Chair, Indigenous Tourism  
Alberta  
Clearwater County, AB

Term: June 23, 2022 – June 22, 2026



**Julie Canning**

Cowgirl and Operating Partner,  
Banff Trail Riders  
Banff, AB

Term: February 1, 2018 – June 22, 2026



**Zita Cobb**

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

Term: June 19, 2019 – June 18, 2023



**Stan Cook**

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

Term: February 1, 2018 –  
January 31, 2022



**Randy Garfield**

Former President,  
Walt Disney Travel  
Stratford, ON

Term: April 12, 2017 – April 11, 2021



**Benjamin Ryan**

Chief Commercial Officer, Air  
North  
Whitehorse, YK

Term: June 23, 2022 – June 22, 2026



**Martin Soucy**

CEO, Alliance de l'industrie  
touristique du Québec  
Saint-Augustin-de-Desmaures,  
QC

Term: June 23, 2022 – June 22, 2026



**Natalie Thiesen**

Vice President, Tourism,  
Economic Development  
Winnipeg (Tourism Winnipeg)  
Winnipeg, MB

Term: June 23, 2022 – June 22, 2026



**Andrew Torriani**

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

Term: June 19, 2019 – June 18, 2023

## Committees of the Board

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

The committee met four times in 2021 and average meeting attendance was 100%.

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 four times in 2021 and average meeting attendance was 96%.

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

## Advisory Committees

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

# Executive Team

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

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

## Membership

As at January 1, 2022



**Marsha Walden**

President & CEO



**Anwar Chaudhry**

Senior Vice President, Finance and Risk and Chief Financial Officer



**Gracen Chungath**

Senior Vice President, Destination Development



**Meaghan Ferrigno**

Chief Data and Analytics Officer



**Gloria Loree**

Senior Vice President, Marketing Strategy and Chief Marketing Officer



**Maureen Riley**

Vice President, International



**David Robinson**

Senior Vice President, Public Affairs and Corporate Secretary

# APPENDIX C: PLANNED RESULTS

The following planned results are based on total parliamentary appropriations consisting of base funding plus one-time limited funding. Incremental funding is blended with base parliamentary appropriations to work as a collective investment towards the achievement of our objectives. As such, while some targets have been identified specifically for initiatives resulting from incremental funds, performance results will be reported in aggregate.

Additionally, some targets, such as attributable tourism revenue, are reflective of expected multi-year impacts of marketing activities, even after the time-limited funding associated with the activity has elapsed.

Economic Impact			
OUTCOME	PERFORMANCE INDICATOR	TARGETS	DATA SOURCE / METHODOLOGY
Long-term: Tourism economy grows from hosting visitors	Attributable tourism revenue – Total	\$8.56 billion by 2027	Internal assessment of impacts based on incremental search, travel trade activities and business events sales activities
	Attributable tourism revenue as a result of \$100 million in incremental funding through Budget 2021	\$565 million between 2021-2025	

Leisure – Domestic			
OUTCOME	PERFORMANCE INDICATOR	TARGETS	DATA SOURCE / METHODOLOGY
Short- and medium-term: Canadians appreciate visitation in their communities	Support from Canadians: Perceived impact of the tourism sector on individual quality of life	2022 Benchmark: 59% 2023: 60% 2024: TBD once benchmark has been identified	Resident Perception Research Program
Long-term: Target travellers advocate for Canada as a destination	Canada's net promoter score ranking vs. international destinations among Canadians who have travelled to each destination	Targets for 2025 and 2026 to be set once benchmark has been identified in Q4 2022	Global Tourism Watch Research

Leisure – US			
OUTCOME	PERFORMANCE INDICATOR	TARGETS	DATA SOURCE / METHODOLOGY
Short-term: Target travellers seek out Canadian destinations	Lift in search for Canadian destinations in DC markets versus control	2022 Benchmark: 15% 2023: 15% lift in search activity <sup>a</sup>	Causal Impact Methodology using proprietary industry data (e.g. Google data, when DC campaigns are active in target markets)
Medium-term: Tourism economic recovery is stimulated	Attributable tourism revenue from US visitors	2024: \$365 million 2025: \$393 million	Internal assessment of impacts based on incremental search and travel trade activities
Long-term: Target travellers advocate for Canada as a destination	Canada's net promoter score ranking vs. US and other international destinations among Americans who have travelled to each destination	2025: To be ranked 5 <sup>th</sup> or better vs. competitive set 2026: To be ranked 5 <sup>th</sup> or better vs. competitive set	Global Tourism Watch Research Program

<sup>a</sup> In addition to tourism revenue, attribution is measured through our impact on online search activity in a statistically significant way. We have conducted extensive research to understand the linkages between marketing, search engine activity and travel. This research indicates that there is a strong link between our marketing and search, and a corresponding link between search and travel. Media tactics encouraging potential travellers to think about travel has proven to lead to online searches for travel, in turn positively impacting bookings.

Leisure – International			
OUTCOME	PERFORMANCE INDICATOR	TARGETS	DATA SOURCE / METHODOLOGY
Short-term: Target travellers seek out Canadian destinations	Air ticket bookings	2023: 10% growth over 2022	International air tickets booked via travel trade in 2022; IATA Global Agency Pro
Medium-term: Tourism economic recovery is stimulated	Attributable tourism revenue from international visitors	2024: \$661 million 2025: \$782 million	Internal assessment of impacts based on incremental search and travel trade activities
Long-term: Target travellers advocate for Canada as a destination	Canada's net promoter score ranking in key markets vs. international destinations among past international visitors	2025: To be ranked 3 <sup>rd</sup> or better in 7 of 8 DC markets (excluding US) vs. competitive set 2026: To be ranked 3 <sup>rd</sup> or better in all DC markets (excluding US) vs. competitive set	Global Tourism Watch Research Program



Business Events			
OUTCOME	PERFORMANCE INDICATOR	TARGETS	DATA SOURCE / METHODOLOGY
Short- and medium-term: Target decision makers choose Canada for their next business event	Number of booked business events for future years from international organizations <sup>c</sup>	2023: 709 events at year end 2024: 849 events at year end 2025: 1,080 events at year end	Destination Canada Pace reports (monthly)
	Value of booked business events for future years from international organizations	2023: \$1.19 billion 2024: \$1.35 billion 2025: \$1.71 billion	
Long-term: Meeting planners advocate for Canada as destination for business events	Ranking of Canada as a business events destination	Targets to be set once methodology has been developed in 2023	

<sup>c</sup> Pre-pandemic, leads were an early indicator of future events to be booked. Since the pandemic, the immediate focus of business events groups has been to reschedule previously booked events that were put on hold due to the pandemic and to re-confirm them for future years. At the same time, groups are actively working on new business events. Similarly, Destination Canada and Team Canada partners are working to save booked events on hold and re-confirm them for future years while also securing new business events for future. As such, the number and value of booked business events are viable measures in both the short- and the medium-terms.

Destination Development			
OUTCOME	PERFORMANCE INDICATOR	TARGET	DATA SOURCE / METHODOLOGY
Short-term: Strategic alignment with regional partners is increased	Number of shared regional strategies with demonstrated and aligned funding	2023: 8	Internal tracking
Medium-term: Public and private investment in Canada's tourism product grows	Growth in public and private sector investment in tourism product	Targets for future years to be set once methodology has been identified in 2023	
Long-term: Canadians value hosting visitors in their communities	Canadians' perception of the contribution of the visitor economy to their wealth and wellbeing	2021 Benchmark: 83.8% 2022 Benchmark: 84.7% 2023: 85%	Resident Perception Research Program

Partnerships			
OUTCOME	PERFORMANCE INDICATOR	TARGET	DATA SOURCE / METHODOLOGY
Short-, medium- and long-term: Partners are aligned	Partner co-investment on international programs	\$37.5 million	Internal financial tracking

# APPENDIX D: FINANCIAL STATEMENTS AND BUDGETS

## Financial Condition

The global tourism industry is still recovering from the COVID-19 pandemic. In order to sustain a vibrant and profitable Canadian tourism industry, which is the first object in the *Canadian Tourism Commission Act*, Destination Canada is required to be agile, move quickly and leverage opportunities as they arise. We continue to rapidly pivot all aspects of our business to help mitigate the adverse impacts to our visitor economy, and build back tourism better. The 2023-2027 Corporate Plan Financial Statements and Budgets reflect this new reality, the surplus realized in 2022 that resulted from some strategic pivots, and take into account our updated strategy to address the current dynamic environment. As such, our program spending investments have been rebalanced in order to expand our strategy in the areas of data and analytics, destination development and other new initiatives.

We are taking a data and analytics driven approach to where and when we invest, as international and domestic travel demand improves compared to past years. We are investing in our research and analytics capacity with the intention of sharing information with our partners to help inform better decision-making and judicious spending. In addition, our work in destination development will help to sustain and create a premier four-season, regenerative tourism economy.

The 2021 Federal Budget announcement included an additional \$100 million over three government fiscal years (2021-22 through 2023-24) for domestic and international marketing for Helping Visitors Discover Canada.

This 2023-2027 Corporate Plan reflects base parliamentary appropriations of \$96.2 million per year and the one-time \$100 million funding from Budget 2021. Appropriations were \$110.5 million in 2021, are expected to be \$156.2 million in 2022, will decrease in 2023, and will return to base levels of \$96.2 million in 2024 and future years.

We continue to focus on corporate efficiency that will result in total corporate services and strategy expenses representing eight percent of total expenses for 2023. This will allow us to allocate the majority of our parliamentary appropriations directly into marketing and sales, insights and analytics, destination stewardship programs and COVID-19 pandemic recovery efforts.

## Major Assumptions

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

- Once the one-time funding of \$100 million from Budget 2021 sunsets in 2024, we will return to our base parliamentary appropriations of \$96.2 million. No additional appropriations are anticipated at this time.

# Statement of Financial Position

As at December 31, 2021 to December 31, 2027

<i>(in thousands of Canadian dollars)</i>	Actual Dec 31, 2021	Actual Dec 31, 2022	Planned Dec 31, 2023	Planned Dec 31, 2024	Planned Dec 31, 2025	Planned Dec 31, 2026	Planned Dec 31, 2027
<b>Financial assets</b>							
Cash and cash equivalents	11,118	27,411	19,386	14,907	14,680	14,560	14,226
Accounts receivable							
Partner	535	839	594	890	1,187	1,484	1,781
Government of Canada	16,376	1,194	500	500	500	500	500
Other	14	8	8	8	8	8	8
Other - Agency Credit	-	1,480	-	-	-	-	-
Accrued benefit asset	1,934	2,525	2,525	2,525	2,525	2,525	2,525
Portfolio investments	541	852	321	231	188	144	98
	<u>30,518</u>	<u>34,309</u>	<u>23,334</u>	<u>19,061</u>	<u>19,088</u>	<u>19,220</u>	<u>19,138</u>
<b>Liabilities</b>							
Accounts payable and accrued liabilities							
Trade	16,698	12,307	15,621	11,431	11,629	11,842	11,842
Employee compensation	2,246	2,537	2,537	2,537	2,537	2,537	2,537
Government of Canada	0	652	652	652	652	652	652
Accrued benefit liability	3,783	2,528	2,446	2,364	2,282	2,200	2,118
Deferred revenue	569	-	-	-	-	-	-
Deferred lease inducements	384	286	187	88	0	0	0
Asset retirement obligation	164	112	112	112	112	112	112
	<u>23,844</u>	<u>18,422</u>	<u>21,555</u>	<u>17,184</u>	<u>17,212</u>	<u>17,343</u>	<u>17,261</u>
<b>Net financial assets</b>	<u>6,674</u>	<u>15,887</u>	<u>1,779</u>	<u>1,877</u>	<u>1,876</u>	<u>1,877</u>	<u>1,877</u>
<b>Non-financial assets</b>							
Prepaid expenses	4,573	3,358	3,359	3,359	3,358	3,357	3,356
Tangible capital assets	959	755	494	254	223	262	233
	<u>5,532</u>	<u>4,113</u>	<u>3,853</u>	<u>3,613</u>	<u>3,581</u>	<u>3,619</u>	<u>3,589</u>
<b>Accumulated surplus</b>	<u>12,206</u>	<u>20,000</u>	<u>5,632</u>	<u>5,490</u>	<u>5,457</u>	<u>5,496</u>	<u>5,466</u>

Our financial position will remain relatively stable throughout the 2023-2027 planning period, with the exception of a \$20.0 million accumulated surplus at the start of 2023. This has arisen primarily from marketing efforts deferred to 2023. The majority of this surplus, \$14.4 million, is being used for reinvestment in the US leisure market, global marketing and analytic projects. The remainder of this surplus consists of the amortization of tangible capital assets, accrued benefit assets, and lower than budgeted Corporate services and strategy costs.

## Assets

Financial assets are expected to decrease in 2023 as we use up our accumulated surplus, continue to decrease through 2024 as the one-time funding ends, and then stabilize over the remaining years.

## Liabilities

Our overall liabilities are expected to increase in 2023, then decrease through 2024, and then stabilize over the remaining years. This is driven by the changes in the accounts payable balance following the fluctuation of marketing and sales, insights and analytics and destination stewardship programs in the same period, following the timing of the 2021 Federal Budget one-time funding.

**Accumulated Surplus**

We plan to spend all our appropriations and cash partnership contributions over the next five years, and in addition, show annual deficits or a very small surplus. These deficits represent the amortization of tangible capital assets, any actuarial losses on pension plans and deferred lease inducements. The sum of these expenses and revenues accounts for the entire in-year deficit and is covered by previous years' accumulated surplus. We plan to utilize most of the accumulated surplus to enhance marketing efforts in 2023, resulting in a larger in-year deficit.

# Statement of Operations

For the years ending December 31

<i>(in thousands of Canadian dollars)</i>	Actual 2021	Actual 2022	Planned 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027
<b>Revenues</b>							
Partner revenues	1,537	1,803	4,000	6,000	8,000	10,000	12,000
Other	1,169	1,307	1,250	1,200	1,100	1,100	1,100
	<u>2,706</u>	<u>3,110</u>	<u>5,250</u>	<u>7,200</u>	<u>9,100</u>	<u>11,100</u>	<u>13,100</u>
<b>Expenses</b>							
Marketing and sales	122,927	131,794	111,456	79,465	81,362	83,360	85,357
Analytics	5,563	9,552	14,439	11,275	11,277	11,279	11,281
Corporate services and strategy	8,456	8,920	10,889	10,616	10,715	10,666	10,726
Destination stewardship	230	860	4,312	1,818	1,819	1,820	1,821
Amortization of tangible capital assets	313	317	347	327	117	96	103
	<u>137,489</u>	<u>151,443</u>	<u>141,443</u>	<u>103,502</u>	<u>105,292</u>	<u>107,222</u>	<u>109,289</u>
Net Cost of operations before funding from the Government of Canada	(134,783)	(148,333)	(136,193)	(96,303)	(96,192)	(96,122)	(96,189)
Parliamentary appropriations	110,495	156,160	121,825	96,160	96,160	96,160	96,160
Surplus / (Deficit) from operations	<u>(24,288)</u>	<u>7,827</u>	<u>(14,368)</u>	<u>(143)</u>	<u>(32)</u>	<u>38</u>	<u>(29)</u>
Accumulated operating surplus, beginning of year	36,530	12,242	20,069	5,701	5,558	5,526	5,564
Accumulated operating surplus, end of year	<u>12,242</u>	<u>20,069</u>	<u>5,701</u>	<u>5,558</u>	<u>5,526</u>	<u>5,564</u>	<u>5,535</u>
<b>Ratio of Operating expenses to Marketing and sales expenses*</b>	<b>7%</b>	<b>6%</b>	<b>8%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>	<b>11%</b>

\* Operating expenses include expenses for Corporate services and strategy; Marketing and sales expenses include Analytics and Destination stewardship.

## Revenues

### Parliamentary Appropriations

We are financed mainly by Government of Canada parliamentary appropriations which were \$110.5 million in 2021. Appropriations increased in 2022 and decrease in 2023 and 2024 due to the conclusion of the one-time incremental funding for Helping Visitors Discover Canada.

In 2021 through 2023, we have and will receive two sources of appropriations as follows:

- Base funding of \$96.2 million, confirmed throughout the remaining planning cycle; and
- \$100 million in incremental funding over three years from Budget 2021 for Helping Visitors Discover Canada.

In 2024-2026, we will only receive our base funding.

(For a description of how we reconcile the government fiscal year with our calendar fiscal year, see *Reconciliation of Parliamentary Appropriations to Government Fiscal Year*.)

### Partnership Contributions

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

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

Our estimates show an increase in cash contributions over this planning period as partners work with us on various programs, but these are expected to still be lower when compared to pre-pandemic years as we anticipate the impact of COVID-19 travel restrictions to have lasting financial consequences for all of our partners. Even before the pandemic, several of our traditional partners had experienced budget declines which decreased the capital pool available to invest in our marketing campaigns.

### **Expenses**

Expenses are high in 2022 and 2023 due to the additional \$100 million funding. They then become fairly consistent with our appropriation, with the exception of the use of our accumulated surplus in 2021 in order to continue our domestic marketing campaigns, restart marketing and sales in our target international markets as travel restrictions were lifted, and pursue our new strategic initiatives.

### Programs

We are committed to invest a minimum of 90% of all revenues and parliamentary appropriations in marketing and sales, insights, analytics and destination stewardship throughout the 2023-2027 planning cycle. Shifts in annual parliamentary appropriations and the anticipated decrease in cash partnership contributions have a direct impact on program spending levels and percentages.

### Corporate Services and Strategy

Over the planning period, the cost of corporate services and strategy as a percentage of program spending is expected to remain below the 15% maximum set by the Treasury Board Secretariat in 2013. We are committed to spend well below this threshold in corporate services throughout the 2023-2027 planning cycle, including the years when appropriations will decrease to base levels.

Corporate services and strategy expenses are expected to increase through 2022-2023 to support the larger scope, higher volume and complexity of new strategic efforts which have expanded beyond marketing and sales. These investments are also required to strengthen and modernize our computer hardware and internal control framework, and optimize operational processes for greater efficiency. These expenses will decrease and stabilize through 2024-2026.

Training continues to be a focus at Destination Canada. The intention is to ensure we have an agile, high-performance workforce, to provide opportunities for staff to learn and develop as a key part of our employee value proposition, to recruit and retain talent and to increase employee engagement and enablement.

### Amortization

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

# Statement of Remeasurement Gains and Losses

For the years ending December 31

<i>(in thousands of Canadian dollars)</i>	Actual 2021	Actual 2022	Planned 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027
Accumulated remeasurement gains (loss), beginning of year	51	(36)	(69)	(69)	(69)	(69)	(69)
Unrealized loss attributable to foreign exchange	(36)	(69)	(35)	(35)	(35)	(35)	(35)
Amounts reclassified to the statement of operations	(51)	36	35	35	35	35	35
Net remeasurement loss for the period	<u>(87)</u>	<u>(33)</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Accumulated remeasurement loss, end of year	<u>(36)</u>	<u>(69)</u>	<u>(69)</u>	<u>(69)</u>	<u>(69)</u>	<u>(69)</u>	<u>(69)</u>

# Statement of Change in Net Financial Assets

For the years ending December 31

<i>(in thousands of Canadian dollars)</i>	Actual 2021	Actual 2022	Planned 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027
<b>Surplus (Deficit) for the year</b>	(24,288)	7,827	(14,368)	(143)	(32)	38	(29)
Acquisition of tangible capital assets	(136)	(113)	(86)	(86)	(86)	(135)	(75)
Amortization of tangible capital assets	313	317	347	327	117	96	103
	177	204	261	241	31	(39)	28
<b>Effect of change in other non-financial assets</b>							
Decrease in prepaid expenses	1,124	1,215	(1)	-	1	1	1
	1,124	1,215	(1)	-	1	1	1
Net remeasurement loss	(87)	(33)	-	-	-	-	-
Increase (decrease) in net financial assets	(23,074)	9,213	(14,108)	98	(0)	0	0
<b>Net financial assets, beginning of period</b>	29,748	6,674	15,887	1,779	1,877	1,876	1,877
<b>Net financial assets, end of period</b>	6,674	15,887	1,779	1,877	1,876	1,877	1,877



# Statement of Cash Flows

For the years ending December 31

<i>(in thousands of Canadian dollars)</i>	Actual 2021	Actual 2022	Planned 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027
<b>Operating transactions:</b>							
Cash received from:							
Parliamentary appropriations used to fund operations and capital transactions	96,160	170,495	121,825	96,160	96,160	96,160	96,160
Partners	1,032	930	4,245	5,703	7,703	9,703	11,703
Other	851	663	595	534	433	510	498
Interest	221	545	556	567	578	590	602
	<u>98,264</u>	<u>172,633</u>	<u>127,222</u>	<u>102,965</u>	<u>104,876</u>	<u>106,964</u>	<u>108,964</u>
Cash paid for:							
Cash payments to suppliers	(109,338)	(138,555)	(115,811)	(89,282)	(86,894)	(88,828)	(91,102)
Cash payments to and on behalf of employees	(15,541)	(17,328)	(19,882)	(18,165)	(18,165)	(18,165)	(18,165)
Cash (used in) provided by operating transactions	<u>(26,615)</u>	<u>16,750</u>	<u>(8,470)</u>	<u>(4,482)</u>	<u>(183)</u>	<u>(29)</u>	<u>(303)</u>
<b>Capital transactions:</b>							
Acquisition of tangible capital assets	(136)	(113)	(86)	(86)	(86)	(135)	(75)
Cash used in capital transactions	<u>(136)</u>	<u>(113)</u>	<u>(86)</u>	<u>(86)</u>	<u>(86)</u>	<u>(135)</u>	<u>(75)</u>
<b>Investing transactions</b>							
(Acquisition) redemption of portfolio investments	172	(311)	531	90	43	44	46
Cash (used in) provided by investment transactions	<u>172</u>	<u>(311)</u>	<u>531</u>	<u>90</u>	<u>43</u>	<u>44</u>	<u>46</u>
Net remeasurement loss for the year	(87)	(33)	-	-	-	-	-
Net increase (decrease) in cash during the year	<u>(26,666)</u>	<u>16,293</u>	<u>(8,026)</u>	<u>(4,478)</u>	<u>(226)</u>	<u>(119)</u>	<u>(332)</u>
<b>Cash and cash equivalents, beginning of year</b>	<u>37,784</u>	<u>11,118</u>	<u>27,411</u>	<u>19,386</u>	<u>14,907</u>	<u>14,680</u>	<u>14,560</u>
<b>Cash and cash equivalents, end of year</b>	<u>11,118</u>	<u>27,411</u>	<u>19,386</u>	<u>14,907</u>	<u>14,680</u>	<u>14,560</u>	<u>14,226</u>

# Reconciliation of Parliamentary Appropriations to Government Fiscal Year

For the years ending December 31

(in thousands of Canadian dollars)

	Actual 2021	Actual 2022	Planned 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027
<b>Amounts provided for operating and capital expenditures</b>							
<b>Amounts voted: in the prior year</b>							
Main estimates	95,666	121,160	156,160	111,160	96,160	96,160	96,160
Less: portion recognized in prior year	(71,750)	(86,579)	(121,579)	(87,244)	(72,244)	(72,244)	(72,244)
<b>Amounts recognized in current year</b>	<b>23,916</b>	<b>34,581</b>	<b>34,581</b>	<b>23,916</b>	<b>23,916</b>	<b>23,916</b>	<b>23,916</b>
<b>Amounts voted: in the current year</b>							
Main estimates	96,160	96,160	96,160	96,160	96,160	96,160	96,160
Supplementary estimates B	25,000	60,000	15,000	-	-	-	-
	121,160	156,160	111,160	96,160	96,160	96,160	96,160
Less: portion to be recognized in following year	(34,581)	(34,581)	(23,916)	(23,916)	(23,916)	(23,916)	(23,916)
<b>Amounts recognized in current year</b>	<b>86,579</b>	<b>121,579</b>	<b>87,244</b>	<b>72,244</b>	<b>72,244</b>	<b>72,244</b>	<b>72,244</b>
<b>Parliamentary appropriations used for operations and capital in the year</b>							
	<b>110,495</b>	<b>156,160</b>	<b>121,825</b>	<b>96,160</b>	<b>96,160</b>	<b>96,160</b>	<b>96,160</b>

# Operating Budget

For the years ending December 31

<i>(in thousands of Canadian dollars)</i>	Actual 2021	Planned 2021	Variance	Actual 2022	Planned 2022	Variance	Planned 2023
<b>Partnership contributions</b>	1,537	509	1,028	1,803	-	1,803	4,000
<b>Other revenues</b>	1,169	1,100	70	1,307	974	333	1,250
<b>Operating costs:</b>							
Marketing and sales	122,927	136,787	(13,861)	133,121	134,812	(1,690)	111,456
Analytics	5,563	5,936	(373)	9,552	10,296	(744)	14,439
Corporate services and strategy	8,555	9,915	(1,360)	8,453	10,780	(2,327)	10,987
Destination stewardship	230	770	(540)	860	1,883	(1,023)	4,312
	<b>137,274</b>	<b>153,408</b>	<b>(16,133)</b>	<b>151,986</b>	<b>157,771</b>	<b>(5,785)</b>	<b>141,194</b>
<b>Net cost of operations</b>	<b>(134,568)</b>	<b>(151,799)</b>	<b>17,231</b>	<b>(148,876)</b>	<b>(156,796)</b>	<b>7,920</b>	<b>(135,944)</b>
<b>Funded by:</b>							
<b>Parliamentary appropriations</b>	110,495	117,395	(6,900)	156,160	156,160	-	121,825
<b>Net surplus / (deficit)</b>	<b>(24,073)</b>	<b>(34,404)</b>	<b>10,331</b>	<b>7,284</b>	<b>(636)</b>	<b>7,920</b>	<b>(14,119)</b>
<b>Adjustments for accrual basis</b>	(215)	(251)		543	(276)		(249)
<b>Net surplus / (deficit) - accrual basis</b>	<b>(24,288)</b>	<b>(34,655)</b>		<b>7,827</b>	<b>(912)</b>		<b>(14,368)</b>

In 2022, borders reopened and we welcomed more visitors to Canada than in 2021. However, due to new waves of COVID-19, different regulations across the country and in our target markets, and changing regulations throughout the year, the restart did not exactly follow the approach outlined in the 2022-2026 Corporate Plan and we needed to adjust to dynamic market conditions continuously throughout 2022.

In addition, while we estimate an increase in cash contributions in 2023-2027 aligned with economic recovery, these are still expected to be lower than pre-pandemic levels as many factors, as described earlier in the State of the Sector section, continue to impact the financial situations of all our partners.

# Capital Budget

For the years ending December 31

<i>(in Canadian dollars)</i>	Actual 2021	Actual 2021	Actual 2022	Planned 2022	Planned 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027
Tangible capital assets									
Leasehold improvements and decommissioning	-	15,000	-	11,204	11,204	11,204	11,204	-	-
Office furniture	-	15,000	-	20,000	5,000	5,000	5,000	5,000	5,000
Computer equipment and software	135,678	210,000	112,851	120,000	70,000	70,000	70,000	130,000	70,000
<b>Total</b>	<b>135,678</b>	<b>240,000</b>	<b>112,851</b>	<b>151,204</b>	<b>86,204</b>	<b>86,204</b>	<b>86,204</b>	<b>135,000</b>	<b>75,000</b>

The 2022 year included some modest capital investments in updated computer equipment and software in order for staff to work efficiently from home. In 2023, we anticipate continuing with regular investments in computer equipment and software. In 2026, capital expenditures reflect an upgrade to our data storage and power supply at headquarters. No additional investments are planned.

# Actual and Forecasted Expenditures for Travel, Hospitality and Conferences

For the years ending December 31

<i>(in Canadian dollars)</i>	Actual 2021	Estimate 2022	Planned 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027
<b>Travel</b>							
Operational activities	191,649	1,335,298	3,390,093	4,292,000	4,292,000	4,292,000	4,292,000
Key stakeholders	12,185	57,067	144,884	183,000	183,000	183,000	183,000
Internal Governance & Training	69,179	60,565	153,765	195,000	195,000	195,000	195,000
<b>Hospitality</b>	165,482	470,637	591,069	748,000	748,000	748,000	748,000
<b>Conferences</b>	21,165	34,389	43,189	55,000	55,000	55,000	55,000
<b>Total</b>	459,660	1,957,956	4,323,000	5,473,000	5,473,000	5,473,000	5,473,000

# Significant Accounting Policies

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

## a) **Parliamentary appropriations**

We are funded primarily by the Government of Canada through parliamentary appropriations. Parliamentary appropriations used to fund core operations and capital expenditures are considered unrestricted and recognized as revenues when the appropriations are authorized and any eligibility criteria are met. Parliamentary appropriations used to fund one-time activities 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 our year-end date (December 31) being different from the Government of Canada's (March 31), we are funded by portions of appropriations from two government fiscal years.

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

We do not have the authority to exceed approved appropriations.

## b) **Partnership contributions**

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

## c) **Other revenues**

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

## d) **Foreign currency translation**

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

## e) **Cash and cash equivalents**

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

## f) **Portfolio investments**

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

**g) Prepaid expenses**

Payments made prior to the related services being rendered are recorded as prepaid expenses. Prepaid expenses are recognized as expenses as the related services are rendered. Prepaid expenses consist of program and operating expenses such as subscriptions, 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
Computer software	5 years

Intangible assets are not recognized in these financial statements.

**i) Deferred revenue**

Deferred revenue consists of contributions from partnering organizations and restricted appropriations received from the Government of Canada. When contributions are received from partnering organizations, they are recognized as deferred revenue until the related marketing activity or event has taken place or are recognized as partner contributions 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, 2020 and 2021, the deferred revenue balance is solely made up of deferred contributions from partnering organizations.

**j) Deferred lease inducements**

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

**k) Asset retirement obligation**

Asset retirement obligation consists of decommissioning costs for various office leases. We recognize asset retirement obligations as a result of legal obligations to restore leased office spaces back to their original states at the end of the lease 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 in determining the net cost of operations.

**l) Employee future benefits**

We offer a number of funded, partly funded and unfunded defined benefit pension plans, other unfunded defined benefit plans (which include post-employment benefits, post-retirement benefits and non-vested sick leave), and defined contribution pension plans. Pension plans include a statutory plan, a supplemental plan and a plan to cover certain employees working outside of Canada. Other benefit plans include post-employment severance benefits and post-retirement health, dental and life insurance benefits and non-vested sick leave. The defined benefit pension plans provide benefits based on years of service and average pensionable earnings at retirement.

The defined benefit component of the statutory plan and the supplemental plan was closed effective December 30, 2017 and benefits and service of plan participants were frozen as of that date. We fund certain pension plans annually based on actuarially determined amounts needed to satisfy employee future benefit entitlements under current benefit regulations. Cost of living adjustments are automatically provided for retirees in accordance with Consumer Price Index increases.

The costs and obligations of the defined benefit plans are actuarially determined using the projected benefit method prorated on service that incorporates management's best estimates of the rate of employee turnover, the average retirement age, the average cost of

claims per person, future salary and benefit levels, expected return on plan assets, future medical costs, and other actuarial factors. For the purposes of calculating the expected return on plan assets, those plan assets are based on the market value of plan assets. Past service costs arising from plan amendments are recognized in the years in which the plan amendment occurred.

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

Actuarial gains and losses are amortized over expected average remaining service lifetime ("EARSL") of active employees. If no active employees are remaining, actuarial gains and losses are amortized fully in the next fiscal year. For 2021, EARSL has been determined to be 0.0 years (0.0 years – 2020) for the Supplementary Retirement Plan for certain employees of the CTC ("SRP"), 13 years (14 years – 2020) for the Pension Plan for Employees of the CTC in Japan, South Korea and China ("WWP"), N/A (21 years – 2020) for non-pension post-retirement benefits, 14 years (14 years – 2020) for severance benefits and 14 years (14 years – 2020) for sick leave benefits.

Employees working in the 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. Our contributions to these plans reflect the full benefit cost of the employer. These amounts vary depending upon the plan and are based on a percentage of the employee's gross earnings. Contributions may change over time depending on the experience of the plans since we are required under present legislation to make adjustments for the rate of contributions to cover any actuarial deficiencies of these plans. Contributions represent the total pension obligations to us for these employees and are charged to operations during the year in which the services are rendered.

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

**m) Financial instruments**

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

**n) Measurement uncertainty**

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

**o) Related party transactions**

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

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

**p) In-kind partnership contributions**

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

**q) Inter-entity transactions**

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



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

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

# APPENDIX E: RISK MANAGEMENT

## Overview

### Background

As part of good governance, we regularly assess the risks which may impact our ability to meet our objectives.

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

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

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

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

### Approach and Criteria

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

- We assess our **risk appetite** in terms of the amount and type of risk we are willing to accept in pursuit of our business objectives. Although we have not produced a statement on risk appetite, management has a moderate risk appetite when it comes to the fulfilment of our mandate.
- We determine our **risk tolerance** which reflects our risk appetite at the specific risk level. This has not been defined due to the maturity of the ERM program, the COVID-19 environment and the changing operating business model. That said, we have a low tolerance for financial operations risk given the extensive internal financial controls that we employ.
- We have developed a 5-point scale to **evaluate the impact and likelihood of our strategic risks**. The risk rating descriptions and rating criteria are provided in the following table. Consistent with best practices identified by our external consultant, we evaluate and report risks on a "residual risk" basis, i.e. after considering mitigating activities.

Reporting residual risk is considered appropriate, given the level of understanding of our risks required by our internal and external stakeholders in the development of our strategic objectives, the maturity of our ERM process, and the size of our organization. Inherent risk is considered in the development of our risk-based internal audit plan.

## Risk Monitoring

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

## Risk Rating Description and Scoring Criteria

When performing our formal risk evaluation, we use the following 5-point scale (High/Medium High/Medium/Low) to evaluate the impact and likelihood of risks occurring on a residual basis, after taking into consideration our mitigation activities. The following risk rating descriptions and rating criteria are used:

IMPACT RATING	DESCRIPTION	LIKELIHOOD RATING	DESCRIPTION
High	The risk would have a significant negative impact with material consequences to Destination Canada (e.g. complete inability to function) and our customers, shareholder / stakeholder relations, budget and financial operations, internal operations and learning and growth.	High	There is an almost certain likelihood the risk would occur (80% or greater). There is potential for the risk to occur frequently.
Medium High	The risk would have a negative impact on Destination Canada. Consequences would limit our ability to function effectively and efficiently.	Medium High	It is somewhat likely the risk would occur (60-80%). It is possible the risk could occur more than once.
Medium	The risk would have a negative impact on Destination Canada. Consequences would impact our ability to function effectively and efficiently.	Medium	There is a possible likelihood the risk would occur (40-60%). It is unlikely the risk would occur more than once.
Medium Low	The risk would have a minimal impact on Destination Canada. Consequences would be minor or restorable.	Medium Low	There is a possible likelihood the risk would occur (20-40%). It is unlikely the risk would occur more than once.
Low	The risk would have an insignificant impact on Destination Canada.	Low	There is a rare likelihood the risk would occur (20% or less). It is very unlikely the risk would occur at all.

# Risks and Risk Responses

Our risk framework goes beyond standard business and financial risks and begins with first understanding the macro risks facing the economy and the industry risks uniquely impacting the tourism sector. Together, this knowledge provides a foundation for identifying the strategic risks facing our organization and that are categorized under the following four lenses:

- Economic – This includes changes in macroeconomic conditions, such as supply chain disruptions, geopolitics and major global events, which could negatively impact business strategies, operations and investments.
- Environmental – This includes monitoring climate change, reducing emissions and supply chain sustainability.
- Social – This examines how the business manages labour relations, diversity and inclusion.
- Governance – This assesses leadership, internal controls and ethics to promote greater accountability and transparency.

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

<b>ECONOMIC</b>	<b>2022:</b> <span style="color: red;">●</span>	<b>2023:</b> <span style="color: red;">●</span>
<p>There is a risk that promoted activities do not result in increased tourism 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.</p> <p><b>Mitigation activities:</b> We will use research and data analytics to make decisions about the best opportunities for Canada domestically and internationally. We will work closely with our provincial, territorial and city partners to ensure alignment, and our decisions will be informed by the experience of our partners. We will reallocate funds as conditions dictate. We will support industry with research, information, tools, media assets and sales opportunities to support pathfinding and help maintain businesses during this critical period.</p>		
<b>ENVIRONMENTAL</b>	<b>2022:</b> <span style="color: orange;">●</span>	<b>2023:</b> <span style="color: orange;">●</span>
<p>There is a risk that the environmental perception of Canada, tourism and Destination Canada itself could have a negative impact on the tourism assets that are being promoted.</p> <p><b>Mitigation activities:</b> 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 will contribute to mitigating the unintended and negative impacts on the tourism assets we promote. As a national leader, we will raise awareness and reinforce messages to our marketing and industry partners about capacity challenges of destinations and the need for environmental sensitivity when developing their programs. We will encourage them to meet Canada’s greenhouse gas goals and to work alongside communities to instill actions that are regenerative. Further, we will promote these values to our travellers.</p>		
<b>SOCIAL</b>	<b>2022:</b> <span style="color: yellow;">●</span>	<b>2023:</b> <span style="color: orange;">●</span>
<p>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. There is a further risk that the workload challenges of the past number of years negatively impact the mental health of our employees.</p> <p><b>Mitigation activities:</b> We are working across multiple initiatives to ensure that our activities reflect the diversity of Canada. This includes 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 practices; training our staff to be aware of biases; working to support Indigenous reconciliation through tourism; and following a community economic empowerment strategy. We are deploying our internal diversity, equity and inclusion strategy to ensure that we embrace diversity in our operations and reflect the communities we serve.</p>		

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

**GOVERNANCE**

2022: ●    2023: ●

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, efficiency and compliance.

**Mitigation activities:** We have conducted an extensive environmental scan exploring the big shifts in the tourism industry and aligned our governance activities in the changing environment. This starts with engaging 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 have consulted broadly with the industry to develop a strong business strategy, implemented a full policy suite to address day-to-day operations, provided more robust enterprise risk management, and introduced an internal audit function serving as the final line of defense. We measure our performance against our own targets and our stakeholders' objectives, we are benchmarking some areas of market performance against key competitors, and we have implemented appropriate information technology controls to protect against the cyber risks of doing business in today's environment.

# APPENDIX F: COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

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

## Policy on COVID-19 Vaccination for the Core Public Administration Including the Royal Canadian Mounted Police

Since the pandemic, we have taken a proactive role to stay informed and follow the advice of local and federal public health authorities. In late 2021, the Government of Canada mandated that all public service employees, including those employed by Crown corporations, be fully vaccinated. In alignment with federal direction, we soon after implemented our own policy outlining the vaccination requirements for all our employees, officers and board directors. Similarly, when this requirement was lifted in mid-2022, we also followed suit.

We have and will continue to take public guidance into account in all our programs and operational activities, including returning to in-office work and industry events, to safeguard the health and safety of our staff and others we may come into contact with.

## Pay Equity Act

In 2021, the Government of Canada implemented the *Pay Equity Act*. This act is an important part of the government's commitment to close the gender wage gap and ensure that workers receive equal pay for work of equal value.

We enthusiastically support this act and will be creating a pay equity plan that will ensure that women's work is valued and compensated fairly, now and into the future.

## Official Languages Act

We prepare and submit annual reports to the Treasury Board Secretariat and Canadian Heritage on our efforts to comply with our obligations under the *Official Languages Act*. Our last report was submitted in May 2022 for the 2021-2022 government fiscal year.

To further align with the spirit of the *Official Language Act* and to foster the linguistic duality of Canada, we are taking steps to strengthen our official languages practices and ensure that all staff have a sound understanding of their official languages responsibilities.

## Access to Information Act and Privacy Act

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

We prepare and submit annual reports to Parliament on the administration of both Acts. Our last reports were submitted in August 2022 for the 2021-2022 government fiscal year.

## Conflict of Interest Act

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

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

## Canadian Human Rights Act and Canada Labour Code

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

## Trade Agreements

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

# APPENDIX G: SUPPORT FOR GOVERNMENT PRIORITIES AND DIRECTION

## Supporting Businesses through the Pandemic

Small businesses are the lifeblood of communities and the backbone of the economy, particularly in the tourism sector. As businesses rebuild and rethink their approaches, the Canadian Tourism Data Collective – which we are building together with Statistics Canada and industry partners – will make information and analysis broadly available to business owners and entrepreneurs. A valuable industry resource, this innovative platform will produce better intelligence that will help position businesses to thrive in a digital age.

## Climate Change

Canada is world-renowned for the beauty of its land and majestic wildlife, and we are committed to help protect our greatest tourism assets. To act meaningfully in preserving, improving and repairing our environment, we are adopting a regenerative approach to tourism growth. We will advocate for responsible travel that will help preserve nature and promote environmental sustainability.

In addition, our *Canadian Business Events Sustainability Plan* focuses on improving the economic, social and environmental sustainability practices of business events hosted in Canada. The plan includes coaching, training and education opportunities to domestic partners to advance their sustainability programs.

## A More Resilient Economy

Our strategy is about helping to grow a vibrant tourism sector in Canada. In the short-term, our focus will be to drive rapid recovery while setting the foundations for greater resilience over the long-term. Our aspiration draws on the restorative and transformative power of regenerative principles that will enable Canada's tourism sector to be more prosperous and resilient – supporting the wealth and wellbeing of people, businesses and communities.

## Official Languages

To align with the spirit of the *Official Language Act* and to foster the linguistic duality of Canada, we are taking steps to strengthen our official languages practices and ensure that all staff have a sound understanding of their official languages responsibilities.



## Reconciliation

We understand that tourism can play an important role in reconciliation. As an organization, we will continue to develop genuine relationships with, and deepen our understanding of, Indigenous communities and businesses and their unique perspectives so that, together, we can share Indigenous contributions, past and present, with Canadians and the world. To support this work, we strengthened our commitment to the Indigenous Tourism Association of Canada through a five-year Memorandum of Understanding which will help propel the recovery and resilience of Canada's Indigenous tourism businesses and communities, and contribute to reconciliation.

## A Welcoming Canada

The Government of Canada has set a priority for the country to become the world's top destination for talent, capital and jobs. Tourism has the power to serve as a path to immigration and investment, and our strategy is designed to differentiate us from the rest of the world. We are working to strengthen Canada's global identity as an ideal place to travel to, and by extension, to study, work, invest and live.

## Diversity and Inclusion

We recognize that a diversified workforce and a leadership team that embraces a multiplicity of viewpoints and cultures drives innovation and increases engagement. Our representation of women, visible minorities and women in leadership roles exceeds those of the public service and general population averages.

Fifty-eight percent of our Board of Directors comprises women. For our executive team, female representation is even higher at 71%, and visible minorities comprise 29%. Taking into account all our Canada-based staff, 75% are women, and 26% are visible minorities.