



Harnessing innovation and alignment

2012-2016

corporate plan summary

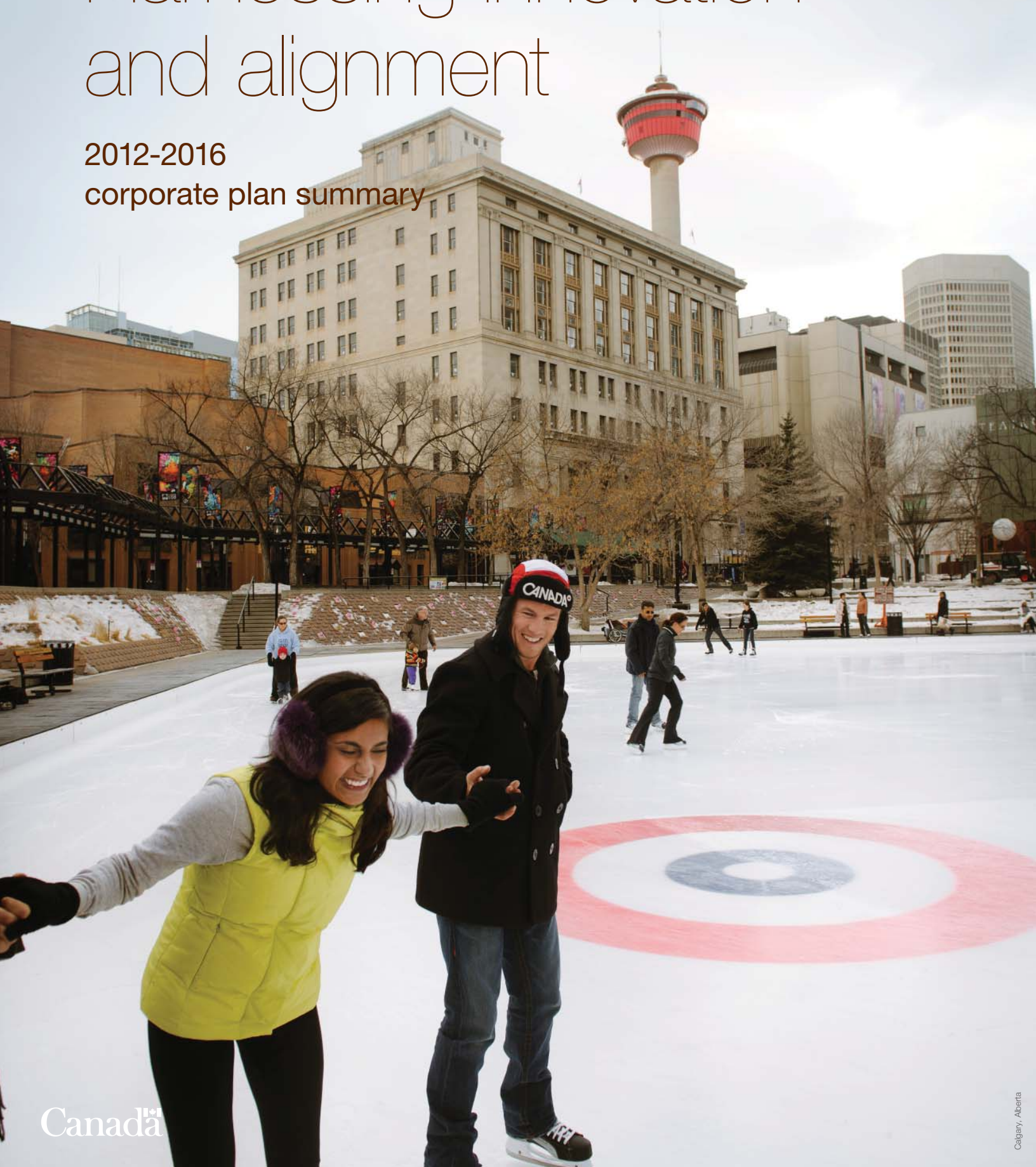


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Message from the President & CEO

Tourism is big business for Canada – over \$73 billion a year, with an export value exceeding the aerospace, financial services, and computer and information services sectors. It's our No. 7 source of money from outside of Canada and growing fast. And tourist spending creates nearly 600,000 jobs for Canadians.

It's also a trillion dollar global business – tourists spend three billion dollars a day, or two million dollars a minute. That means it's intensely competitive and in constant flux. A shift in a country's economy, a new cultural trend, a destabilizing political event, a pandemic, or an earthquake are just a few things that can radically change who goes where to spend those billions in travel dollars that are up for grabs every year.

To win in this business a national tourism organization has to read the market trends before anyone else, adopt the best marketing and national branding techniques and embrace a constantly evolving strategic vision to get the edge on tomorrow's tourism trends.



In planning the Canadian Tourism Commission's (CTC) corporate strategy for the 2012-2016 period, we have focused on alignment and innovation. These twin priorities, we believe, are critical as we go head to head with new destinations offering exotic tourism experiences and who are focused on growing their share of the tourism business. Tourism marketing abroad is already a fiercely competitive business with variables we can't control... we must work smarter than our competitors.

Innovation

Innovation has been a cornerstone of our work at the CTC and is at the heart of our corporate business plan going forward to help us gain a competitive advantage.

We create programs to showcase excellence in Canadian tourism, by "pulling" or inspiring tourism businesses to strengthen their spirit of innovation and entrepreneurial attitude to support development of new tourism products and business practices that, in turn, increase Canada's competitiveness in the world.

Our recently launched Signature Experiences Collection® is an example of such an innovative program – the latest phase of our global strategy to make Canada stand-out from the competition. The qualifying members of the Collection offer exceptional tourism experiences that are aligned with Canada's strong tourism brand, and reflect the kind of authentic experiences that CTC research says our high-spend customers look for when they choose a vacation destination.

The CTC will draw on the Collection's expanding pool of high-quality tourism experiences in our marketing campaigns, enhancing awareness of our country, increasing our share of international visitors and generating greater revenues from abroad for Canada. At the same time, the program raises the bar for tourism businesses and offers a wide range of tools to help them meet the high standard that is required to compete in the international marketplace.

In May 2010, the Public Policy Forum organized an event called *Innovation Next*, bringing together leaders from across disciplines to discuss how to foster a deeper culture and practice of innovation in Canada for a more productive economy and sustained prosperity. There was agreement that, above all, what is needed is

leadership from within each sector, with key players stepping forward to provide the vision, policy alignment and support for innovators to thrive. The CTC will support the *Innovation Next* agenda by actively providing leadership for innovation in Canada's tourism and marketing sectors.

Alignment

In Canada, we face challenges of fragmentation in the tourism landscape. The panorama is a dizzying collection of interests – destination marketing organizations, regional marketing organizations and provincial and territorial marketing organizations are the better-known players, but governance and funding changes are adding new levels of complexity.

It's counter-productive for Canadian destinations to think of the guys next door as our competitors. We do have tough competitors, but they're not on our home turf. They're in those international markets in which the CTC invests. Long-standing rivalries, duplication of efforts and overlapping roles cause confusion in the domestic marketplace.

We have an admirable history of successful tourism partnerships in Canada, but we need to harmonize the overall marketing system so we're not working at cross purposes and to focus on how we can best use the power of our resources to outsmart the competition for the best return on our investment.

The customer journey to making a decision to buy something follows along the same path-to-purchase for any product, tourism experiences included. In the travel industry, we can track consumers from the moment they first hear about our destination to the actual point of booking a trip. It's a great model to start the discussion about where the many tourism players fit along this pathway.

This thinking about roles helped the CTC make a decision last year to invest only in those markets and activities where the Canada tourism brand leads. In those 11 markets, we have now defined our particular role as building a strong brand and creating awareness of compelling Canadian travel experiences. The industry and destinations will then take over their own roles to close the sale. We're all part of an ecosystem in which we need to play to our natural strengths.

In addition to a strong focus on roles, and as a feature of the corporate plan, we've committed to work within our sphere of influence and encourage clarity around roles. And we'll do so by pursuing a number of priorities: We'll act to align federal support for international tourism marketing with Canada's tourism brand; promote common return-on-investment measures for international marketing activities; communicate the CTC's marketing strategy more effectively; encourage discussions around respective roles; and build awareness that competitive behavior between individual Canadian destinations in the international marketplace hurts our effectiveness.

In addition, we'll continue to seek to coordinate how Canadian tourism marketing organizations approach customers abroad and work with the Tourism Industry Association of Canada to ensure that all players active in international marketing understand the policy landscape and advocacy priorities.

We can outsmart the competition, and focusing on our dual priorities of alignment and innovation presents us a path to success.

Keep exploring!



Michele McKenzie



Executive summary

Calgary, Alberta

The Canadian Tourism Commission's Corporate Plan is an annual five-year rolling strategic plan submitted to the Government of Canada. This Corporate Plan for 2012-2016 outlines our:

- corporate objectives and strategic priorities;
- performance measurements; and
- forecasted financial statements.

Canada's national tourism marketing organization

The Canadian Tourism Commission (CTC) is a federal Crown corporation wholly owned by the Government of Canada. As set out in the *Canadian Tourism Commission Act*, our purpose is to sustain a vibrant and profitable tourism industry by supporting a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories. We promote Canada as an internationally competitive, premier four-season tourism destination where travellers have access to extraordinary experiences. We provide a consistent voice for Canada in the international tourism marketplace.

The immediate beneficiary of our activity is Canada's tourism industry which represents \$73.4 billion in annual revenues. Over 157,000 tourism-related businesses¹ contribute some 594,500 jobs² to the Canadian economy. The industry has long recognized the value of CTC marketing programs and works with us through public-private partnerships. Our target is for partner contributions to match our federal funding at a 0.6:1 ratio.

Opportunities and tough competition ahead

Opportunities abound for the Canadian tourism industry. Tourism remains one of the fastest-growing industries, and there is seldom a lag in the recovery of tourism spending when economic activity increases. In fact, typically a direct correlation between economic activity and tourism spending can be seen, with tourism spending often recovering at a slightly higher pace.

¹ Statistics Canada, Income and Expenditure Division, Special Tabulation, 2011.

² *National Tourism Indicators, Quarterly Estimates*, Statistics Canada, 2011 Q1.



Source: Tourism Economics, Haver Analytics, IMF.

International tourist arrivals are expected to grow by 70% to 1.6 billion by 2020³ from 940 million in 2010⁴. One important trend underpinning this growth is the burgeoning middle class in emerging markets including China, India and Brazil. These countries have established themselves within Canada’s top ten source markets for travellers over the last few years.

The growth in travel from China has been especially rapid and Canada is poised to take advantage of this opportunity. Significant new air capacity has been added between the two countries in the last year and, with Approved Destination Status (ADS) granted by China in 2010, Canada can now advertise itself as a travel destination directly to Chinese consumers.

In fact, Canada’s brand is particularly strong with travellers right now. As a result of the CTC’s launch of the refreshed tourism brand “*Canada. Keep Exploring,*” as well as special programs around the Vancouver 2010 Olympic and Paralympic Winter Games and Canada’s Economic Action Plan, interest in Canada is at a high point.

With such opportunity, there is great potential to accelerate growth in Canada’s tourism export revenues, with associated growth in jobs and government revenues. However, capitalizing on this potential will require strong and sustained marketing efforts. It takes time to move travellers along the path from interest to an actual trip booking, especially when overseas travel is required. In addition, the marketplace is becoming increasingly competitive; strong marketing is essential. The world is competing for tourists as never before, and travel is beginning to flow towards new, exotic and emerging destinations in Asia, Africa and the Middle East. From 2002 to 2010, Canada fell from 7th to 15th in global tourist arrivals⁵.

Canada faces stiff competition from tourism marketing bodies in other countries. This includes traditional competitors such as France, Australia and New Zealand, as well as emerging destinations such as Brazil, which have enhanced their marketing presence in the international landscape. Additionally, the newly created US national tourism organization, Brand USA Inc., is poised to be a strong contender for capturing a notable share of the international travel market.

³ *Tourism 2020 Vision – Global Forecast and Profiles of Market Segments*, United Nations World Tourism Organization, October 2001.

⁴ *UNWTO World Tourism Barometer*, United Nations World Tourism Organization, August 2011.

⁵ *UNWTO World Tourism Barometer*, United Nations World Tourism Organization, August 2011.

Gaining advantage through alignment and innovation

To focus marketing resources, the industry must work smarter. Two important drivers of our strategy are alignment and innovation.

Canada has a fragmented tourism marketing structure: marketing organizations from the national, provincial, territorial and municipal levels have overlapping mandates. This results in the potential duplication of efforts and players working at cross purposes. Clarity of organizational roles, coupled with enhanced alignment of efforts, is needed to ensure we are all working towards the same strategic goals and communicating under a single, strong brand.

Innovation is another key to staying competitive, and has been an essential foundation for our work at the CTC. We look to new research methods, ideas, technology and media to keep our message fresh and relevant to consumers, and to gain a competitive advantage. In the tourism industry in general, there is a need to encourage innovation and entrepreneurship to support the development of new tourism products and business practices. In 2010, and in an effort to advance this alignment imperative, the CTC introduced the “role of the Canada brand” when making decisions about markets in which to invest. As a result, we now invest only in those markets where partners are prepared to invest under the Canada brand (rather than leading with their own brands). The CTC will continue to provide leadership to the industry to help harness the full power of our collective marketing resources and compete internationally at top strength.

These two goals of alignment and innovation are key priorities for our 2012-2016 Corporate Plan.

The CTC's 2012-2016 corporate objectives and strategic priorities

In support of our overarching strategic goal of growing tourism export revenues for Canada, we will pursue the following two corporate objectives:

Increase demand for Canada's visitor economy

- Generate wealth for Canadians by focusing on both short-term and long-term potential for maximizing return on investment as markets mature and evolve.
- Engage in effective tourism marketing, promotions and market development activities supported by market research with the aim to support the achievement of Canada's national tourism revenue goal of \$100 billion by 2015.

Focus on markets where Canada's tourism brand leads and which yield the highest return on investment

- Concentrate on those geographic markets or consumer market segments where Canada's tourism brand leads and which hold the highest potential for return on investment.
- Convert high-yield customers by investing in appropriate communication channels based on insights from customer segmentation research and the path-to-purchase model.

These four strategic priorities for action form the framework for how we will achieve our corporate objectives:

Ensure customer relevancy and differentiate Canada

- Develop and maintain relevant communication with targeted potential travellers and ensure that the received marketing messaging addresses their interests and expectations as consumers.
- Position Canada's tourism brand as a leading experiential brand where travellers create extraordinary stories all their own.

Advance a culture of innovation and entrepreneurial development among tourism businesses

- Work with the industry to foster the development and adoption of new tourism products and business practices.
- Aim to be recognized as one of the most innovative tourism marketing organizations in the world by adopting new tools and technology, using world-class research and cutting edge multimedia marketing to keep Canada front-of-mind internationally.

Lead industry in international brand alignment and consistency

- Provide a unified voice internationally and drive alignment in key source markets.
- Facilitate international marketplace access for brand-aligned Canadian small and medium-sized enterprises (SMEs) with export-ready consumer products.

Foster organizational excellence

- Be a "strategy-focused organization" with the right tools, people and resources in place to deliver.
- Focus on continuing to be a lean and scalable organization.

Strategic direction

The CTC's strategic direction is illustrated below, outlining the relationship of the corporate vision, mission, priorities, objectives and overall goal.





Part 1: Our role

1.1 Corporate profile

Our role

The Canadian Tourism Commission (CTC) is a federal Crown corporation wholly owned by the Government of Canada and accountable to Canada's Parliament through the Minister of Industry. In partnership with the Canadian tourism industry, we work to promote Canada as an internationally competitive, premier four-season tourism destination where travellers have access to extraordinary experiences. We provide a consistent voice for Canada in the international tourism marketplace.

Our legislated mandate

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

Our markets

We are active in 11 international key geographic markets: the United States (US), the United Kingdom (UK), Germany, France, Mexico, Japan, China, South Korea, Australia, India and Brazil. According to our strategic research tool which assesses the tourism market potential for 22 selected markets, with the exception of Mexico, all the markets that the CTC focuses on represent the top ten markets for optimal tourism performance. In 2010, all 11 markets accounted for 90% of international overnight travel to Canada and 82% of all international tourism receipts.

Our partners

Our partners include provincial and territorial governments, other federal departments and agencies, destination marketing organizations, the Canadian private sector and international travel trade and meeting professionals.

Our funding

The CTC is largely funded through appropriations, currently at about \$72 million per year. In order to increase the impact of the government's investment in Canada's tourism marketing, the CTC actively partners with industry to develop marketing programs and leverages cash and in-kind partner contributions at a target ratio of 0.6:1.

Our leadership

Currently, a 12-member Board of Directors governs the CTC. Its role is to provide stewardship and strategic direction. The Governor in Council (GIC) appoints the Chair of the Board, as well as the President & Chief Executive Officer (CEO). Appointments of the other directors are made by the Minister of Industry with the approval of the Governor in Council and are based on the full range of skills and competencies required to provide effective oversight.

Our values

Innovation, collaboration and respect.

Outreach to industry

The CTC remains committed to engaging and working with key stakeholders in the tourism industry to foster the sharing of best practices, and has mechanisms in place to ensure that the CTC's Board of Directors and management are engaged with industry.



1.2 Supporting tourism in Canada

Representing approximately 1.9% of Canada's Gross Domestic Product (GDP)⁶, tourism is big business for Canada, with an export value exceeding each of the aerospace, financial services and computer and information services sectors. In 2010, the total value of tourism in Canada was \$73.4 billion; government revenues generated by tourism amounted to an estimated \$20.1 billion.

Tourism generates export revenues (any item sold to an international tourist is considered an export) and is a significant component of Canada's exports. In 2010, export tourism brought in nearly \$15 billion to the Canadian economy.

The benefits of tourism are widespread across the country, with the ultimate beneficiary being the Canadian taxpayer. In addition to drawing in international money, tourism provides work for thousands of Canadians. In June 2011, there were over 157,000 tourism-related businesses in Canada providing services in the areas of accommodation (i.e. hotels), food and beverage (i.e. restaurants), recreation and entertainment (i.e. boat rentals), transportation and travel (i.e. travel agency), equating to some 594,500 jobs in communities from coast to coast to coast. Many of these businesses are small and medium-sized enterprises (SMEs), operating in communities large and small in every province and territory of Canada. They are often considered the economic backbone of their communities as they deliver strong economic, social and cultural benefits to Canadians in both urban and rural areas.

In addition to stimulating revenue growth and jobs for the Canadian economy, tourism contributes to the quality of life in Canada through public and private investments in parks, transportation infrastructure, attractions, events and event facilities.

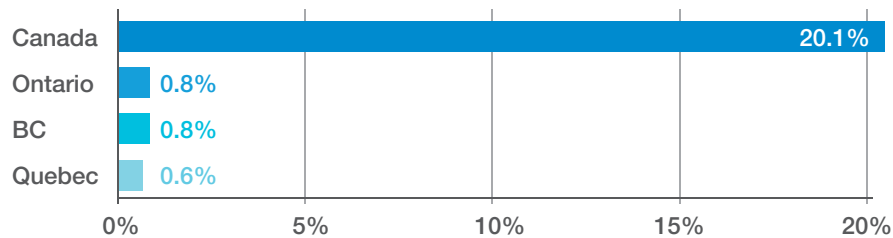
1.3 Selling Canada abroad

Over the past decade, there has been a dramatic shift in the profile of travellers. The relatively strong Canadian economic environment over the last decade has been conducive to Canadians discovering more of their own country. As a result, currently 80% of tourism revenue is derived from domestic travellers, up from 65% a decade ago. At the same time, decreases in inbound international export revenue, largely fuelled by a series of shocks (i.e. SARS, global recession, earthquake), hindered long-haul travel arrivals from our target markets. This has contributed to the rise in share of domestic travel. As would be the case for any industry, relying on 80+% of revenue from the domestic market is unlikely to facilitate healthy growth opportunities for Canadian tourism businesses, particularly given the anticipated expansion of international tourism arrivals globally over the next several years as projected by the United Nations World Tourism Organization (UNWTO).

Therefore, Canada needs to stimulate international visitation. Tourism marketing plays a critical role in achieving this. World travellers are increasingly aware of countries as destination choices, rather than sub-national entities such as provinces or regions, as illustrated in the chart on the following page.

⁶ *National Tourism Indicators, Quarterly Estimates*, Statistics Canada, 2011 Q1.

The CTC advances Canada's competitive position globally by generating increased demand, and in turn, increasing tourism revenues from abroad. We market Canada in a manner that informs travellers of all that the country has to offer, and our path to purchase model enables us to follow a targeted approach to close the gap between market potential and actual visitation.



Source: *Global Tourism Watch, Unaided Destination Awareness, Harris/Decima, 2010.*

1.4 Path to purchase model

When making an actual travel purchase, consumer behaviour can be broken down into different steps that, when followed sequentially, trace a path from the consumer first hearing about the destination through to the actual point of purchasing an experience. The CTC has developed a “path to purchase model” to illustrate this process and to track Canada’s tourism brand performance at every stage of consumer decision-making. Analysis of the seven-step model enables us to compare the brand in all markets and focus marketing activities to address the weak links in the chain. For example, Canada finds its greatest challenge at the “creating a vacation movie” stage, which involves inspiring consumers to begin imagining themselves actually having an experience. Regardless of the market, Canada loses roughly 50% of its audience at this juncture. Of those consumers that do move beyond this stage, many never progress to the next important step of planning an itinerary. This blockage between consideration and itinerary planning is one that marketing can influence. Shifting desire to intent is a major hurdle for any destination marketer and seller to surmount: the path to purchase model allows for a targeted approach to guide travellers along the path to purchase.

		Core Markets (Australia, France, Germany, the UK)	Emerging Markets (China, Japan, Mexico, South Korea)	
Market potential		62.5M	38.5M	
Step 1	<i>Hear about the destination</i>	100%	100%	Brand building
Step 2	<i>On dream list</i>	83%	84%	
Step 3	<i>On seriously considering list</i>	28.1M	17.8M	
	A destination that they think about going to in the future	24%	28%	
Step 4	<i>Creating a "vacation movie"</i>	13.1M	8.1M	Tactics conversion
	Starting to gather information from friends, the Internet, articles, brochures	15%	17%	
Step 5	<i>Detailed itinerary planning</i>	3.7M	2.7M	
	Planning the details of an itinerary to Canada	5%	10%	
Step 6	<i>Finalizing trip arrangements</i>	2%	2%	
	In the process of working out travel arrangements			
Step 7	<i>Purchase</i>	1%	1%	
	Booked a trip to Canada			
2010 Overnight trips		1.6M	0.7M	
Arrivals-to-planning ratio		44%	25%	

Source: 2009 *Advanced Path to Purchase Study*. Long-haul population figures derived from the 2010 GTW Omnibus Study.

1.5 Standing out from the competition

Since the 2007 launch of Canada's revitalized tourism brand "*Canada. Keep Exploring*" we have worked to build a bridge between the world's nature-based perceptions of Canada and the need to present more diverse and real Canadian travel experiences in a personal, emotional, relevant and interactive way.

Through "*Canada. Keep Exploring*," Canada is positioned as a destination of choice for discerning travellers. In 2010, Canada's tourism brand earned the number one spot on the list of the world's top country brands according to *FutureBrand's Country Brand Index*, jumping from 6th place in 2007 and 12th in 2006. Of the dimensions comprising this index, tourism was Canada's strongest dimension in achieving the #1 ranking. In past decades we have tried to represent Canada as all things to all people. We now focus on what makes us special to a select group of high-yield, motivated and active international travellers.



1.6 Canada's unique selling propositions

After much research and collaboration, the CTC has identified five unique selling propositions (USPs) that showcase the experiences that make Canada unique in the global marketplace. These USPs set Canada apart from the competition by presenting the country as a distinctive, unique and extraordinary travel destination. They allow us to package and market experiences that are relevant to the interests and values of our targeted travellers.

Consistent adherence to these five USPs in Canadian marketing ensures that all experiences marketed internationally support Canada's tourism brand. The propositions help to shape messages globally through all channels, and give us focus and a process by which to align sellable products. USPs help to make Canada the destination of choice for high-yield travellers.



Vibrant cities on the edge of nature

Canada is unique for having vibrant urban centres in close proximity to nature. Tour Halifax's spectacular harbour front, where the vibrant, old and new converge. Discover Toronto's lively neighbourhoods. Explore historic Québec City, the only walled city in North America.



Personal journeys by land, water and air

A journey is more than getting from one place to the next – it's about exploring, and discoveries made along the way. Cross the country by rail. Take a float plane from downtown Vancouver to a luxury lodge. Drift in a sailboat along the world's longest coastline.



Active adventure among awe-inspiring natural wonders

Travellers can find adventure by immersing themselves in nature's wonders, water, and wildlife, without having to sacrifice their creature comforts. Be mesmerized by the aurora borealis – from the comfort of a hot tub. Get soaked by Niagara Falls, then experience a private wine tasting tour at a nearby winery. Watch polar bears by day and enjoy a gourmet dinner in the evening. Heli-ski in the Rockies in the morning, and spend the afternoon at a spa.



Award-winning Canadian local cuisine

Unique locally-sourced ingredients, a return to natural freshness and low-intensity farming, ethnic fusion, techniques, settings and people all combine to make Canadian cuisine a savoury experience. Discover Ontario's ice wines or visit a micro-brewery in Nova Scotia. Find out how Quebec cheeses are made or learn to shuck oysters on Prince Edward Island.



Connecting with Canadians

Travellers can immerse themselves in the communities they visit. Absorb Canadian art at Montreal's art galleries. Discover Acadian culture at a summer kitchen party. Share stories with a local at the Yukon Storytelling Festival. Learn the legacies of the Great Plains people at Alberta's famous buffalo jump.

1.7 Fostering innovation

The tourism marketing industry is a major customer of Canada's creative and digital economies, and the CTC takes advantage of technological changes in marketing to make Canada more competitive internationally. For example, CTC marketing campaigns have taken innovative approaches incorporating quick response (QR) codes in our print advertising that, when scanned, take readers to a mobile page to view images, videos and reviews. The CTC has also collaborated with Google Maps and Street View to create 360° virtual online ads and use interactive murals that display live Twitter posts and photos from travellers in Canada.

Our latest and innovative travel tool *Explore Canada Like a Local* invites travellers to plan their trip with recommendations from locals and other travellers who know the real Canada. Inspiring travellers to become excited about Canada, this website allows visitors to create their own travel guide and then take it along with them using a downloadable mobile application. *Explore Canada Like a Local*, launched in 2011, makes the CTC the first national tourism organization to launch a mobile application and online itinerary-building tool powered solely by user-generated content. This tool takes the traveller from planning to experiencing a trip, and even to recommending their own travel tips.

The CTC leads innovation by contributing to the demand for innovative technologies in Canada. From multimedia campaigns to social media strategies, leveraging the latest advances in technology remains a key focus of the CTC's marketing strategy.



Michele McKenzie, president and CEO and Greg Klassen, SVP Marketing Strategy and Communications celebrate the 'Marketer of the Year' Award from Marketing magazine. Photo Darrell Lecorre



The CTC also aims to be innovative in its partnership arrangements to effectively promote Canada internationally. In addition to the four traditional partnership arrangements noted on page 46, the CTC will explore new and innovative types of partnerships to address needs such as bringing tourism experiences to the international marketplace in a manner that is strategic, brand-aligned, and customer focused.

1.8 Generating results

The CTC actively tracks the net effect that investments in our campaigns have on generating returns to the tourism economy and on the broader domestic economy. It is our stable and consistent branded marketing which generates demand for tourism products and experiences. We work with the industry, largely made up of SMEs, to enhance their product offerings in the marketplace, and the resulting demand, in turn, encourages these SMEs to create jobs which drive economic wealth and taxation revenues. As a result of this link between destination marketing and tourism demand generation, we are able to attribute our contribution to tourism revenue, job creation and federal tax receipts⁷. In 2010, the CTC's marketing efforts generated \$1.9 billion in export revenue for Canada's tourism economy; generated nearly \$252 million in federal government tax revenues; and created or protected 16,569 Canadian jobs⁸.

Below is a table illustrating other results from 2010 from our various marketing channels:

Marketing Channel	2010 Results
Direct to consumer marketing	Marketing campaign return on investment (ROI) of 82 : 1
Media & public relations	Canadian tourism and the 2010 Winter Olympic Games messaging reached a global audience of 13.5 billion ⁹
Travel Trade	2,814 new agents certified under the Canada Specialist Program ¹⁰
Meetings, Convention & Incentive Travel (MC&IT)	1,064 Leads

⁷ CTC attributable tourism revenues are the estimated additional revenues received by the Canadian tourism industry as a result of travellers converted or influenced to take a trip to Canada by CTC marketing.

⁸ Canadian Tourism Commission estimates based on average daily spending data from Statistics Canada.

⁹ Result was largely driven by the 2010 Winter Olympic Games coverage.

¹⁰ The Canada Specialist Program is an educational tool designed to assist travel trade agents in becoming knowledgeable on Canadian experiences and in promoting travel and tourism to Canada.



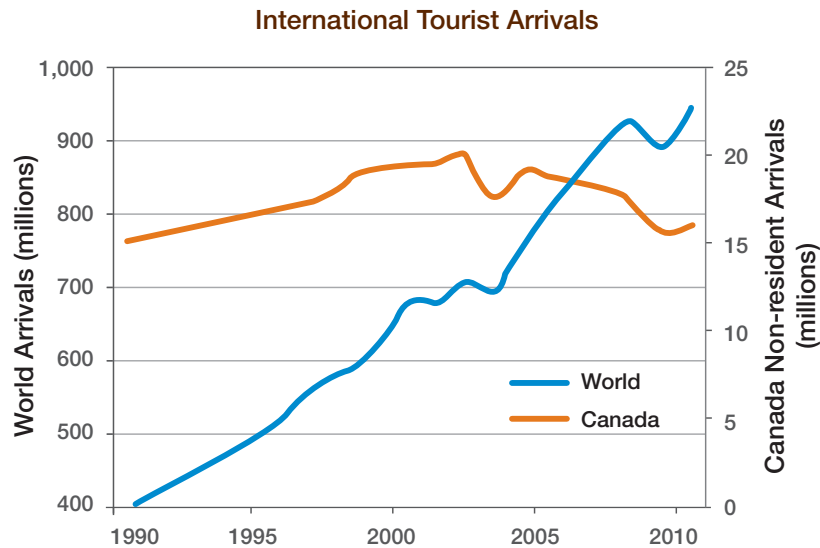
2.1 Industry environment

Keeping abreast

In a fast-changing industry it is vital to have regular access to accurate, up-to-date information. To that end, the CTC monitors economic and market trends on a monthly basis and uses the information collected to support decision making. We also make this data available to Canadian businesses on our corporate website (www.canada.travel/corporate).

State of the global tourism industry

Over the past six decades, tourism has experienced continued expansion and diversification globally, becoming one of the largest and fastest growing economic sectors in the world. In spite of occasional shocks, international tourist arrivals have shown powerful growth for decades.



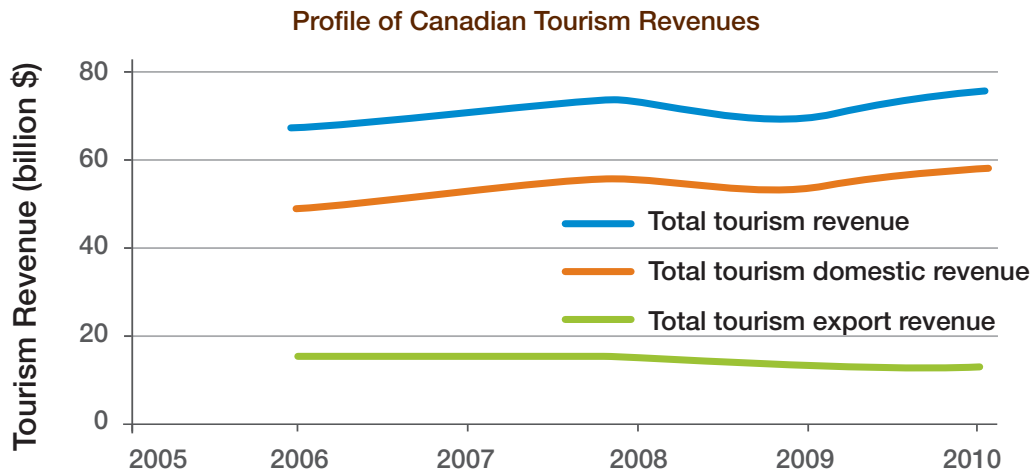
Source: *Tourism Decision Metrics*, July 26, 2011.

While a sizeable dip was experienced in 2009 as a result of the global financial and economic slowdown, the industry recovered faster than expected in 2010, spurred by improved economic conditions worldwide. International tourism arrivals reached an estimated peak of 940 million in 2010, a gain of 7% over 2009 and 3% over the 2008 pre-crisis peak year. The recovery was particularly strong in emerging economies, where arrivals grew faster (8%) than in advanced ones (5%): this trend is expected to continue.

Despite the social unrest in the Middle East and North Africa and the earthquake in Japan, the industry's recovery is expected to stay on track through 2011. International arrivals are anticipated to grow at 4-5%, slightly above the long-term average of 4%¹¹. However, there remains a number of risks that could dampen growth, such as concerns over fiscal stability in the US and Europe, increased public austerity measures, stock market performance and volatile oil prices.

State of the Canadian tourism industry

Canada's tourism industry is rebounding from the 2009 decline brought on by global events such as the economic slowdown and the H1N1 influenza outbreak. Total tourism receipts in Canada reached \$73.4 billion in 2010, up 6.7% from 2009 and 1.2% from the pre-recession peak in 2008. Domestic travel by Canadians generated the majority of this revenue (79.7% or \$58.5 billion). This segment had experienced a notable dip of 2.8% in 2009, but fully recovered in 2010. The remaining \$14.9 billion in tourism revenue came from international tourists to Canada. While this segment expanded by nearly 6% in 2010, it has still not fully recovered from 2008 and remains 8% lower than export revenues recorded in that year¹².



Source: *National Tourism Indicators*, Statistics Canada, 2011 Q1.

¹¹ UNWTO *World Tourism Barometer*, United Nations World Tourism Organization, June 2011.

¹² *National Tourism Indicators*, Statistics Canada, 2011 Q1.

In the near-term, there is a positive outlook for travellers to Canada from France, Germany, South Korea and Australia, and an even more optimistic outlook for visitors from the emerging markets of China, India and Brazil. Visits by tourists from the US, the UK and Mexico may remain muted in the short term given continuing economic uncertainty and the effects of visas imposed by Canada on Mexican travellers in 2009. Travel from Japan is expected to be down as the country recovers from the 2011 earthquake¹³; however, Japanese arrivals into Canada are on track for a better than expected recovery. After losing a small share of Japan travellers in March (0.8%), Canada's share of Japan travellers improved to its 2010 level in May.

2010 was a year of recovery for the tourism sector in Canada.

- Tourism revenues rose to \$73.4 billion, up 6.7% from 2009.
- Total international tourism revenue rose to \$14.9 billion, an increase of 5.7% from 2009.
- Total domestic tourism revenue rose to \$58.5 billion, up 6.9% from 2009.
- Tourism's contribution to Canada's GDP rose to \$29.3 billion, up 6.0% from 2009.
- Government revenues generated by tourism rose to \$20.1 billion, up 5.0% from 2009.
- Tourism generated over 594,500 jobs in Canada.

Sources: Statistics Canada Preliminary Estimates, National Tourism Indicators; Statistics Canada's Government Revenue Attributable to Tourism and Quarterly National Tourism Indicators, 2011.

	Receipts from Overnight Visitors to Canada*			2011 Tourism Leading Indicator [†]
	(\$ millions)			
	2008	2009	2010	
Australia	356	312	353	+
Brazil	110	98	134	++
China	263	261	315	++
France	541	513	527	+
Germany	466	445	476	+
India	122	119	145	++
Japan	356	271	330	--
Mexico	364	231	157	0
South Korea	276	216	257	+
United Kingdom	1,184	894	811	0
United States	6,639	6,087	6,254	0

* Excludes fares to enter and leave Canada.

[†]Accounts for Canada's price competitiveness, and general economic, traveller and supplier trends related to each CTC market.

Ranges from "+++" (significantly improving) to "---" (significantly deteriorating). "0" represents no change.

Sources: International Travel Survey, Statistics Canada, 2011 Q1 and CTC's Tourism Intelligence Bulletin, Conference Board of Canada, May 2011.

¹³ CTC's Tourism Intelligence Bulletin, Conference Board of Canada, May 2011.

The travel account

Canada's international travel deficit – the difference between what Canadian residents spend abroad and what international travellers spend in Canada – jumped by 17.4% to a record \$14.3 billion in 2010. Spending by foreign visitors on Canadian tourism goods and services increased by 4.2% to reach \$16.2 billion in 2010, but was outpaced by a 10% increase in spending by Canadian travellers in foreign countries (\$30.5 billion in 2010). In other words, more Canadian tourism dollars are flowing to other countries than international tourism dollars are flowing into Canada.



2.2 Opportunities

Rising demand

There is tremendous growth potential for the Canadian tourism industry if it takes advantage of the rise in global tourism demand by continuing to draw in more international tourists and maximize their spending in Canada. According to estimates by the UNWTO, international tourist arrivals are expected to reach 1.6 billion globally by 2020: a 70% increase over the 2010 level of 940 million¹⁴. There has also been an upward trend in the amount travellers are spending for each trip – since 2001, average spending per trip to Canada has increased by an average of 3.7% per year¹⁵. This represents a great opportunity for the Canadian industry to expand in size and profitability, with investments in new, internationally competitive tourism products.

It is important to note that much of the growth in global tourism is from emerging countries such as China, India and Brazil, as well as South-East Asian, Eastern European and Latin American countries. These are becoming important outbound markets due to the growing middle class and liberalizing policies promoting mobility. Total outbound travels from China, India and Brazil expanded by 68% in 2010 relative to 2005, while they contracted by 6% in the CTC's core markets of the UK, France, Germany and Australia¹⁶.

¹⁴ United Nations World Tourism Organization: www.unwto.org.

¹⁵ CTC estimates based on data from *National Tourism Indicators, Quarterly Estimates*, Statistics Canada, 2011 Q1.

¹⁶ *Tourism Decision Metrics*, Tourism Economics, July 2011.

The CTC is taking advantage of these trends. Over the past few years, we have moved into China, India and Brazil to develop these key markets for Canada. Those efforts are starting to generate results for Canadians: tourist arrivals from these three markets grew by 66%, 64% and 31%, respectively, between 2005 and 2010¹⁷.

Access in China

The Chinese market for international travel is projected to grow rapidly – by 17% annually over the next 10 years – to become the third major source of foreign tourists to North America, behind the UK and Japan¹⁸. Canada is poised to take advantage of this opportunity with our ADS granted by China in June 2010. With ADS, the CTC and its partners are now able to advertise directly to consumers in China and promote travel to Canada. Due to one-time funding through Budget 2009 and Canada's Economic Action Plan, which ended in March 2011, the CTC was able to augment its activities in this market. The CTC targeted high-yield travellers and incentive travel, which is a key sales motivation tool for multinational and Chinese companies.

The acquisition of ADS has also opened the door to a significant increase in air capacity between the two countries, with new Chinese carriers China Southern Airlines and Hainan Airlines entering the market. These carriers, combined with further capacity increases by Air Canada, Air China and China Eastern, have boosted the total number of weekly flights to 55 during the 2011 summer peak. This strong competition is driving a downward trend in pricing, making Canada a more affordable destination for consumers.

Chinese visits to Canada in 2010 increased by 21.2% over 2009 levels. However, from the time ADS was granted in June 2010 to the end of the year, Chinese visitation increased by 30.1%, and during the first five months of 2011 it expanded by 16.7% over the same pre-ADS period in 2010. Overall, in the first year of China granting ADS to Canada the number of Chinese visitors to Canada soared by 25.8%.

Expanded presence in traditional markets

In 2010, the CTC undertook a significant restructuring (our Strategic Shift) to find major operational efficiencies and push maximum resources to our marketing programs, especially in core markets like the UK, France and Australia. Our goal was to invest forcefully in markets where our brand leads in order to maximize our impact. In the months following the implementation of our new business model, overnight visits from France and Australia rose by 8% and 4%, respectively, during the first four months of 2011, compared to the same period the previous year. Over the same period though, overnight visits from the UK were down 8% due to lingering economic uncertainties. In the coming years, we will continue to keep a pulse on the effects of our Strategic Shift in our traditional markets.

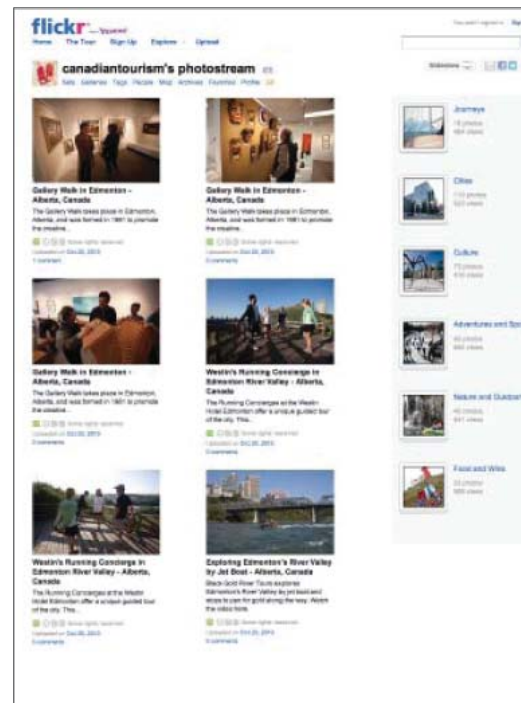
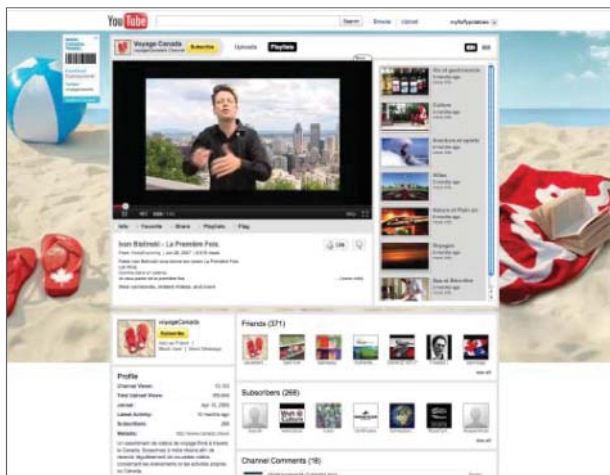
¹⁷ *International Travel Survey*, Statistics Canada, May 2011.

¹⁸ "Chinese international travel ready for takeoff," CTC's *Tourism Intelligence Bulletin*, Conference Board of Canada, May 2011.

Ascent of social media

With the rise of social media in recent years, travel marketing has shifted to the digital landscape. From a travel planning perspective, 75% of travel “purchasers” are now using online sources to research their purchases, with 28% depending on review sites and 8% on social networks¹⁹.

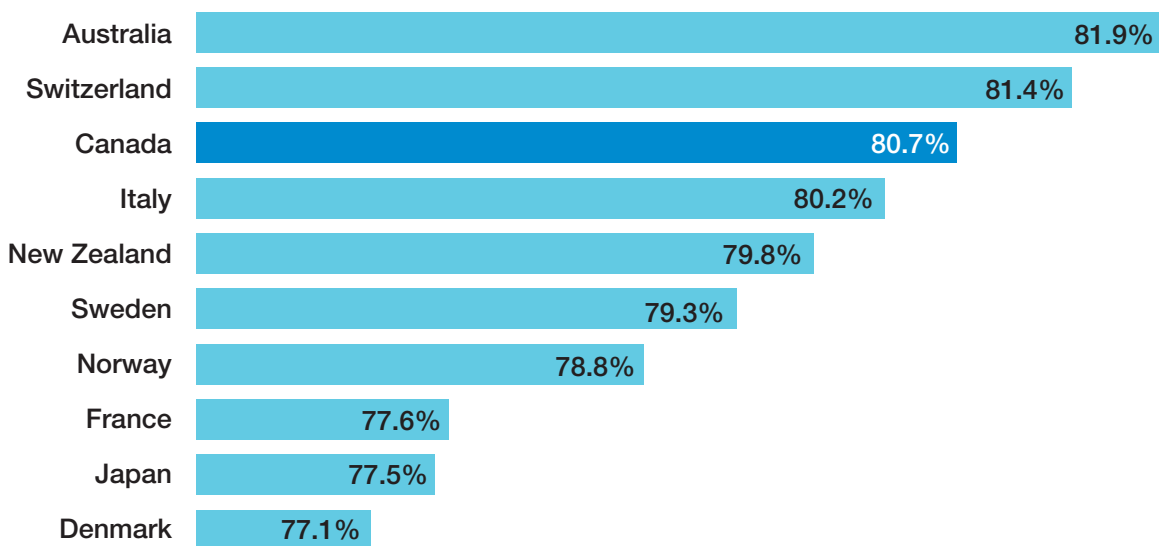
Social media allows the CTC to engage influencers and consumers in new, innovative ways. The CTC proactively identifies online audiences interested in Canadian travel experiences, and distributes relevant content coordinated with other elements of the consumer, trade and media programs. This personalized communication gives travellers a richer picture of the experiences they can have in Canada, thereby inspiring them to visit.



¹⁹ TNS Digital Life, TNS, 2010-2011.

Strong Canada brand

Following the high-profile exposure from the 2010 Winter Games, which reached a record audience of 3.8 billion people worldwide, and a successful marketing campaign by the CTC and its partners, Canada's tourism brand is especially strong with travellers. Canada's tourism brand awareness in our key markets has increased to 44.7% in 2010 from 43.9% in 2009²⁰. It is now critical to leverage the increase in awareness and continue to convert the heightened interest into trips. In its annual study, the Reputation Institute in 2011 polled over 42,000 consumers from the G8 countries (Canada, France, Germany, Italy, Japan, Russia, the UK and the US) to obtain a snapshot of their perceptions of the 50 nations included in the study. Results from this study rank Canada as the most reputable country in the world, and the third most recommended country to visit by consumers, as shown in the graph below.



“... is a country I would recommend visiting.”

²⁰ *Global Tourism Watch*, Harris/Decima, 2010.

2.3 Challenges

Emerging destinations

The world is competing for tourists as never before, and travel is beginning to flow towards new, exotic and emerging destinations in Asia, Africa and the Middle East. Over the next 10 years, emerging and developing regions are expected to post strong gains at the expense of Europe and the Americas. It is projected that by 2020 Europe and the Americas together will achieve one billion in international arrivals, while Asia, Africa and the Middle East together will hit over half a billion²¹.

Canada is also facing growing competition from other destinations. In 1950, tourist arrivals for the top 15 destinations accounted for 97% of all global tourist arrivals; by 2010, they accounted for only 55%. This means destinations outside of the top 15 competitive set now account for 45% of all arrivals, up from only three percent 60 years ago. As emerging destinations such as Turkey, India, China and Malaysia, to name a few, have offered new travel opportunities, Canada has experienced a market share decline in terms of arrivals, dropping from the 7th place destination in 2002 to 15th place in 2010.

An additional contributor to Canada's decline in market share is the country's price point. Rises in the cost of airfares to and within Canada and rates of accommodation have eroded Canada's competitive edge in many markets. Furthermore, since 2000, Canada's two largest tourism export earners – the US and the UK – have both seen their currencies depreciate by approximately 30%, making Canada even more expensive relative to competing destinations. According to the World Economic Forum, Canada is challenged from a price competitiveness perspective, ranking 105th among 139 countries in overall price competitiveness²².

International Tourism Arrivals				
Top 15 Countries - in millions				
Rank	2002		2010	
1	France	77.0	France	76.8
2	Spain	51.7	US	59.7
3	US	41.9	China	55.7
4	Italy	39.8	Spain	52.7
5	China	36.8	Italy	43.6
6	UK	24.2	UK	28.1
7	Canada	20.1	Turkey	27.0
8	Mexico	19.7	Germany	26.9
9	Austria	18.6	Malaysia	24.6
10	Germany	18.0	Mexico	22.4
11	Hong Kong	16.6	Austria	22.0
12	Hungary	15.9	Ukraine	21.2
13	Greece	14.2	Russian Fed.	20.3
14	Poland	14.0	Hong Kong	20.1
15	Malaysia	13.3	Canada	16.1

Source: *UNWTO World Tourism Barometer*, United Nations World Tourism Organization, June 2011.

²¹ *Tourism 2020 Vision – Global Forecast and Profiles of Market Segments*, United Nations World Tourism Organization, October 2001.

²² *Travel & Tourism Competitiveness Index*, World Economic Forum, 2011.

International competition

In addition to new competition from emerging destination marketing organizations such as India, Canada's main competing destinations are the US, Australia and New Zealand. These destinations offer a selection of travel experiences quite similar to Canada. In fact, with their respective logos removed, many of these destinations' print advertising could well represent Canada.

Tourism marketing organization	2010 base appropriations (\$CDN)*
Tourism India	\$248.5 million
Tourism Ireland	\$211.3 million
Tourism Australia	\$147.1 million
Tourism Malaysia	\$128.2 million
Las Vegas Convention & Visitors Authority	\$119.7 million
South Africa Tourism	\$118.1 million
Atout France	\$111.5 million
Korea Tourism Organization	\$94.2 million
Tourism New Zealand	\$88.5 million
Brazil Ministry of Tourism	\$83.9 million
The Bahamas Ministry of Tourism	\$81.8 million
Switzerland Tourism	\$80.0 million
Canadian Tourism Commission	\$77.4 million
Hawaii Tourism Authority	\$73.9 million
California Travel & Tourism Commission	\$51.5 million
VisitBritain	\$48.6 million

Source: Canadian Tourism Commission Research and UNWTO statistics; based on the Bank of Canada's average exchange rate for 2010: US\$1 = CAN\$1.0299.

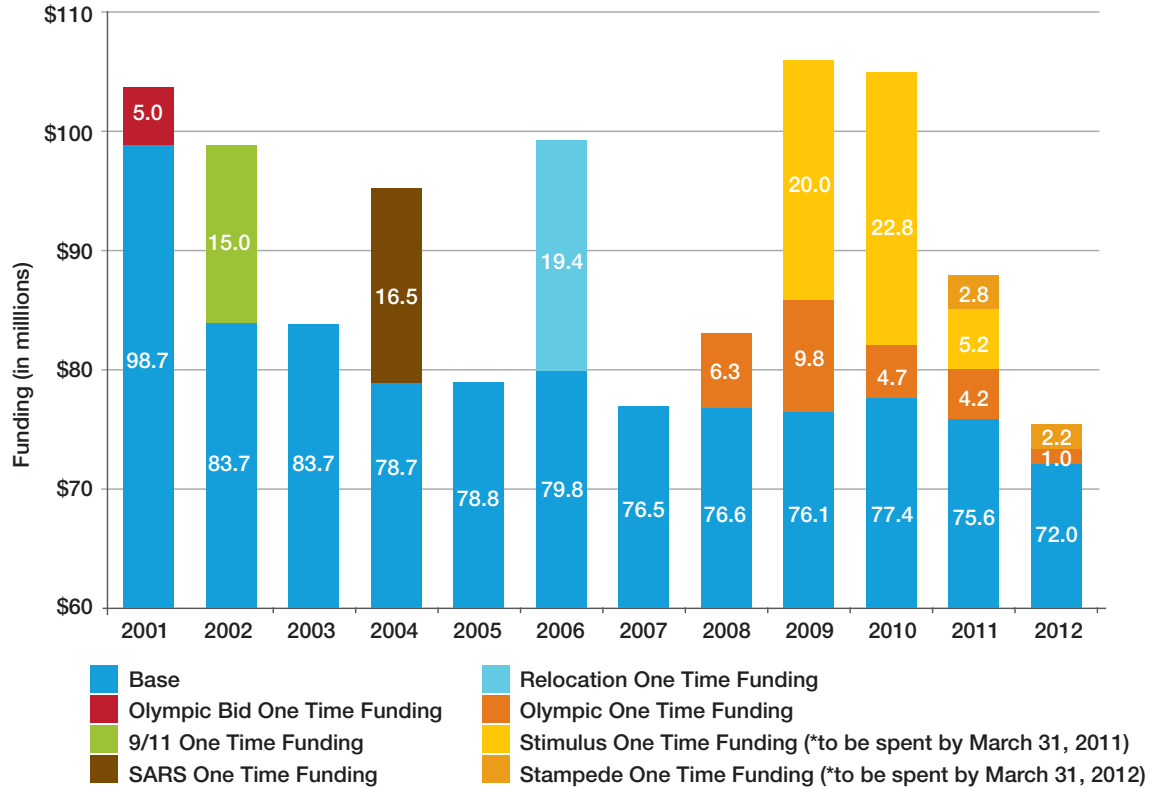
Note: Proportions of each organization's budget allocated to various activities, including marketing, research and product development, are unknown.

One notable competitor is the new US national tourism marketing organization, the Corporation for Travel Promotion (CTP). Created in 2010, the Corporation will launch their first global marketing and promotion campaign in the fall of 2011 with the aim of increasing the number of international visitors to the US. With funding of up to \$200 million US per year, the CTP is one of the largest national tourism marketing programs in the world. Its funding comes partly through a \$10 US fee charged biannually to visitors from countries included in the Visa Waiver Program (mostly in Europe and excluding Canada), and through a matching program of up to \$100 million US in private sector contributions.

Historically, the lack of both a US national tourism marketing organization and a strong tourism brand under which to unite US destinations has been strategically advantageous for Canada: that advantage may be lost as the CTP begins to market the US under a unified brand. At the same time, the CTP could potentially become an effective ally for the CTC, and we are exploring the possibility of jointly promoting North America as a unified tourism destination.

In an effort to stay competitive with other tourism marketing organizations, the CTC undertook a deep restructuring in 2010. Under this Strategic Shift we pursued significant operational efficiencies in order to better fund our marketing efforts. Changes included closing five international offices in favour of a new “hub” office structure for overseas work, moving out of marketing to the US leisure traveller segment (given the existing strength of provincial and other partners in this area), and reducing our permanent work force by 28%.

CTC Funding Levels, 2001-2012



Visas

Recognizing that visas and the processing of visas can influence travel decisions, some countries have instituted best practices in this area to help set them apart from the competition. Australia offers visa applicants an online submission portal, while the US permits valid visas to be transferred to new passports. Although the recent announcement of new 10-year multiple-entry visas by Canada will assist in increasing international revenue streams flowing into the country, the CTC will work collaboratively with federal departments to find further opportunities to strengthen our competitive position on this front.

Fuel costs

Political unrest in various part of the world and expanding global demand continue to cause fluctuations in fuel prices, creating uncertainty for airlines around the world. The International Air Transport Association (IATA) is forecasting a 46% fall in net profits for the airline industry compared to 2010, and industry analysts are predicting airfares to reach all-time highs in the near term²³. As such, rising crude oil prices will continue to impact the tourism industry by increasing the cost of travel.

Air access and capacity

Increasing air access between Canada and other countries will no doubt improve Canada's competitiveness as a tourism destination. The recent Open Skies-type air transport agreement between Canada and Brazil will attract Brazilian travellers, who represent a sizeable ski market for Canada. The Government of Canada also recently signed or updated air agreements with the following countries: Switzerland (October 22, 2010); Jamaica and Trinidad and Tobago (December 20, 2010); Egypt (December 21, 2010); Algeria (January 11, 2011); and Qatar (February 2, 2011).

Furthermore, in 2011, Canada successfully negotiated bilateral air agreements with Mexico and Japan, allowing for the potential expansion of direct air services to Canada. Although this is good news for Canada's tourism industry, Canada still has limited or no air agreements with three of its major markets: Australia, China and India, and the CTC will continue to monitor progress in this area and the impacts on travel from abroad.

Exchange rates

The Canadian economic recovery that began in early 2009 coincided with a strengthening Canadian dollar that brought it near parity with the US dollar. As the US currency fell nearly 10% against the Canadian dollar in 2010, other currencies followed suit, including the euro (-13.8%), the British pound (-10.6%) and the Chinese yuan renminbi (-9.0%). Canada's currency has continued to improve into 2011 amid rising commodity prices and an improving Canadian economic outlook, but is expected to show some volatility in late 2011.

A strong Canadian dollar weakens the competitiveness of Canada's tourism industry as foreign tourists no longer benefit from favourable exchange rates. Since the dollar began to rise in 2001, visits by foreigners to Canada, particularly from the US, have been on the decline. A strong Canadian dollar makes international travel to Canada increasingly expensive. At the same time, a strengthening dollar increases the purchasing power of Canadians, enabling them to travel abroad more cheaply. The combination of both effects serves to increase Canada's travel deficit.

This has important strategic implications for the industry. In particular, the high dollar driving further deterioration of US visits by car (Canada's largest source market) means that marketers will need to consider shifting their focus elsewhere, and the industry will need to align its products to serve new customers from other source markets.

²³ CTC's *Tourism Intelligence Bulletin*, Conference Board of Canada, May 2011.

2.4 Federal priorities

Federal Tourism Strategy

On October 6, 2011, the Honourable Maxime Bernier, Minister of State for Small Business and Tourism, launched the new Federal Tourism Strategy. This initiative aims to build a more coherent, whole-of-government approach in supporting the industry towards the \$100 billion revenue target. It focuses on four pillars: 1) increasing awareness of Canada as a premier tourism destination; 2) facilitating ease of access and movement of travellers while protecting the safety and integrity of Canada's borders; 3) encouraging product development and investments in Canadian tourism products; and 4) fostering an adequate supply of skills and labour to enhance visitor experiences through quality service and hospitality. The CTC will participate in implementing the strategy and will lead one of its centerpieces: the newly launched Signature Experiences Collection®, an inventory of export-ready, unique experiences that exemplify Canada's tourism brand. See page 35 for more information on this program.

Calgary Stampede's 100th anniversary

In its 2011 budget, the Government of Canada provided \$5 million for the CTC to market the 100th anniversary of the Calgary Stampede to be marked in July 2012. This is a unique opportunity to leverage the anniversary celebrations to boost awareness of the Stampede internationally and get new travellers interested in a Western Canada experience. The program, launched in July 2011, involves a blitz of advertising campaigns, promotions, media relations, social media content and marketing through tour operators and travel agents. The program will end by March 31, 2012.



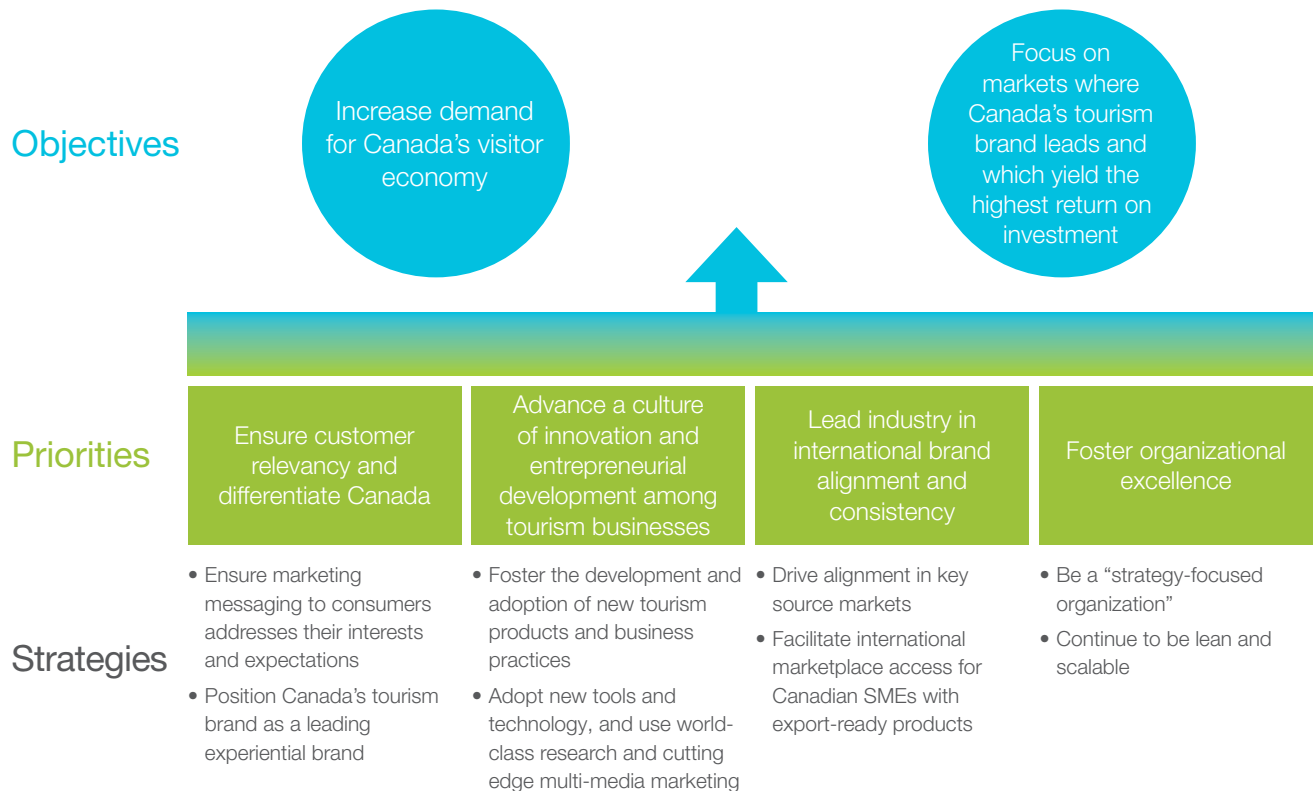
Yukon © Paddy Fallon

Part 3: Our plan

This 2012-2016 Corporate Plan lays out objectives, priorities and strategies for the next five years and reaffirms the strategic goal of growing tourism export revenues for Canada. It builds on foundations set out in the previous plan and reflects recent efforts to promote Canada's tourism brand "Canada. Keep Exploring" and position Canada as a destination where travellers have access to extraordinary experiences.

3.1 Strategy framework

The CTC's plan consists of two main objectives, cascading down to four key priorities and supporting strategies for each.



3.2 Objectives

The CTC's plan is founded on two main objectives, with high-level measures and strategies for each as follows:

Objective 1: Increase demand for Canada's visitor economy

Key Measures

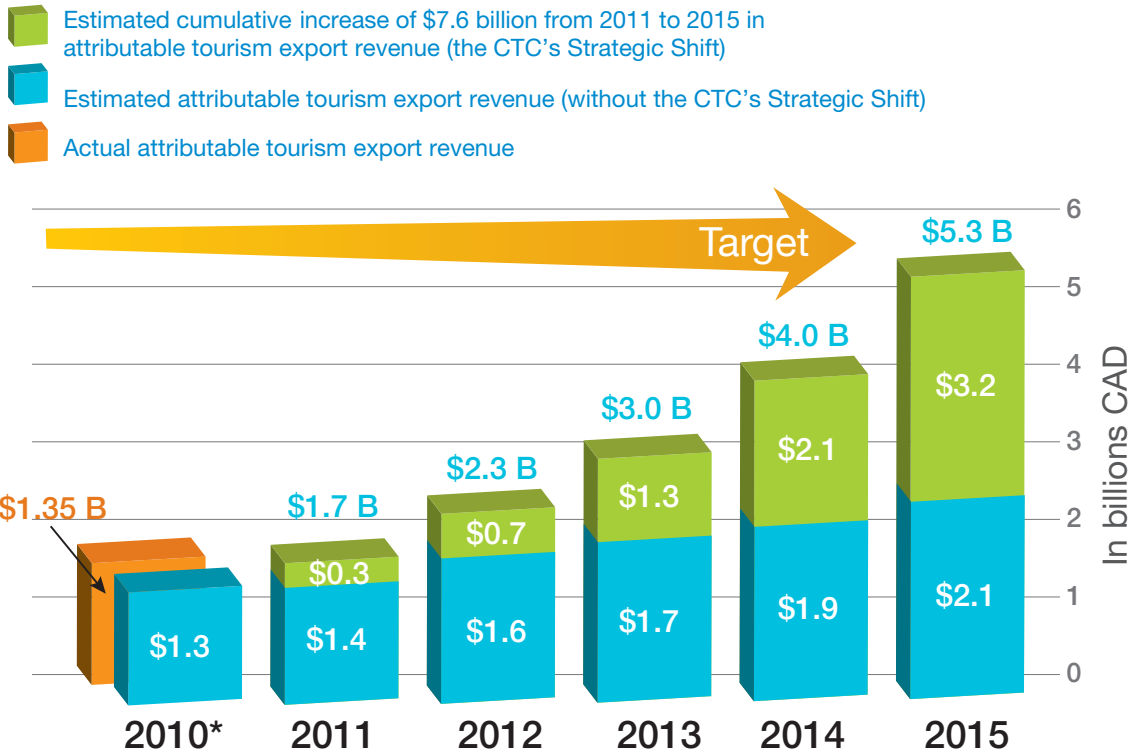
- Tourism export revenue
- Tourism GDP
- Tourism employment
- International tourist receipts from the CTC's markets
- Average spend per person per night among the CTC's markets

Key Strategies

- We will generate wealth for Canadians by focusing on both short-term and long-term potential for maximizing return on investment as markets mature and evolve.
- We will engage in effective tourism marketing, promotions and market development activities based on market research to support the achievement of Canada's national tourism revenue goal of \$100 billion by 2015.

National tourism revenue goal

In 2009, tourism ministers at the federal, provincial and territorial levels set a goal of growing Canada's tourism revenues from \$72.5 billion in 2008 to \$100 billion by 2015. The CTC has set aggressive internal targets to contribute to this goal; however, even with this additional revenue, the \$100 billion national goal will be challenging to reach and will require a determined effort by all levels of government and industry. 2009 constituted one of the worst global recessions since the 1930s, and the current economic environment is still subdued. Nonetheless, the CTC remains steadfast in engaging in effective tourism marketing and market development activities to support Canada's national tourism revenue goal.



*2010 target based on 2009 baseline results

Note: Incremental increases in the CTC estimated attributable tourism export revenue resulting from the CTC's strategic shift are above the CTC's base projection. Annual increases in base projection are primarily due to increases in revenues from China, India and Brazil. (Source: CTC Research Estimates, 2010).

The CTC Strategic Shift was predicated on four key assumptions: 1) consistent funding; 2) stable economic conditions; 3) continued liberalization of tourism policies; and 4) continued strong growth in emerging markets. Based on these assumptions, the strategic shift and other efforts were implemented to achieve highest return over the 2011-2012 period. The outcomes of these assumptions will be re-evaluated, and will impact the delivery of targets.

Objective 2: Focus on markets where Canada's tourism brand leads and which yield the highest return on investment

Key Measures

- Marketing campaign ROI
- Program ROI
- Number of people converted
- Economic contribution of the CTC's MC&IT program
- Attributable tourism export revenue
- Attributable jobs created and/or maintained
- Attributable federal tax revenue

Key Strategies

- We will concentrate on those geographic markets or consumer market segments where marketing at the national level (i.e. Canada's tourism brand) leads to the highest potential for return on investment.
- We will convert high-yield customers by investing in appropriate communication channels based on insights from customer segmentation research and the path to purchase model.

Focusing on where Canada's tourism brand leads

The CTC decides how to allocate its resources across key international markets every year, based on our own strategic investment models that advise on how to achieve maximum return across the portfolio. These models have guided recent decisions to maintain a focus on the UK, France, Germany and Australia as strong traditional markets, as well as growing activities in China, South Korea, India and Brazil as important emerging markets. We have also maintained our focus on Meetings, Conventions and Incentive Travel (including in the US), given the lucrative potential of this market segment, and remained active in Mexico to support a recovery of this important traditional market following the effects of the new visa requirements introduced in 2009.

At the same time, the CTC has moved away from marketing to US leisure travellers (shifting leadership in that area to our provincial and territorial partners) and direct-to-consumer advertising in Japan.

3.3 Priorities

The CTC's plan has four key priorities for action:

- ensure customer relevancy and differentiate Canada;
- advance a culture of innovation and entrepreneurial development among tourism businesses;
- lead industry in international brand alignment and consistency; and
- foster organizational excellence.

For each priority, there is a series of detailed strategies that will allow us to meet our objectives and, ultimately, our goal to increase tourism export revenues for Canada. For each priority, at least one key result has been defined and a number of additional performance measures are listed in the Enterprise Balanced Scorecard.

Priority 1: Ensure customer relevancy and differentiate Canada

Key Measures

- Aided destination awareness
- Aided destination consideration
- Country brand rank

Key Strategies

- We will develop and maintain relevant communication with targeted potential travellers and ensure that the marketing messaging they receive is relevant and addresses their interests and expectations as consumers.
- We will position Canada's tourism brand as a leading experiential brand in the world where travellers create extraordinary stories all their own.

Learning more about the potential traveller

The idea behind "*Canada. Keep Exploring*" is to speak to the curious traveller, inviting them to live a life less ordinary in a land defined by a spirit of geographic, cultural and personal exploration. While we still use traditional demographic tools to find our audience, we now have a more sophisticated tool for connecting with those consumers who will be most receptive to our message. This proprietary social segmentation model is called the Explorer Quotient® (EQ®). It allows us to understand not just how people travel, but why they travel. The EQ® model segments consumers into nine types. Each type has its own psychographic profile, giving us much richer insight into consumer behaviours and preferences compared to demographic-based models. Using the EQ® model, we can talk to travellers in their own language, matching their needs and desires with truly unforgettable and relevant Canadian experiences.

Offering more compelling experiences and content

Communicating a tourism experience is very different from marketing a tourism product. When people promote a product, they talk about what they have to offer. When people communicate an experience, they talk about what the consumer wants to feel. Our promise to the traveller with “*Canada. Keep Exploring*” is that when they visit Canada, they will have the freedom to create their own unique, extraordinary and authentic moments. Our brand identity standards detail what is needed to tell stories about amazing Canadian experiences, all in a way that complements our key insights and appeals to our primary EQ[®] types. By emphasizing such experiences reflected in Canada’s unique selling propositions, we strongly differentiate Canada from other destinations. The goal is to surprise potential travellers, change their perception of Canada and inspire them to visit.



EQ[®], our proprietary segmentation tool, is changing the way that Canadian travel experiences are developed, marketed and sold. The EQ[®] tool gives us a deeper understanding into travellers’ personal beliefs, social values and views of the world, including what travel experiences they buy, what brands they like, what media they watch and read, and even the kinds of photos they like to take on vacation. This kind of information is valuable as it assists in building highly targeted marketing campaigns.

For more information about EQ[®], visit the Resources section at <http://en-corporate.canada.travel>

Key filters

Over the next five years, the CTC will continue to take a bold approach in all marketing, sales and communications efforts in order to build on the past three years' efforts to shift consumer perceptions of Canada from simply beautiful landscapes to uniquely Canadian characteristics that will inspire the explorer to have extraordinary experiences. In order to focus on our priorities and stay on strategy, we will subject all activities to three key filters: Canada's tourism brand, Canada's unique selling propositions and EQ[®] segments. These three filters will operate as follows:

- **Canada's tourism brand:** By evaluating all activities in terms of consistency with the “*Canada. Keep Exploring*” brand, the tourism industry will give Canada a strong, coherent and immediately recognizable image in the world.
- **Canada's unique selling propositions:** By shaping products and defining messages in light of travel experiences that consistently differentiate Canada from other destinations, the tourism industry will market its products/experiences more effectively.
- **EQ[®] types:** By shaping and marketing products/experiences in terms of the social behaviours and travel preferences of consumers, as determined by the EQ[®] segmentation tool, the tourism industry will deliver more relevant products to consumers.



The Signature Experiences Collection®

Building on the unique selling propositions for Canada, the Signature Experiences Collection® (SEC™) aims to differentiate Canada from our competitors by highlighting the travel experiences that exemplify Canada's tourism brand – experiences that are memorable, authentic and engage the targeted international traveller with our people, geography and culture. The program will help to shift travellers' perceptions about Canada so that they will understand us as a unique destination with more to offer than they imagined, and a sense of urgency will be heightened.

Members of the SEC™ (selected from an application-driven process twice each year) will become the priority pool from which the CTC chooses content for advertising, media and trade activities. While this program aims to improve Canada's brand perceptions as a whole, there will be spin-off benefits to members.

For trade and media, the SEC™ provides a fresh, new, provocative platform in the marketplace. And tourism business operators in Canada have good incentive (and support) to evolve their product, further improving the customer experience.

Expected outcomes:

- more international demand for Canadian experiences
- improved customer experience as tourism suppliers elevate their experiences
- heightened awareness with travel trade of Canada's differentiating experiences
- better alignment of industry in support of Canada's tourism brand, leading to a smoother path to purchase for travellers.



For more information on the Signature Experiences Collection®, visit www.canada.travel/sec.

Priority 2: Advance a culture of innovation and entrepreneurial development among tourism businesses

Key Measures

- Member advocacy of SEC™ program

Key Strategies

- We will work with the industry to foster the development and adoption of new tourism products and business practices.
- We will aim to be recognized as one of the most innovative tourism marketing organizations in the world by adopting new tools and technologies, using world-class research and cutting edge multimedia marketing to keep Canada front-of-mind internationally.

The Innovation Next agenda

In May 2010, the Public Policy Forum organized Innovation Next, bringing together leaders from across disciplines to discuss how to foster a deeper culture and practice of innovation in Canada for a more productive economy and sustained prosperity.

A key conclusion from the event was that we need a broader understanding of what innovation is, encompassing not just new technologies but also pioneering processes, original business models, creative marketing techniques, inventive social movements and novel public policies. Additionally, participants agreed that leadership from within each sector is needed, with key players stepping forward to provide the vision, policy alignment and support for innovators to thrive. The CTC will support the Innovation Next agenda by providing leadership for innovation in Canada's tourism and marketing sectors.

Innovations at the CTC

Since 2005, innovation has been one of the CTC's core values (along with collaboration and respect) and is an essential foundation for our success. In this environment of tough competition and constant change (in consumer preferences, marketing practices, technologies, etc.) we rely on innovative ideas to keep our message fresh and relevant to consumers.

Over the last few years, we have had a number of important innovations in our marketing and business practices.

CTC Marketing Innovations

- **Canada. Keep Exploring:** Moved away from the dated, nature-based perceptions of Canada in favour of a national tourism brand with a contemporary and compelling look and feel. Launching this new brand was considered a bold move as many stakeholders and partners argued that Canada was a collection of parts and that a coherent national brand would not be possible.
- **EQ®:** A more sophisticated customer segmentation tool to move us beyond traditional profiling by simple demographics (e.g. age and gender) and help us understand travellers' preferences on a deeper, more personalized level.
- **Social Media:** The CTC was an early adopter of the use of social media, starting in 2008, and was one of the first to have consumer campaigns based on user-generated content (e.g. TV spots sourced from real experiences found on YouTube, print ads designed to look like Facebook and Flickr, and online ads that feature Google Maps and Street View) as opposed to highly produced advertisement. This has since been emulated by other major brands such as Disney.
- **Signature Experiences Collection® (SEC™):** A new way to connect Canada's rich supply of tourism experiences with consumers in international markets. The program also encourages businesses to create and communicate tourism products in a way that resonates with international customers.

CTC Innovations in Business Practices

- **Research:** State-of-the-art research tools, including the EQ® and our market investment models to optimize marketing strategies.
- **Performance Metrics:** Measurements to quantify the value of our work, including leading-edge methodologies for calculating the Return on Investment (ROI) from our marketing campaigns, as well as the industry jobs and government revenues directly attributable to the CTC's marketing activities.

Industry leadership

The CTC aims to not only foster innovation within our own organization but across Canada's broader tourism industry and the federal government as well. Apart from providing leadership to provincial and destination marketing organizations on areas such as brand alignment and performance measurement, the CTC has also demonstrated its leadership to federal departments with mutual interests, as demonstrated through the establishment of memoranda of understanding around the clarity of roles with Parks Canada and the Atlantic Canada Opportunities Agency.

Going forward, a particular challenge is the need for more entrepreneurs willing to take risks to bring new tourism products to market. There is especially a need to foster this entrepreneurial spirit among small and medium-sized enterprises as they are important cornerstones of the industry which support job creation. The CTC will look for opportunities to provide leadership on this, and continue to support these business decisions with information on market opportunities, market research tools like the EQ® and platforms like the SEC™.

Priority 3: Lead industry in international brand alignment and consistency

Key Measures

- Partner brand alignment
- Partner satisfaction

Key Strategies

- We will provide a unified voice internationally and drive alignment in key source markets.
- We will facilitate international marketplace access for brand-aligned Canadian SMEs with export-ready products.

A complex and fragmented environment

With a number of Canadian organizations working to attract international travellers – including marketing bodies from the municipal, regional, provincial/territorial and national levels – efforts can become fragmented. This weakens Canada’s competitive position, with organizations duplicating efforts and sometimes working at cross purposes.

Further harmonization of the overall marketing system will help the industry make the best use of its collective marketing resources and compete abroad at top strength. The CTC will encourage this greater harmonization, focusing on the following initiatives:

- 1. Alignment of federal tourism investments.** The federal government, through regional economic development activities, funds a number of organizations to undertake international tourism marketing. These investments require alignment to support logical roles, minimize duplication and ensure consistent support for Canada’s tourism brand.
- 2. Working constructively.** The CTC will foster discussion among our partners on our respective roles in order to reduce redundancy and overlap. There is also a need to increase awareness that competitive behavior between individual Canadian destinations in the international marketplace can hurt our effectiveness and become an impediment to success for Canada.
- 3. Best practices in performance management.** The CTC will promote alignment of best practices in performance management including promoting a common understanding of key metrics such as ROI for international marketing campaigns.
- 4. Best practices in destination marketing.** The CTC will promote best practices in destination marketing in order to align the broader Canadian spend more effectively. This will include efforts to better communicate the CTC’s marketing strategy, including case studies and pilot projects to help illustrate the power of marketing that speaks to the right people in the most appropriate channel.
- 5. Informing Canadian businesses and communities.** The CTC will work with the Tourism Industry Association of Canada to better inform Canadian businesses and communities about Canada’s tourism opportunities, and ensure that players are well-informed of developments in the tourism policy landscape and agree on advocacy priorities.
- 6. Alignment in the international marketplace.** The CTC will pursue optimal alignment in how Canadian tourism marketing organizations approach consumers in key international markets. This will include looking at options like co-location with partners and bidding on General Sales Agent contracts put to tender by Canadian provinces and territories when they are consistent with the CTC’s strategy.

Supporting SMEs to develop export-ready “experiences”

The CTC focuses its efforts on engaging with Canada’s tourism businesses that are capable of marketing themselves in the global marketplace. The CTC will continue to work with SMEs to encourage them to think of their Canada product as an experience. By providing export-ready businesses with support and resources, such as market research, brand guides and experience toolkits, the CTC works to harness the collective voice of Canadian tourism partners and advance Canada’s tourism brand in the world. To help them develop powerful and consistent messages for the marketplace, we have developed the following toolkits:



- **Experiences Toolkit** aids SMEs in positioning and marketing their products as experiences. The free guide includes expert advice on subjects such as finding the best customers to positioning a product in the marketplace, including examples of best practices from across Canada.



- **Brand Toolkit** helps tourism partners big and small adopt the essence of Canada's tourism brand. It includes information regarding the proper use of brand elements such as logos, colours, typography, proprietary graphics and photography. It also includes information on important elements that differentiate Canada's tourism brand, such as our USPs and our EQ® Explorer Types.



- **EQ® Toolkit** gives SMEs the power to identify which explorers are willing to buy their experiences and to develop products and marketing campaign strategies that speak directly to those Explorer Types.

To access any of the above toolkits, visit:

<http://en-corporate.canada.travel/resources-industry/toolkits>

Priority 4: Foster organizational excellence

Key Measures

- Partner contribution
- Overhead costs
- Systems effectiveness
- Core values index
- Employee engagement index

Key Strategies

- We will be a strategy-focused organization with the right tools, people and resources in place to deliver.
- We will maintain a positive and collaborative relationship with the shareholder.
- We will focus on overhead management and implement cost-containment measures.

Strategy-focused organization

The CTC is now in year five of its journey towards becoming a stronger strategy-focused organization. We adopted the Kaplan & Norton/Harvard Business School approach of organizational behaviour and management that is considered best practice for mission-driven organizations, including full implementation of the Balanced Scorecard performance management framework. Our strides in strategy management have garnered the attention of other tourism marketing boards that have turned to us for leadership in this area. As well, our

expertise in performance measurement was featured as a case study in the recent edition of the *Balanced Scorecard Report* published by Harvard Business School Publishing. We have developed and implemented a series of tools specific to the discipline of destination marketing that helps guide the planning process to complement our comprehensive strategic management framework. Both resources guide execution against our strategy. Our corporate strategy will continue to drive operational planning, resource allocation, target setting, and marketing and sales, and will remain the filter for all organizational decision making.

Fostering a positive corporate culture

The CTC aims to foster a work environment that promotes and celebrates our core values, operational excellence, and entrepreneurial spirit. We utilize our sound market intelligence to take risks and drive innovation, such as investing in emerging markets and undertaking creative marketing through tools such as the SEC™ and EQ®. We will continue to invest in training, management and leadership development to ensure that we have the right talent in the right positions. Through our human resources strategy, we will also continue to focus on strategic talent management and develop the practices and tools needed to support the delivery of corporate objectives and priorities.

Maintaining focus on government relations

The CTC has a number of government and private-sector stakeholders and one shareholder (the federal government). Over the 2012-2016 period, we will continue our focus on government relations, and will monitor and respond to all opportunities for governmental support. It is imperative that the CTC establish, build and maintain relationships with key government officials and policy makers. We will facilitate open communication with federal departments and monitor public policy, as well as parliamentary, political and media issues that could affect our organization and the tourism industry.

Effective communication

The success of our organization depends on our ability to partner effectively with the private sector, as well as with the governments of Canada, the provinces and the territories. The health of these partnerships hinges in turn on effective communication. Industry, public and shareholder engagement will increase as we proactively communicate with the relevant players.

Corporate reporting

The CTC respects statutory reporting obligations that ensure the proper accountability to Parliament, including the annual tabling of corporate plans and annual reports. We will continue to submit quality corporate documents that are clearly and concisely presented, aligned with government strategic priorities and delivered within established statutory time frames.

Official languages

We are committed to both official languages having equality of status, rights and privileges within the CTC. Staff in both our Vancouver and Ottawa offices provide services and communicate with our stakeholders, suppliers and partners in their preferred official language. Our corporate culture promotes the effective use of both official languages in the workplace. We are also committed to involving the English and French linguistic minority tourism business communities in Canada, to ensure fair access to our tourism support services. These endeavours will continue over the 2012-2016 period.

3.4 Risks

As part of its strategic management process, the CTC conducts an annual enterprise risk assessment and uses the results of that assessment to develop its five-year strategic plan and risk mitigation strategy. An external risk assessment is conducted once every two years, with management updating the risk assessment in each alternating year. External risk assessments were performed in 2008 and 2010, identifying a number of specific risks. The table below compares results of the enterprise risk assessments performed by the external consultant in 2008 and 2010. Management has developed and implemented action plans to reduce the impact and/or likelihood of each risk occurring, and assigned risk owners who are accountable for managing the risks.

Risk (Residual)	2010 Rating	2008 Rating	Change	Mitigation Activities
Government Funding – Core Decrease in core government funding affects program activities			N/C	Focus on restructuring the organization and streamlining operations to cut costs and increase efficiency; focus on organizational excellence and maintain corporate reputation; demonstrate alignment of tourism to government priorities (i.e. revenues generated from tourism).
Management Development Enhancement of leadership and management skills for mid-management personnel			N/C	Continued implementation of training for key members identified in succession plan; continue balanced scorecard approach to align people with strategy.
Shareholder Engagement Alignment of priorities			↑	Enhance communication and government relations; ensure the alignment of government priorities against the CTC mandate.
Tourism Industry Vulnerability within the tourism industry			N/C	Support development and implementation of federal tourism strategy to collaborate across government more strategically; continue to communicate tourism's contribution to the economy.
Fixed Costs Increasing compliance costs and other costs as a result of being a Crown corporation			↓	Continue to identify efficiencies and reduce organizational complexity, resulting in lessened overhead costs.
Organization Complexity Operations in 12 markets			N/C	A continued effort and focus to minimize the complexity of the organization and streamline operations in order to increase operational efficiency; engage in effective global marketing approach using local agents.
Transition The new business model		--	New risk	Ensure that transition plans are developed and communicated, and training is provided as required.

Risk (Residual)	2010 Rating	2008 Rating	Change	Mitigation Activities
Technology Effectiveness The ability to leverage information technology (IT) capability to effectively conduct internal processes		--	New risk	Continue with IT Governance Committee that is in place to review information systems needs; planning is well underway for a new IT system (process maps, business requirements).
Marketing Effectiveness Ability to execute marketing strategy		--	New risk	Alignment of brand to ensure coherent marketing messages; work together with partners and agencies to align investment and branding efforts.
Government Funding – Special Projects Special Project funding with increased reporting requirements		--	New risk	Demonstrate alignment of tourism to government priorities (i.e. revenues generated from tourism); ensure that the CTC is capable of easily meeting new reporting requirements that come with special funding.

Legend

High risks	
Medium-high risks	
Medium risks	
Low risk	
N/C	No change
↓	Increase from previous year
↑	Decrease from previous year



Part 4: Measuring performance

Performance measurement on an ongoing basis enables us to assess our progress on fulfilling our strategy and mission, and provides us with the information needed to guide our decision-making processes.

Balanced Scorecard

In 2008, we adopted the Balanced Scorecard (BSC) as our performance measurement framework. The BSC manages the CTC's strategy by linking objectives, performance measures and initiatives to the strategy at all levels. By integrating financial and non-financial measures, it provides a holistic view of the organization's performance. Furthermore, the BSC – by acting as a strategy management tool as well as a measurement tool – helps management remain focused on the strategy.

The Scorecard identifies objectives and priorities that are critical to moving us forward in implementing our strategy. Corresponding measures and initiatives have been identified; these work together according to five different perspectives (Shareholder and Stakeholder; Customer; Budget and Finance; Internal Operations; and Workforce) to achieve the CTC's goal of increasing tourism export revenues.

We measure organizational performance in relation to the external environment, but we also monitor and adapt to the tourism economy. Therefore, the Scorecard contains a mixture of CTC performance measures and tourism industry indicators.

The CTC's Enterprise Balanced Scorecard for 2012

Perspective	Measure	Unit	2010		2011	2012	
			Target	Result	Target	Target	
1. Shareholder & Stakeholder	1.1 Objective: Increase demand for Canada's visitor economy						
	Tourism Industry Indicators						
	a	Tourism export revenue	\$	N/A	14.9 billion	N/A	N/A
	b	Tourism GDP	%	N/A	2.0	N/A	N/A
	c	Tourism employment	#	N/A	594,500	N/A	N/A
	d	International tourist receipts from CTC's markets	\$	N/A	9.7 billion	N/A	N/A
	e	Average spend per person per night among CTC's markets	\$	N/A	107.3	N/A	N/A
	CTC Performance Measures						
	1.2 Objective: Focus on markets where Canada's tourism brand leads and yields the highest return on investment						
	a	Marketing campaign ROI	ratio	50 : 1	82 : 1	75 : 1	75 : 1
	b	Program ROI ¹	ratio	N/A	30 : 1	N/A	35 : 1
	c	Number of people converted ¹	#	N/A	588,600	N/A	686,700
	d	Economic contribution of CTC's MC&IT program	\$	N/A	N/A	Benchmark	189 million
	e	Attributable tourism export revenue²	\$	N/A	1.35 billion	1.72 billion	2.31 billion
	f	Attributable jobs created and/or maintained	#	N/A	11,968	15,824	20,478
	g	Attributable federal tax revenue	\$	N/A	178.7 million	240.5 million	305.8 million
	1.3 Priority: Lead industry in international brand alignment and consistency						
	a	Partner brand alignment ³	%	N/A	N/A	60	60
	b	Partner satisfaction ³	%	N/A	N/A	80	80
	1.4 Priority: Advance a culture of innovation and entrepreneurial development among tourism businesses						
a	Member advocacy of SEC™ program	score	N/A	N/A	N/A	Benchmark	
2. Customer	2.1 Priority: Ensure customer relevancy and differentiate Canada						
	a	Aided destination awareness	%	38.5	33.9	35	35
	b	Aided destination consideration	%	77	71.8	74	74
c	Country brand rank	Top 5: Yes/No (rank)	Yes (5)	Yes (1)	Yes (5)	Yes (5)	
3. Budget & Finance	3.1 Priority: Foster organizational excellence						
	a	Partner contribution²	ratio	1 : 1	1.32 : 1	0.6 : 1	0.6 : 1
b	Proportion of total budget allocated to programming	%	-	69	-	70	
4. Internal Operations	4.1 Priority: Foster organizational excellence						
a	Systems effectiveness	%	N/A	Measure removed ⁴	N/A	47	
5. Workforce	5.1 Priority: Foster organizational excellence						
	a	Core values index	%	70	58.3	70	70
b	Employee engagement index²	%	65	67.7	65	65	

¹ New measure for 2012.

² **CTC Critical Metric.**

³ Data collected every two years through the Biennial Partner Survey.

⁴ Result not available in 2010 due to delayed acquisition and implementation of the applicable IT applications.

Definitions of 2012 Enterprise Balanced Scorecard measures

1.1a Tourism export revenue: Total spend by foreign visitors on Canadian-produced tourism goods and services. Purchases may take place outside of Canada if the goods or services are supplied by a Canadian company (e.g. purchase of an airline ticket from a Canadian international carrier for travel to Canada). Source: National Tourism Indicators, Statistics Canada.

1.1b Tourism Gross Domestic Product (GDP): Unduplicated value of production, within the boundaries of a region, of goods and services purchased by tourists, represented as a share of total GDP. Source: National Tourism Indicators, Statistics Canada.

1.1c Tourism employment: Number of jobs generated, directly or indirectly, by tourism spending. It is based on an estimate of jobs rather than “hours of work.” Thus, someone who works 10 hours a week counts for as much, by this measure, as someone who works 50 hours a week. Source: National Tourism Indicators, Statistics Canada.

1.1d International tourist receipts from CTC's markets: Total spend by visitors from CTC's core markets on Canadian-produced tourism goods and services during stays of at least one night. Purchases may take place outside of Canada if the goods or services are supplied by a Canadian company, e.g. purchase of an airline ticket from a Canadian international carrier for travel to Canada. Source: International Travel Survey, Statistics Canada.

1.1e Average spend per person per night among CTC's markets: Measure of yield achieved from inbound visitors from CTC's core markets, based on total trip spend and the number of nights spent in Canada.

1.2a Marketing campaign ROI: Value of tourist receipts generated by CTC's consumer marketing campaigns per dollar spent to execute the campaign. This form of conversion counts those individuals who were considering travelling to Canada but had not yet booked a trip prior to being exposed to the campaign, and were positively influenced to visit or book a trip to Canada upon seeing the advertising.

1.2b Program ROI: Value of tourism export revenue generated by CTC's consumer marketing campaigns per dollar spent to execute the collective marketing program (includes consumer advertising campaigns, consumer shows, media and public relations, and trade development activities). This form of conversion counts those individuals who were considering travelling to Canada but had not yet booked a trip prior to being exposed to the campaign, and were positively influenced to visit or book a trip to Canada upon seeing the advertising.

1.2c Number of people converted: Number of people who converted as a result of CTC's core marketing campaigns over those that recalled the CTC core campaigns. Calculated as the proportion of travellers that recalled seeing the advertising against the size of the long-haul population, aged 18 and over.

1.2d Economic contribution of CTC's MC&IT leads conversion: The attributable tourism export revenue for Canada generated as a result of CTC's MC&IT leads conversion into definite business, calculated as: (Total # of converted leads into definite business) x (Average visitor spending for meeting/travel type (i.e. corporate meetings, association meetings or incentive travel)). Average spend data from Destination Marketing Association International (DMAI).

1.2e Attributable tourism export revenue: Export tourism revenue (see definition for 1.1a) that is attributable to CTC's leisure travel and MC&IT activities.

1.2f Attributable jobs created and/or maintained: Estimated attributable employment from tourism revenue generated by CTC's marketing, travel trade & MC&IT programs. Source: Statistics Canada data.

1.2g Attributable federal tax revenue: Estimated attributable federal tax revenue generated by CTC's marketing, travel trade and MC&IT programs. Calculations based on CTC's Advertising Tracking and Conversion Studies data and Statistics Canada's Government Revenue Attributable to Tourism (GRAT) indicators. For every \$100 of tourism spending, the federal government collects \$12.98 (domestic tourism) and \$13.96 (export – non-residents).

1.3a Partner brand alignment: Percentage of partners who have aligned with at least one element of the CTC brand: visual identity (e.g. logo, colour palette, typography, pattern bar graphics); tone and writing style; experiential photography style; and/or assets (video, text, social media). Source: CTC Biennial Partner Survey.

1.3b Partner satisfaction: Percentage of partners who are satisfied with their relationship with the CTC. Source: CTC's Biennial Partner Survey.

1.4a Member advocacy of the SEC™ program: The extent that Canadian tourism suppliers featured in the Signature Experiences Collection® believe in the value of the program, and therefore, advocate the program to other Canadian tourism businesses and suppliers within the industry. This score will be determined via a survey to SEC™ members at the end of 2012.

2.1a Aided destination awareness: Percentage of long-haul travellers in CTC markets who rate their knowledge of vacation opportunities in Canada as "excellent" or "very good" after having been prompted with a set of predetermined destinations.

2.1b Aided destination consideration: Percentage of long-haul travellers in CTC markets who are somewhat or very interested in visiting Canada in the next two years when prompted about Canada among a set of competitive destinations.

2.1c Country brand rank: Annual rank of country brands, according to FutureBrand's Country Brand Index. The approach incorporates a global quantitative survey, expert opinions and external statistics which are compared and combined to better understand drivers, preference, importance and relativism of country brands.

3.1a Partner contribution: Ratio of total partner contributions (cash, in-kind, parallel, 3rd party) versus CTC investment (Parliamentary appropriations). Does not include \$5M received in 2011-2012 for the one-time Calgary Stampede Anniversary Program.

3.1b Proportion of total budget allocated to programming: Percentage of the CTC's total budget, exclusive of partner contributions, allocated to programming. Programming excludes overhead costs, operating expenditures and compensation.

4.1a Systems effectiveness: Employee satisfaction with the support provided by applicable IT applications, as measured through the CTC's annual Internal Survey

5.1a Core values index: Average value of three Employee Survey questions regarding how the company overall effectively demonstrates the CTC's core values of innovation, collaboration and respect.

5.1b Employee engagement index: An index measuring an employee's belief in the CTC's mission and vision, and their commitment to the CTC as demonstrated through their hard work, passion and organizational pride.

Steering Wheel

The CTC's Steering Wheel is a simple-to-read tool to effectively communicate our strategy and key drivers. It mirrors the five perspectives found in the Balanced Scorecard, and has also proven particularly effective at aligning staff efforts with key areas of the strategy.

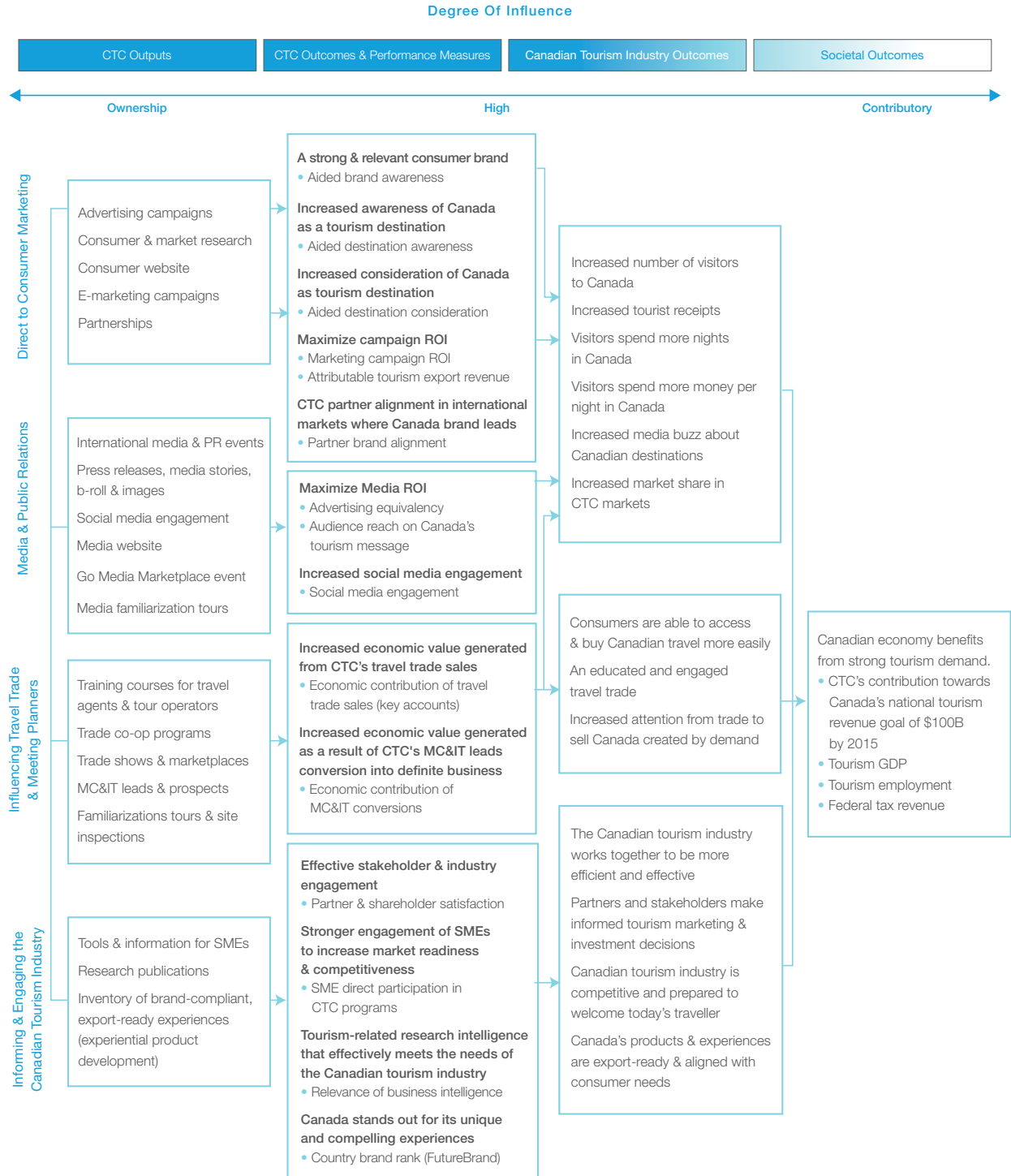


Oversight

To be effective, execution of the CTC strategy requires oversight by management and the Board of Directors. In addition, the Audit & Pension Committee reviews organizational performance against the Scorecard on an annual basis. Performance results are communicated to Parliament through the CTC's annual reports.

Outcomes Logic Model

In 2009, an Outcomes Logic Model was developed to clearly demonstrate how our investments in outputs lead to outcomes against our strategic objectives and move the customer down the path to purchase. These outcomes contribute to broader tourism industry outcomes and high-level societal outcomes, such as increases in tourism revenue, employment and taxation revenue.





Part 5: Our financial plan

CTC financial statements, forecast and capital budget

The financial analysis includes actual and projected financial information for the fiscal years 2010 to 2016. Specifically, the following CTC financial statements and forecasts are included:

- A Statement of Financial Position as at December 31, 2010 to December 31, 2016;
- A Statement of Operations, Comprehensive Income and Accumulated Surplus for the years ending December 31, 2010 to December 31, 2016;
- A Statement of Change in Net Assets for the years ending December 31, 2010 to December 31, 2016.
- A Statement of Cash Flow for the years ending December 31, 2010 to December 31, 2016;
- A Reconciliation of Parliamentary Appropriations to Government Fiscal Year for the years ending December 31, 2010 to December 31, 2016;
- Reconciliation of the Year Ended December 31, 2010 from Canadian generally accepted accounting principles to Public sector accounting standards; and
- Operating and Capital Budgets for the years ending December 31, 2010 to December 31, 2012.

As a federal Crown corporation, the CTC or “the Commission” is largely funded through appropriations. Core funding is currently at \$72 million. Funding levels have fluctuated since the inception of the organization due to one-time funding, and adjustments to the core funding to take into account transfers from other agencies/ departments.

The CTC is an organization that actively partners with industry to develop marketing programs. Although in most partnership arrangements the CTC is not the organization that disburses the funds, this does occur in some cases. The CTC received approximately \$16 million from partners in 2010. Corresponding program expenses offset these funds.

Major assumptions

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

- Reductions representing across-the-board efficiency percentage reductions to base appropriations of 0.3% (\$230,000) in 2009-2010, 0.55% (\$421,000) in 2010-2011 and 0.85% (\$649,000) in 2011-2012 on an ongoing basis. These cuts are reflected in the CTC's fiscal years 2010, 2011 and 2012.
- As part of Budget 2010, the federal government announced strategic review savings from the CTC of \$0.9 million in 2010-11, \$4.2 million in 2011-12 and on-going, which will translate into reductions to core funding in the respective years. The CTC began absorbing these cuts starting in fiscal year 2011.
- Budget 2010 also included additional cost containment measures, which state that we will not be funded for salary increases resulting from collective agreements for three years beginning in 2010-2011, and are expected to find efficiencies within our operating vote to fund these increases.
- One-time funding of \$26 million to support the CTC in delivering programs related to the Vancouver 2010 Olympic and Paralympic Winter Games will be utilized over a 5-year period, commencing in fiscal 2008. This funding ends March 2012.
- One-time funding of \$5 million to support the marketing of the 100th anniversary of the Calgary Stampede utilized over one year, commencing in fiscal 2011. This funding ends March 2012.

Canadian Tourism Commission
Statement of Financial Position
As at December 31, 2010 to December 31, 2016
(in thousands)

	Actual Dec 31, 2010	Estimated Dec 31, 2011	Planned Dec 31, 2012	Planned Dec 31, 2013	Planned Dec 31, 2014	Planned Dec 31, 2015	Planned Dec 31, 2016
Financial assets							
Cash	\$12,357	\$16,049	\$15,034	\$14,762	\$14,763	\$14,754	\$14,720
Accounts receivable							
Government of Canada	904	1,000	1,000	1,000	1,000	1,000	1,000
Partnership contributions	2,563	2,300	2,300	2,300	2,300	2,300	2,300
Other	889	700	700	700	700	700	700
Parliamentary appropriations	11,213	-	-	-	-	-	-
Accrued benefit asset	4,039	4,000	4,000	4,000	4,000	4,000	4,000
	<u>31,965</u>	<u>24,049</u>	<u>23,034</u>	<u>22,762</u>	<u>22,763</u>	<u>22,754</u>	<u>22,720</u>
Liabilities							
Accounts payable and accrued liabilities							
Trade	\$15,644	\$10,095	\$8,180	\$7,908	\$7,909	\$7,900	\$7,867
Employee compensation	3,671	1,500	1,500	1,500	1,500	1,500	1,500
Government of Canada	454	500	500	500	500	500	500
Deferred parliamentary appropriations	-	5,218	5,218	5,218	5,218	5,218	5,218
Deferred revenue	939	939	939	939	939	939	939
Accrued benefit liability	4,212	4,200	5,100	5,100	5,100	5,100	5,100
Asset retirement obligation	839	839	839	839	839	839	839
	<u>25,759</u>	<u>23,291</u>	<u>22,276</u>	<u>22,004</u>	<u>22,005</u>	<u>21,996</u>	<u>21,963</u>
Net assets	<u>6,206</u>	<u>758</u>	<u>758</u>	<u>758</u>	<u>758</u>	<u>757</u>	<u>758</u>
Non-financial assets							
Tangible capital assets	2,353	1,795	1,854	1,426	986	642	625
Prepaid expenses and other assets	1,486	1,486	1,486	1,486	1,486	1,486	1,486
	<u>3,839</u>	<u>3,281</u>	<u>3,340</u>	<u>2,912</u>	<u>2,472</u>	<u>2,128</u>	<u>2,111</u>
Accumulated surplus	<u>\$10,045</u>	<u>\$4,039</u>	<u>\$4,098</u>	<u>\$3,670</u>	<u>\$3,230</u>	<u>\$2,885</u>	<u>\$2,868</u>

Canadian Tourism Commission
Statement of Operations
For the years ending December 2010 to December 2016
(in thousands)

	Actual Dec 31, 2010	Estimated Dec 31, 2011	Planned Dec 31, 2012	Planned Dec 31, 2013	Planned Dec 31, 2014	Planned Dec 31, 2015	Planned Dec 31, 2016
Revenues							
Partnership contributions	\$ 16,286	\$ 8,033	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500	\$ 6,500
Other	404	511	100	100	100	100	100
	<u>16,690</u>	<u>8,544</u>	<u>6,600</u>	<u>6,600</u>	<u>6,600</u>	<u>6,600</u>	<u>6,600</u>
Expenses							
Marketing and sales	105,627	84,090	68,829	66,111	66,111	66,111	66,111
Corporate services	15,614	15,221	11,514	11,514	11,514	11,514	11,514
Strategy and planning	1,295	566	658	658	658	658	658
Amortization of tangible capital assets	1,149	1,068	791	778	790	695	367
	<u>123,685</u>	<u>100,946</u>	<u>81,792</u>	<u>79,060</u>	<u>79,073</u>	<u>78,977</u>	<u>78,650</u>
Net Cost of operations before funding from the Government of Canada	(106,995)	(92,402)	(75,192)	(72,460)	(72,473)	(72,377)	(72,050)
Parliamentary appropriations	106,418	86,396	75,251	72,033	72,033	72,033	72,033
Surplus (deficit) from operations	<u>(577)</u>	<u>(6,006)</u>	<u>59</u>	<u>(428)</u>	<u>(440)</u>	<u>(345)</u>	<u>(17)</u>
Accumulated surplus from operations, beginning of period	10,622	10,045	4,039	4,098	3,670	3,230	2,885
Accumulated surplus from operations, end of period	<u>\$ 10,045</u>	<u>\$ 4,039</u>	<u>\$ 4,098</u>	<u>\$ 3,670</u>	<u>\$ 3,230</u>	<u>\$ 2,885</u>	<u>\$ 2,868</u>

In addition to partnership contributions against core funding, 2010 had the benefit of partnership contributions for Stimulus and Olympics activities. In 2011, Stimulus activities were wound down and Olympic investments were minimal. Furthermore, the cessation of the US Leisure marketing program due to the strategic shift in 2010 resulted in reductions to core partnering activities in the US.

Canadian Tourism Commission
Statement of Change in Net Assets
For the years ending December 2010 to December 2016
(in thousands)

	Actual Dec 31, 2010	Estimated Dec 31, 2011	Planned Dec 31, 2012	Planned Dec 31, 2013	Planned Dec 31, 2014	Planned Dec 31, 2015	Planned Dec 31, 2016
Annual Surplus (deficit) from Operations	(\$577)	(\$6,006)	\$59	(\$428)	(\$440)	(\$345)	(\$17)
Acquisition of tangible capital assets	(514)	(510)	(850)	(350)	(350)	(350)	(350)
Amortization of tangible capital assets	1,149	1,068	791	778	790	695	367
Net disposition of tangible capital assets	<u>635</u>	<u>558</u>	<u>(59)</u>	<u>428</u>	<u>440</u>	<u>345</u>	<u>17</u>
(Increase) / decrease in prepaid expenses	1,516	-	-	-	-	-	-
	<u>1,516</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>	<u>-</u>
Increase (decrease) in net assets	1,574	(5,448)	(1)	-	-	-	-
Net assets, beginning of period	4,631	6,206	758	758	758	758	758
Net assets, end of period	<u>\$6,206</u>	<u>\$758</u>	<u>\$758</u>	<u>\$758</u>	<u>\$758</u>	<u>\$758</u>	<u>\$758</u>

Canadian Tourism Commission
Statement of Cash Flow
For the years ending December 2010 to December 2016
(in thousands)

	Actual Dec 31, 2010	Estimated Dec 31, 2011	Planned Dec 31, 2012	Planned Dec 31, 2013	Planned Dec 31, 2014	Planned Dec 31, 2015	Planned Dec 31, 2016
Operating transactions:							
Cash received from:							
Parliamentary appropriations used to fund operating transactions	\$89,358	\$102,316	\$74,401	\$71,683	\$71,683	\$71,683	\$71,683
Partners	15,324	8,033	6,500	6,500	6,500	6,500	6,500
Other income	404	511	100	100	100	100	100
	<u>105,086</u>	<u>110,860</u>	<u>81,001</u>	<u>78,283</u>	<u>78,283</u>	<u>78,283</u>	<u>78,283</u>
Cash paid for:							
Employees and suppliers	(114,501)	(107,168)	(82,016)	(78,555)	(78,282)	(78,292)	(78,316)
Cash applied to operating transactions	<u>(9,415)</u>	<u>3,692</u>	<u>(1,015)</u>	<u>(272)</u>	<u>1</u>	<u>(9)</u>	<u>(33)</u>
Capital transactions:							
Acquisition of tangible capital assets	(514)	(510)	(850)	(350)	(350)	(350)	(350)
Financing transactions:							
Parliamentary appropriations received for the acquisition of tangible capital assets	514	510	850	350	350	350	350
Foreign exchange loss (gain) on cash held in foreign currency	(18)	-	-	-	-	-	-
Net increase / (decrease) in cash during the period	<u>(9,433)</u>	<u>3,692</u>	<u>(1,015)</u>	<u>(272)</u>	<u>1</u>	<u>(9)</u>	<u>(33)</u>
Cash, beginning of period	21,790	12,357	16,049	15,034	14,762	14,763	14,754
Cash, end of period	<u>\$12,357</u>	<u>\$16,049</u>	<u>\$15,034</u>	<u>\$14,762</u>	<u>\$14,763</u>	<u>\$14,754</u>	<u>\$14,720</u>

Canadian Tourism Commission
Reconciliation of Parliamentary Appropriations to Government Fiscal Year
For the years ending December 31, 2010 to December 31, 2016
(in thousands)

	Actual 2010	Estimated 2011	Planned 2012	Planned 2013	Planned 2014	Planned 2015	Planned 2016
Amounts provided for operating and capital expenditures							
Amounts voted:							
Main estimates	\$83,526	\$100,643	\$76,033	\$72,033	\$72,033	\$72,033	\$72,033
Supplementary estimates B	4	8,000	-	-	-	-	-
Treasury Board Vote 15	1,572	822	-	-	-	-	-
Treasury Board Vote 35	20,000	-	-	-	-	-	-
Permanent Frozen Allotment	-	(900)	-	-	-	-	-
Calgary Stampede - Supps B	-	-	5,000	-	-	-	-
	<u>105,102</u>	<u>108,565</u>	<u>81,033</u>	<u>72,033</u>	<u>72,033</u>	<u>72,033</u>	<u>72,033</u>
Less portion recognized in prior year	(79,831)	(81,147)	(58,979)	(53,197)	(53,197)	(53,197)	(53,197)
Amounts recognized in current year	<u>25,270</u>	<u>27,417</u>	<u>22,054</u>	<u>18,836</u>	<u>18,836</u>	<u>18,836</u>	<u>18,836</u>
Amounts voted:							
Main estimates	100,643	76,033	72,033	72,033	72,033	72,033	72,033
Supplementary estimates B	8,000	-	-	-	-	-	-
Treasury Board Vote 15	822	-	-	-	-	-	-
Treasury Board Vote 35	-	-	-	-	-	-	-
Permanent Frozen Allotment	(900)	-	-	-	-	-	-
Calgary Stampede - Supps B	-	5,000	-	-	-	-	-
	<u>108,565</u>	<u>81,033</u>	<u>72,033</u>	<u>72,033</u>	<u>72,033</u>	<u>72,033</u>	<u>72,033</u>
Less portion to be recognized in following year	(27,417)	(22,054)	(18,836)	(18,836)	(18,836)	(18,836)	(18,836)
Amounts recognized in current year	<u>81,147</u>	<u>58,979</u>	<u>53,197</u>	<u>53,197</u>	<u>53,197</u>	<u>53,197</u>	<u>53,197</u>
Parliamentary Appropriations used for operations and capital in the year	<u>\$106,418</u>	<u>\$86,396</u>	<u>\$75,251</u>	<u>\$72,033</u>	<u>\$72,033</u>	<u>\$72,033</u>	<u>\$72,033</u>
Amounts voted:	\$108,565	\$81,033	\$72,033	\$72,033	\$72,033	\$72,033	\$72,033
Less portion of cash received during year	(69,935)	(64,197)	(58,415)	(58,415)	(58,415)	(58,415)	(58,415)
Cash to be received in following year	38,630	16,836	13,618	13,618	13,618	13,618	13,618
Parliamentary Appropriations to be recognized in following year	<u>(27,417)</u>	<u>(22,054)</u>	<u>(18,836)</u>	<u>(18,836)</u>	<u>(18,836)</u>	<u>(18,836)</u>	<u>(18,836)</u>
Parliamentary appropriations receivable/(deferred)	<u>\$11,213</u>	<u>(\$5,218)</u>	<u>(\$5,218)</u>	<u>(\$5,218)</u>	<u>(\$5,218)</u>	<u>(\$5,218)</u>	<u>(\$5,218)</u>

Reconciliation of the Year Ended December 31, 2010 from Canadian General Accepted Accounting Principles to Public Sector Accounting Standards

Effective January 1, 2011, the Commission changed the basis of accounting used to prepare its financial statements. Previously, the Commission had been using generally accepted accounting principles as prescribed by the CICA for the private sector to prepare its financial statements.

	Dec 31, 2010 Canadian GAAP	Effect of transition to PSAS	Dec 31, 2010 PSAS	Notes
Financial assets				
Cash	\$12,357	\$ -	\$12,357	
Accounts receivable				
Government of Canada	904	-	904	
Partnership contributions	2,563	-	2,563	
Other	889	-	889	
Parliamentary appropriations	5,233	5,980	11,213	1
Property and equipment	2,194	(2,194)	-	2
Intangible assets	1,364	(1,364)	-	3
Accrued benefit asset	4,907	(868)	4,039	4
	<u>30,411</u>	<u>1,554</u>	<u>31,965</u>	
Liabilities				
Accounts payable and accrued liabilities				
Trade	15,644	-	15,644	
Employee compensation	3,671	-	3,671	
Government of Canada	454	-	454	
Deferred revenue	939	-	939	
Deferred capital funding	3,629	(3,629)	-	5
Accrued benefit liability	5,236	(1,024)	4,212	6
Asset retirement obligation	839	-	839	
	<u>30,414</u>	<u>(4,653)</u>	<u>25,759</u>	
Net assets	<u>(3)</u>	<u>6,207</u>	<u>6,206</u>	
Non-financial assets				
Tangible capital assets	-	2,353	2,353	7
Prepaid expenses and other assets	1,486	-	1,486	
	<u>1,486</u>	<u>2,353</u>	<u>3,839</u>	
Accumulated surplus	<u>\$1,483</u>	<u>\$8,561</u>	<u>\$10,045</u>	
Revenues				
Partnership contributions	\$16,286	\$ -	\$16,286	
Other	404	-	404	
	<u>16,690</u>	<u>-</u>	<u>16,690</u>	
Expenses				
Marketing and sales	105,502	125	105,627	
Corporate services	15,640	(26)	15,614	
Strategy and planning	1,295	-	1,295	
Amortization or property and equipment	1,065	(1,065)	-	8
Amortization of intangible assets	1,253	(1,253)	-	9
Amortization of tangible capital assets	-	1,149	1,149	10
	<u>124,755</u>	<u>(1,070)</u>	<u>123,685</u>	
Net Cost of operations before funding from the Government of Canada	<u>(108,065)</u>	<u>1,070</u>	<u>(106,995)</u>	
Parliamentary appropriations	106,283	135	106,418	11
Amortization of deferred capital funding	2,318	(2,318)	-	12
Surplus (deficit) from operations	<u>536</u>	<u>(1,113)</u>	<u>(577)</u>	
Accumulated surplus from operations, beginning of period	947	9,675	10,622	
Accumulated surplus from operations, end of period	<u>\$1,483</u>	<u>\$8,562</u>	<u>\$10,045</u>	

- Note 1 and 11: Non-restricted appropriations for core operations and the acquisition of tangible capital assets are recognized as income on a straight-line basis while restricted appropriations (e.g. Olympics and Stimulus) are recognized in the same period as the related net expenditures are recorded.
- Notes 2, 3 & 7-10: Under PSAS 3150, all assets previously recorded in Canadian generally accepted accounting principles as property and equipment are categorized as tangible capital assets. Computer software previously recorded as intangible assets are captured under tangible capital assets under PSAS. Website development costs previously recorded as intangible assets are no longer capitalized and have been written off.
- Notes 4 & 6: Under PSAS 3250, for defined benefit plans, and under PSAS 3255, accrued benefit obligations and post-employment benefits are determined by the Commission applying a discount rate with reference to the Commission's plan asset earnings or a rate with reference to the Commission's cost of borrowing. Under Retirement Benefits, section PSAS 3250, the Commission has elected to recognize all cumulative actuarial gains and losses at the date of transition directly in accumulated surplus/deficit.
- Note 5 & 12: Due to the methodology of recognition of appropriations (notes 1 and 11), these accounts have been eliminated accordingly.

Variance Analysis for the year ending December 31, 2010

Canadian Tourism Commission Operating and Capital Budget For the year ended December 31, 2010			
	Actual Dec 31, 2010	Planned Dec 31, 2010	Variance
Partnership Income	\$16,285,886	\$14,055,866	\$2,230,020
Other	403,634	-	403,634
Operating and Capital Costs:			
Marketing and Sales	105,624,739	105,483,284	(141,455)
Strategy and Planning	1,294,833	1,264,737	(30,096)
Corporate Services	16,490,794	19,963,098	3,472,304
	<u>123,410,366</u>	<u>126,711,119</u>	<u>3,300,753</u>
Net cost of operations	(106,720,846)	(112,655,253)	5,934,407
Parliamentary Appropriations	<u>106,417,850</u>	<u>108,533,624</u>	<u>(2,115,774)</u>
Net Surplus	<u>(\$302,996)</u>	<u>(\$4,121,629)</u>	<u>\$3,818,633</u>

Notes: Expenses include amounts funded by partnership income.
All figures are prepared under Public Sector Accounting Standards.

Analysis for the year ended December 31, 2011

Canadian Tourism Commission Operating and Capital Budget For the year ending December 31, 2011			
	Estimated Dec 31, 2011	Planned Dec 31, 2011	Variance
Partnership Income	\$8,032,896	\$6,500,000	\$1,532,896
Other	511,114	100,000	411,114
Operating and Capital Costs:			
Marketing and Sales	84,090,287	82,968,082	(1,122,205)
Strategy and Planning	566,018	839,178	273,160
Corporate Services	15,731,262	15,965,460	234,198
	<u>100,387,567</u>	<u>99,772,720</u>	<u>(614,847)</u>
Net cost of operations	(91,843,557)	(93,172,720)	1,329,163
Parliamentary Appropriations	<u>86,396,025</u>	<u>87,223,508</u>	<u>(827,483)</u>
Net Surplus	<u>(\$5,447,532)</u>	<u>(\$5,949,212)</u>	<u>\$501,680</u>

Notes: Expenses include amounts funded by partnership income.
All figures are prepared under Public Sector Accounting Standards.

Analysis for the year ending December 31, 2012

Canadian Tourism Commission Operating and Capital Budget For the years ending December 31, 2010 to December 31, 2012			
	Actual Dec 31, 2010	Estimated Dec 31, 2011	Planned Dec 31, 2012
Partnership Income	\$16,285,886	\$8,032,896	\$6,500,000
Other	403,634	511,114	100,000
Operating and Capital Costs:			
Marketing and Sales	105,624,739	84,090,287	68,829,185
Strategy and Planning	1,294,833	566,018	658,060
Corporate Services	16,490,794	15,731,262	12,363,890
	<u>123,410,366</u>	<u>100,387,567</u>	<u>81,851,135</u>
Net cost of operations	(106,720,846)	(91,843,557)	(75,251,135)
Parliamentary Appropriations	<u>106,417,850</u>	<u>86,396,025</u>	<u>75,251,135</u>
Net Surplus	<u>(\$302,996)</u>	<u>(\$5,447,532)</u>	<u>\$ -</u>

Notes: Expenses include amounts funded by partnership income.
All figures are prepared under Public Sector Accounting Standards.

Capital Budget analysis for the year ended December 31, 2010

Canadian Tourism Commission			
Capital Budget			
For the year ended December 31, 2010			
	<u>Actual</u> <u>Dec. 31/10</u>	<u>Planned</u> <u>Dec. 31/10</u>	<u>Variance</u>
Tangible Capital Assets			
Leasehold improvements and decommissioning	\$366,241	\$110,000	(\$256,241)
Office furniture	25,604	60,500	34,896
Computer equipment and software	122,238	264,500	142,262
Intangible Assets			
Website	48,833	750,000	701,167
	<u>\$562,917</u>	<u>\$1,185,000</u>	<u>\$622,084</u>
Note:	These figures are reported under Canadian Generally Accepted Accounting Principles		

Capital Budget analysis for the year ending December 31, 2011

Canadian Tourism Commission			
Capital Budget			
For the year ending December 31, 2011			
	<u>Estimated</u> <u>Dec. 31/11</u>	<u>Planned</u> <u>Dec. 31/11</u>	<u>Variance</u>
Tangible Capital Assets			
Leasehold improvements and decommissioning	\$205,000	\$60,000	(\$145,000)
Office furniture	65,000	50,000	(15,000)
Computer equipment and software	240,000	400,000	160,000
	<u>\$510,000</u>	<u>\$510,000</u>	<u>\$ -</u>
Note:	All figures are prepared under Public Sector Accounting Standards.		

Capital Budget analysis for the years ending December 31, 2010-2016

Canadian Tourism Commission

Capital Budget

For the years ending December 31, 2010 to December 31, 2016

	Actual Dec. 31/10	Estimated Dec. 31/11	Planned Dec. 31/12	Planned Dec. 31/13	Planned Dec. 31/14	Planned Dec. 31/15	Planned Dec. 31/16
Tangible Capital Assets							
Leasehold improvements and decommissioning	\$366,241	\$205,000	\$50,000	\$50,000	\$50,000	\$50,000	\$50,000
Office furniture	25,604	65,000	50,000	50,000	50,000	50,000	50,000
Computer equipment and software	122,238	240,000	750,000	250,000	250,000	250,000	250,000
	<u>\$514,084</u>	<u>\$510,000</u>	<u>\$850,000</u>	<u>\$350,000</u>	<u>\$350,000</u>	<u>\$350,000</u>	<u>\$350,000</u>

Note: All figures are prepared under Public Sector Accounting Standards.

Appendix

Legislated powers and obligations

Constitution	<p>The CTC is a federal Crown corporation wholly owned by the Government of Canada (the shareholder); it is accountable to Canada's Parliament through the Minister of Industry.</p>
Legislated Powers	<p>The <i>Canadian Tourism Commission Act</i> and subsequent regulations provide the legislative basis for the establishment of the CTC and its activities.</p> <p>The CTC is not governed by the <i>Public Service Employment Act</i> and is considered a separate employer. However, the CTC is governed by or subject to the requirements of several acts, including:</p> <ul style="list-style-type: none"> • <i>Financial Administration Act (FAA)</i> • <i>Official Languages Act</i> • <i>Privacy Act</i> • <i>Access to Information Act</i> • <i>Canadian Human Rights Act</i> • <i>Canada Labour Code</i> • <i>Employment Insurance Act</i> • <i>Employment Equity Act</i> • <i>Federal Accountability Act</i> • <i>Public Servants Disclosure Protection Act</i> • <i>Conflict of Interest Act</i>
Legislated Obligations	<p>A Special Examination is mandated under the FAA and a report on the findings must be submitted to and approved by the Board of Directors. The next examination is expected to be released in 2016.</p>
Accountability to Parliament	<p>The Government of Canada primarily regulates Crown corporations through their enabling legislation and through the FAA. The CTC is currently listed under Part I, Schedule III of the FAA, and as such is required to:</p> <ul style="list-style-type: none"> • submit an annual report, a five-year corporate plan and an operating budget to the responsible Minister; and • undergo regular audits by the Auditor General of Canada.

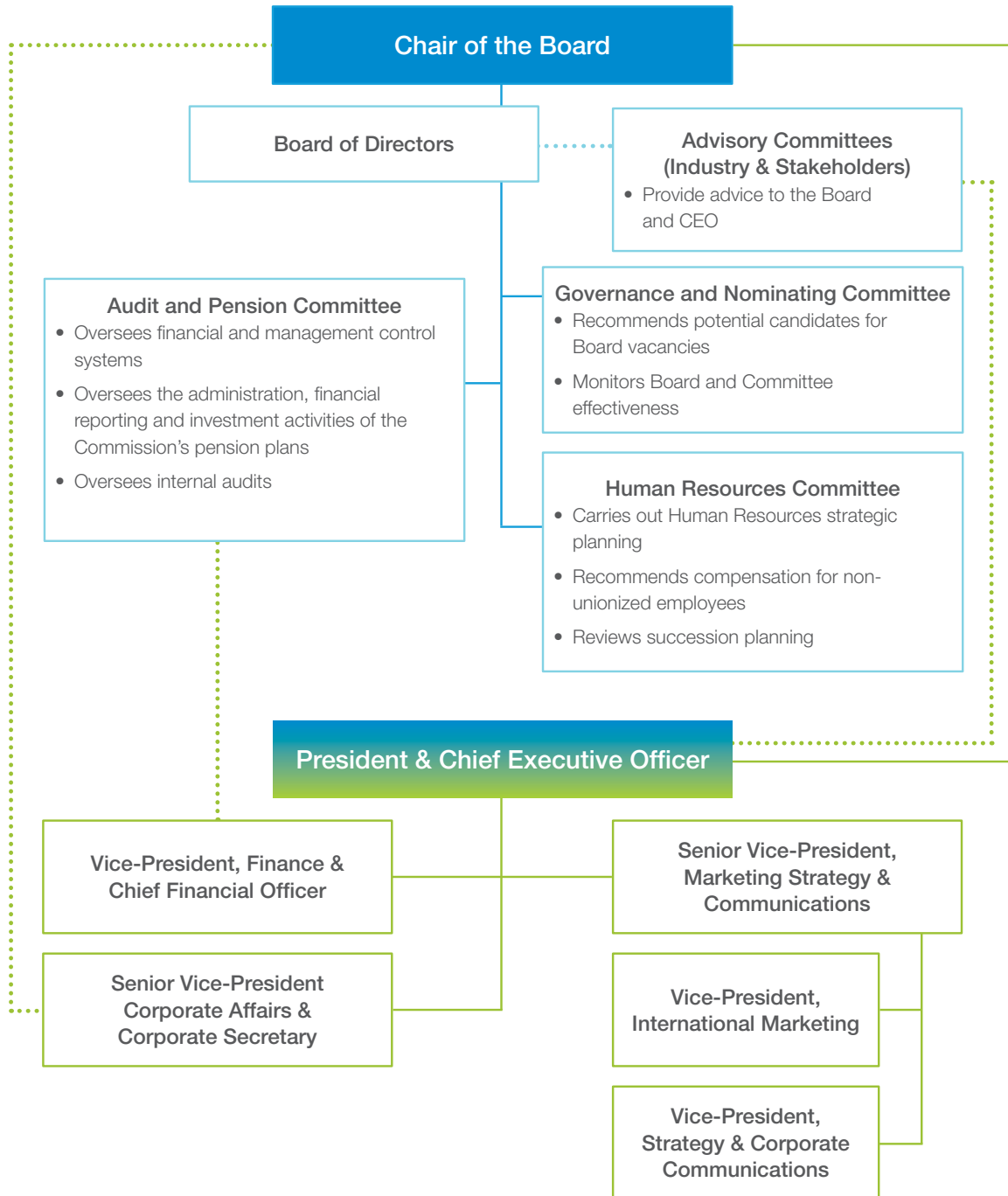
Governance

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

In 2009, the CTC undertook a broad assessment of its governance structure to identify and implement an optimal governance model based on best practices and the CTC's unique nature. As a result of the review, recommendations for a streamlined, effective governance framework for the CTC were proposed. Almost all recommendations have been implemented. The CTC is awaiting approval by the Governor in Council to officially implement its new 12 member skills-based Board as per the Jobs and Economic Growth Act. In January 2011, several CTC Board members resigned in order to facilitate the CTC's move toward adopting a smaller Board of Directors.

This new governance structure positions the CTC as a more strategic organization with greater relevancy to government and industry, thereby enabling a modern corporate board to effectively deliver on the CTC's goal to grow tourism export revenues.

Board, Committee and Senior Management Structure



Source markets and offices

The CTC is headquartered in Vancouver, British Columbia, and maintains a small branch office in the National Capital Region. The CTC is currently active in the Americas (the US, Mexico and Brazil), Europe (the UK, Germany and France), Asia (China, India, South Korea and Japan) and Australia. However, our new regional hub structure allows us to be nimble and opportunistic, adjust our marketing programs to reflect changing market conditions, and capitalize on new marketing opportunities as they arise.

Our office in London, England serves as the regional hub for our core markets of the UK, France, Germany and Australia. The CTC's headquarters in Vancouver serves as the regional hub office for the emerging markets of India, China, Brazil and South Korea.

The Vancouver office also serves Japan and Mexico, both of which were high-performance markets that are currently dealing with external issues (such as new visa requirements, pandemics, natural disasters or air access). These "shocked" markets require a return-to-basics approach on the ground to re-establish Canada as a potential tourism destination.

The Meetings, Convention and Incentive Travel business is headquartered in Vancouver, with several in-market sales representatives located in the US and internationally, primarily in the UK.

Staff

The CTC has 115 permanent positions, 84 of which (or 72%) are located at our head office in Vancouver. These positions are largely engaged in marketing, communications and research activities, as well as providing corporate services. There is also a small office in Ottawa with two positions. In addition to our Canadian staff, we have 29 permanent positions (26%) delivering international marketing and sales services in our international markets.

Glossary

Destination Marketing Organization: A company or other entity involved in the business of increasing tourism to a destination or improving its public image.

Explorer Quotient® (EQ®): An innovative research tool that identifies the underlying emotional motivators of travellers beyond traditional demographics like age and geography.

Global Tourism Watch (GTW): An annual tracking study initiated by the CTC in 2007 to gather information on each of its core markets.

Tourism export revenue: Spending by foreign visitors on Canadian-produced tourism goods and services, including spending that may take place outside of Canada, such as the purchase of an airline ticket from a Canadian international carrier in order to travel to Canada.

International tourist arrivals: Total number of arrivals (not persons) in Canada who are overnight visitors staying at least one night in a collective or private accommodation. Note: a person who makes several trips to Canada during a given period will be counted as a new arrival each time.

Provincial/Territorial Marketing Organization: A provincial/territorial entity involved in the business of increasing tourism to a province or improving its public image.

Tourism employment: Measure of the number of jobs in an industry generated by, or attributable to, tourism spending on the goods and/or services produced by that industry. It is based on an estimate of jobs rather than “hours of work”. Thus, someone who works 10 hours a week counts for as much, by this measure, as someone who works 50 hours a week.

Tourism Gross Domestic Product (GDP): Unduplicated value of production, within the boundaries of a region, of goods and services purchased by tourists.

Tourism revenue: Spending of Canadian and foreign visitors on domestically-produced commodities, as reported by Statistics Canada as total tourism demand in the Canadian Tourism Satellite Account. It is the sum of tourism domestic demand and tourism exports.

Tourist receipts: Expenditures made by visitors from abroad generated by overnight trips, reported by Statistics Canada as overnight international trip spending.

Abbreviations

ADS	Approved Destination Status
BSC	Balanced Scorecard
CEO	Chief Executive Officer
CTC	Canadian Tourism Commission
CTP	Corporation for Travel Promotion
EQ®	Explorer Quotient®
FAA	Financial Administration Act
GDP	Gross Domestic Product
GTW	Global Tourism Watch
MC&IT	Meetings, Convention & Incentive Travel
ROI	Return on Investment
SEC™	Signature Experiences Collection
SME	Small and Medium-Sized Enterprise
UNWTO	United Nations World Tourism Organization
USP	Unique Selling Proposition

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