



Seizing the Winning Conditions for Canada

20/20/2020

Destination Canada
2016-2020 Corporate Plan Summary



20/20/2020



20 million international visitors



spending **\$20** billion in Canada



by the year **2020**

As Canada's top services export sector, the visitor economy supports businesses across the country, creates jobs, and levers international investment in the Canadian economy.

Despite increasing competition and continued economic uncertainty, tourism remains a resilient growth sector globally with staying power that provides economic diversification to every region of Canada.

Destination Canada has a plan to innovate, collaborate and deliver strong results for Canada's tourism industry during the coming years to strengthen Canada's place as a destination of choice for the world to explore.

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MESSAGE FROM THE CHAIR OF THE BOARD

These are exciting times with tremendous opportunity. Canada has an unparalleled global reputation with a winning mix of desirable destinations, attractions and experiences that provide us with a strong opportunity to re-assert ourselves as a leading global destination for leisure and business travellers.

Our 2014 results were strong, and 2015 was an important year for our organization and the visitor economy as a whole.

Our organization began its mandate in 2015 with the recruitment of new leadership, a change in corporate identity to Destination Canada and a targeted reinvestment for “Connecting America” in the 2015 Federal Budget – a three-year \$30M investment – to help re-establish Canada’s position in the important US leisure market.

We believe the confidence expressed by our federal shareholder has contributed to increased confidence from our key partners, allowing us to surpass our partnership goals for 2015 and contribute to creating stronger partnerships going forward. Perhaps more importantly, 2015 has proven to be an outstanding year for the industry as a whole as we experienced an important increase in international arrivals to Canada. **In 2015, we are tracking to register the first year in over a decade, where Canada over-performed the international average of 4% growth in arrivals. This is being driven in part by the strong performance of Destination Canada markets that are tracking towards growth of 8% in 2015.**

It is through that competitive lens that our Board and Management would like to frame our Corporate Plan for 2016 – 2020. Under the current winning conditions and with greater focus on partnerships, maximizing efficiencies, alignment and innovation, our plan sets out to collectively achieve 20-20-2020: 20 million international visitors, spending \$20 billion in Canada by the year 2020. This will move the yardstick for Canada from our positive 2014 results: 16.5 million overnight visitors spending \$15.6 billion in Canada.

Destination Canada cannot lay claim to delivering this objective in its entirety. Our role is that of a demand accelerant – in effect, the “espresso” – that can jolt demand by creating a strong co-investment platform for public and private partners to foster international demand that will enable Canada to continue to meet the international average of 4% growth in arrivals.

On behalf of the entire Board, I would like to thank Destination Canada’s Management Team and all the Staff for their efforts, commitment and professionalism during this intense year of transition.

It is important to build on this success as we look forward, so it is our pleasure to submit this Corporate Plan that shapes our strategy and planning for 2016 – 2020.

Olga Ilich
Chair of the Board
Destination Canada



MESSAGE FROM THE PRESIDENT & CEO

2014 was an important pivotal year with significant achievements, 2015 is showing strong continued growth, and as the Corporate Plan which follows outlines, we believe that with the right strategy in place, we can expect continued success in 2016 and beyond.

Canada is in the process of re-establishing its footing as a globally competitive international destination for business and leisure travellers. While there is still work to do, the Government of Canada has provided a whole of government approach to tourism issues, bringing increased access and alignment. Assisted by DC's marketing strategies and tactics, we are poised to harness the winning conditions to generate increased visitation, market share, investment and economic growth.

In consultation with the industry and our partners, we believe that Canada is ready to move past a measurement of visitors, to a more highly developed view of global share or yield per customer. Some destinations use the volume of visitation as their main benchmark, others use "yield" or dollars per customer as their metric of success. We believe that to be a truly competitive destination, creating the jobs, investment and sustainable growth, Canada needs to look at a function of both volume and yield that will build true market share. And in that process, we will be working with industry and our partners to target specific bands of traveller demand in our key markets to help create the overall desired stimulative effect on our "upward compression" that will provide the greatest benefit with our finite investment.

The Canadian industry is ready, as is Destination Canada. Here at DC we have spent 2015 paying close attention to our operational structure to ensure more of our shareholder's investment is being spent efficiently on programming. We have reduced our overhead and operating expenses, and reduced our exposure to long-term pension risks. All of this was meant to drive over \$3M in savings annually to be re-invested in programming. This re-investment, together with the Connecting America investment, will mean we can re-enter the US market and increase investments in our other key markets simultaneously in 2016, to maximize results.

Our plan for 2016-2020 proposes three main corporate objectives to support the continued growth of Canada's tourism industry:

1. Increase Demand for Canada with Innovative Marketing;
2. Advance the Commercial Competiveness of the Tourism Sector;
3. Increase Corporate Efficiency and Effectiveness.

We have also presented a streamlined series of performance measurements that will bring increased transparency and accountability for both the shareholder and the industry we serve.

As this Corporate Plan outlines, our outlook towards 2016 and beyond includes several important activities, including "Connecting America" and the Millennial Travel Program – a celebration of 150 experiences across Canada – leading up to our country's 150th anniversary.

During the forthcoming years of this 5-year Corporate Plan, Destination Canada looks forward to further generating demand for Canada's leisure and business visitor economy through ground breaking innovation, partner collaboration and state-of-the-art marketing communication, helping Canadian businesses sell the Canada brand as well as further advancing corporate excellence and efficiency within our ranks.

David F. Goldstein
President and CEO
Destination Canada



EXECUTIVE SUMMARY

There are over 192,000 small and medium sized businesses that operate in the tourism sector in all regions of the country including urban, rural and remote areas. Many are the economic life-blood of the communities in which they exist, creating jobs and purchasing local products and services. In fact, one of every 11 jobs in Canada is supported by the tourism industry. Tourism businesses across the country are a major source of employment, particularly for workers under 35 years of age who occupy 51% of jobs in tourism industries.

Destination Canada stimulates consumer demand and provides an “on ramp” for these Canadian entrepreneurs to reach international markets. DC’s activities will attract more people to visit Canada and encourage visitors to explore Canada’s diverse tourist attractions including our national parks and historic sites, cultural events and festivals, thriving urban centers, culinary experiences, outdoor adventures, and Canada’s growing, culturally rich Aboriginal tourism offerings.

Canada has great capacity and potential to attract more of the estimated 1.4 billion world travellers by 2020. Tourism is one of the few industries projecting over 4 percent growth per year according to the United Nations World Tourism Organization (UNWTO), and remains Canada’s single most important services export, reaching \$88 billion CDN in 2014. DC is ready to seize this opportunity, in partnership with our tourism stakeholders. DC’s work for the coming five years will be to the benefit of the entire Canadian tourism industry, from small and medium-sized enterprises across the country, to larger tourism stakeholders such as Parks Canada, and to the benefit of the Canadian economy.

The winning conditions are in place on which to build future success.

1. A Five-Year Industry-Wide Goal

Based on consultations with the industry, we are proposing a five-year goal to bring 20 million international visitors to Canada, spending \$20 billion, by 2020 under current conditions. This represents an increase of approximately 3 million visitors and \$3 billion in new spending since 2014.

2. Whole of Government Approach

The industry goal can be considered a “dividend” of the Government of Canada’s whole of government approach to tourism. Efforts to improve traveller access to Canada, combined with demand from solid marketing efforts, brought higher numbers of travellers to Canada, and future projections are bright. Markets where DC invests with its partners are showing better growth numbers, some reaching over 20 percent. Much progress has been made to create winning conditions for international travellers coming to Canada, and there are still many more successes to come.

3. Increased Leverage and Alignment Through Partnerships

DC is growing partnerships with provincial and territorial marketing organizations, destination marketing organizations, national, regional and local companies as well as tourism associations. Together, they combine and leverage resources for more powerful impact, and an aligned and cohesive voice to promote Canada and the experiences found here. A prime example is the new Connecting America program, which will leverage Canada's investment of \$30 million over three years, to approximately \$70 million, and help bring more than 680,000 additional U.S. travellers to Canada. This model, using innovative marketing methods and partner funding, will contribute to the industry's overall goal of 20-20-2020.

4. Reaching Today's World Travellers Through Technology and Innovation

In this planning cycle, DC will continue to create innovative marketing programs to increase demand for Canada that include creating content for traditional and social media, in addition to directing media campaigns. Embracing the digital world through content marketing will enable new and novel cost-effective communication along this path, and DC is already forging partnerships with multi-channel content networks as well as influencers who feed their audiences information describing their great Canadian experiences from coast to coast to coast.

5. Targeting a Mix of Markets

DC has a balanced portfolio approach to targeting a mix of traditional and emerging markets, and looks to stimulate demand to achieve the ultimate mix of volume and revenue. The middle classes of emerging markets are a huge and growing demographic, as are the 18 – 34 year old millennials.

6. Driving Investment to Grow the Export Economy

The incentive for businesses to be export-driven and export-ready has never been so evident. Many are stepping forward to take advantage of these opportunities by working together, sharing best practices and maintaining or improving their tourism product. The Canadian Signature Experiences Collection sets meaningful benchmarks and standards for those who aspire to export-readiness in leisure tourism, and there is a growing list of successful participants. New developments in Aboriginal, wine and culinary, culture and sports tourism also show progress. DC's focus on business meetings sectors including life sciences, clean technology, information and communication technology, aerospace, agriculture and natural resources, aligns with the Government of Canada's export, trade and investment priorities. DC and policy makers realize that business tourism is an effective conduit for investment in Canada and that tourism, in general, means increased trade.

7. Measuring Results Effectively

DC is streamlining its performance measurement approach to report progress toward achieving the industry target of 20-20-2020. Eight key performance measurement indicators will closely align with the goals and objectives outlined in DC's strategy. The proposed metrics will also reflect DC's new marketing techniques, innovative technologies and new approaches to partnerships and collaboration.

CORPORATE PROFILE

The Canadian Tourism Commission (CTC), operating as Destination Canada (DC), is a federal Crown corporation, wholly owned by the Government of Canada and accountable to Canada's parliament through the Minister of Innovation, Science and Economic Development.

MANDATE

DC's mandate is to work with the Canadian tourism industry and provincial and territorial governments to promote Canada as a premier tourist destination, grow tourism export revenue for Canada, grow tax revenue, support the creation of jobs and increase the global competitiveness of Canada's travel and tourism sector.

DC's mandate is also to support Canadian entrepreneurs, many of whom are small and medium businesses operating within the tourism sector.

Specifically, DC has a legislated mandate outlined in Section 5 of the *Canadian Tourism Commission Act* to:

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

ROLE

As Canada's national tourism marketing organization, DC markets Canada as a desirable tourist destination in order to advance the economic well-being of Canadians and the priorities of the Government of Canada. DC focuses on actively marketing Canada internationally to both leisure and business travellers. This has a broader economic impact on Canada's trade and export, as tourism also attracts people to study, live and invest in Canada.

In addition to direct marketing, DC actively supports Canadian tourism businesses, in particular small and medium enterprises (SMEs), by providing them with key expertise and tools to connect with international markets.

FINANCING

DC is financed primarily by parliamentary appropriations. Through marketing partnerships with the Canadian tourism sector and international travel trade businesses, DC leverages its core appropriations with investments from other provincial/territorial and destination marketing organizations and partners in the private sector, to extend its global marketing reach.

GEOGRAPHIC PRESENCE

DC is invested in 11 leisure markets around the world and five business markets for the purposes of bringing meetings, conventions and incentive travel programs to Canada. Additional funding over three years has been allocated for DC to re-enter the US leisure market.

Leisure Markets

- United States
- United Kingdom
- China
- France
- Germany
- Australia
- Japan
- Mexico
- South Korea
- Brazil
- India



Business Events Canada Markets

- United States
- United Kingdom
- Germany
- France
- Belgium



HIGHLIGHTS OF 2014 PERFORMANCE

Toronto,
Ontario

VISITORS	10%	Growth in arrivals from DC leisure markets
	432,000	Number of travellers DC inspired to visit Canada directly through its leisure marketing activities
REVENUE	\$667 million	Tourism revenue to Canada as a result of DC leisure marketing activities
	\$258 million	Tourism revenue to Canada as a result of DC business events sales activities
	\$122 million	Federal tax revenue as a result of DC marketing activities
JOBS	627,000	Numbers of jobs in Canada's tourism industry
	7,500	Numbers of tourism jobs supported by DC marketing efforts
PARTNERS	\$50 million	Contributions by partners to DC marketing activities
	92%	Partner satisfaction with DC work

Source: Canadian Tourism Commission 2014 Annual Report: Tourism as Canada's Engine of Growth



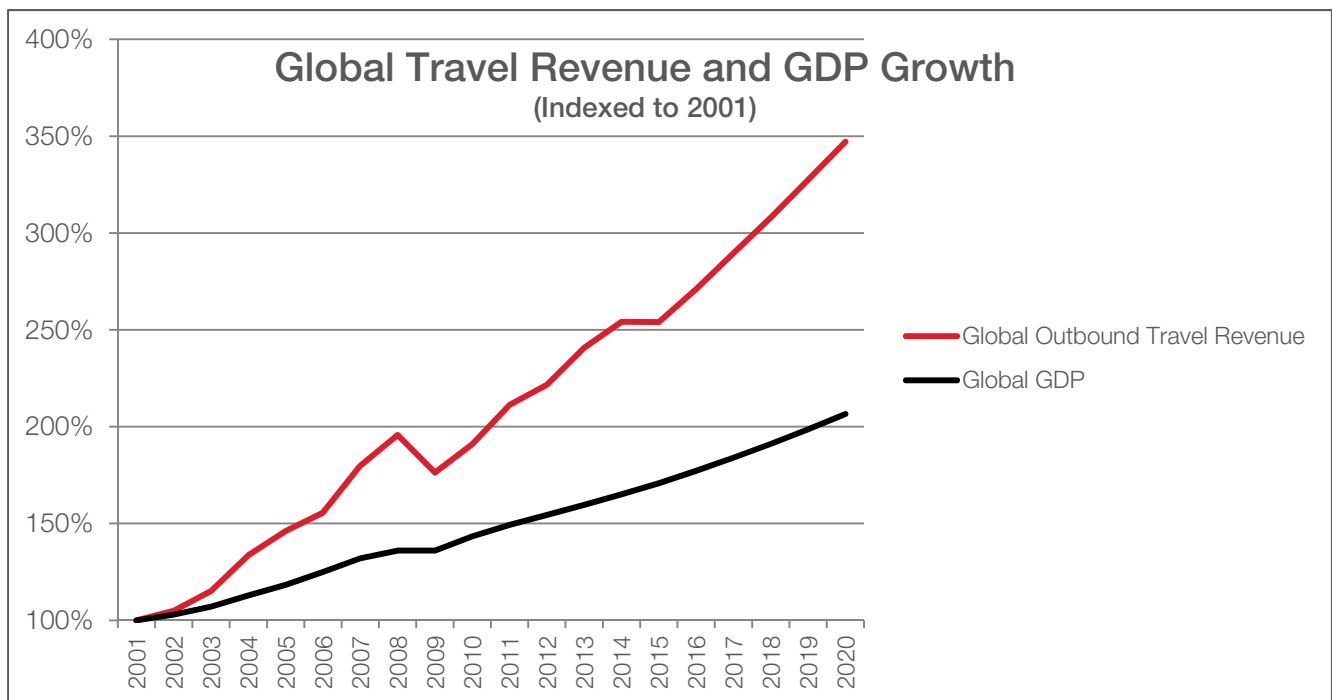


OPERATING ENVIRONMENT

The Global Context

Each day, business and leisure travellers around the world spend \$3 billion USD. By 2020, there will be 1.4 billion travellers globally¹. Travel is becoming one of the largest and fastest growing economic sectors in the world, and despite continued global uncertainties, the sector has experienced uninterrupted growth over the last sixty years. In fact, the growth in global travel revenue has actually exceeded GDP growth in recent years, and the future outlook is extremely positive.

While we are seeing growth across the board, the largest growth trends continue to be the growing middle classes of emerging countries that have begun to go global in their travels and millennials between the ages of 18 and 34. Research shows millennials (aged 18 – 34) stay longer, travel further afield and spend more. Millennials travel in smaller groups, and are pervasive users of social media as key influencers. As well, these millennials, who are forging their travel habits today, will become the middle class of tomorrow.



Source: IMF Balance of Payments, IMF World Economic Outlook, USD

¹ UNWTO Tourism Highlights, 2014 Edition.

Global opportunity is coupled with intense competition. As with most sectors, reaching consumers is increasingly complex. By 2018, wireless and mobile devices will eclipse computers as the way people access the internet, and social media will play an even greater role in the travel purchase process going forward. This positive trend is expected to continue, and countries around the world are taking note. The number of destinations investing in tourism continues to climb, fueled by the desire to capitalize on tourism's powerful ability to create jobs, drive socio economic progress, encourage infrastructure development and garner export as well as tax revenues.

The Canadian Context

Canada's travel and tourism sector struggled between 2002 and 2012 for a variety of reasons including air access, traveller documentation issues and "thickening" of the border with our largest market, the US, due to the imposition of new US passport requirements. Canada was not alone, as a number of western countries including the US and UK experienced a decline in tourism during this decade-long period of negative post-9/11 travel shock. And tourism campaigns from emerging markets developed significantly during this period as well. The decline in tourism within Canada resulted in a slowing of private investment in the sector, leading to aging infrastructure and lower competitiveness of tourism offerings.

Increased Government of Canada Coordination

In response to Canada's competitive challenges, the Government of Canada has tackled some of the key public policy barriers in order to increase Canada's global competitiveness. Key achievements include:

- Approved Destination Status with China;
- increased number of air access agreements (international air seats have increased by 12% since 2010);
- 10-year multi-entry visas and enhanced visa services, including tripling the number of Visa Application Centres (VACs) globally from 2010 to 2014; and
- streamlining the visa process in some of DC's highest-growth emerging markets (e.g. Can+).

Many of these changes have enabled industry and all levels of government to build upon this new foundation of winning conditions. These, coupled with DC's co-investment in marketing campaigns in key markets, enabled an important turnaround in 2013 as international arrivals began to increase. This growth in international arrivals to Canada was further solidified in 2014 and 2015. With continued focus and investment, Canada is poised to increase its share of the growing global marketplace.

Canada's competitive success is dependent on a balanced portfolio approach to helping industry stimulate demand of leisure and business travellers in key markets that deliver visitors and spending growth. This includes a balance between traditional markets such as the US, Western Europe, Japan, Australia, and emerging markets such as China, India, Mexico and Brazil.

Maintaining DC's current funding levels and with ongoing favourable conditions, and including the new, three-year Connecting America program, Canada is on track to increase its tourism growth from 16.5 million overnight visitors spending \$15.6 billion CDN in 2014 to deliver 20-20-2020: 20 million international visitors spending \$20 billion CDN in Canada by 2020. DC's role as an industry catalyst, accelerant or "espresso" provides a strong co-investment platform for public and private partners to align, partner and leverage their funding to increase demand from international visitors.

Destination Canada's Leisure Market Arrivals

	ITS 2013	2014	2015 Forecasts	2016 Forecasts
United Kingdom	609,300	676,328	675,400	715,924
France	451,900	482,362	501,100	526,155
Germany	313,100	326,808	346,900	364,245
Mainland China	342,100	454,030	530,500	610,075
Japan	220,900	258,457	266,200	279,510
South Korea	151,600	163,089	188,600	207,460
India	154,700	175,536	205,600	236,440
Australia	269,600	280,808	304,100	316,264
Brazil	85,600	99,901	100,200	110,220
Mexico	149,100	172,604	192,700	216,788
United States	11,466,000	11,523,181	12,504,625	13,317,425
Total DC Markets	14,213,900	14,613,104	15,815,925	16,900,506
World	15,983,200	16,536,947	N/A	N/A

Sources: 2013 for Statistics Canada, International Traveller Survey (ITS); 2014 from DC Research from ITS border counts and E311 declaration cards; 2015/2016 DC Research Forecasts. Note: Due to methodological changes, 2013 ITS data onward is not comparable to prior years.

Currency Fluctuations

Like most Canadian export sectors, Canada's tourism industry is buoyed by a lower dollar against the US currency.

The immediate benefits are two-fold. A lower Canadian dollar can stimulate American short-haul or "rubber tire" visitors arriving, but it has a far greater impact on Canadians opting to stay in Canada rather than visiting the US, reducing our travel deficit as well as driving up domestic revenues in the accommodation and attractions sectors. These are good, short-term economic benefits. However, it is important to note that the low dollar has had much less impact on longer-haul US or other international visitors who tend to stay longer and spend more in Canada.

The effect of a lower dollar on visitors from non-US markets is more complex. It hinges on many factors that can contribute to a traveller's decision to visit Canada.

For example, travellers who tend to take “dual-nation” US/Canada vacations, such as many Australians, may decide to postpone trips until the cost of visiting the US drops. To get these consumers to pick Canada alone requires more than a low dollar. It also requires marketing, promotion and air access.

When a currency is strong against both the US and Canadian dollars, as is the case with the British Pound Sterling, the only way to compete for travellers from these countries is to win them over through marketing, as they are enjoying a “buyer’s market” for tourism to North America.

On the whole, a lower dollar provides short-term stimulus to the Canadian tourism sector, and can provide significant momentum to achieve visitation and revenue goals.

But it doesn’t deliver on all fronts or in all cases. DC and its partners are in the same boat when it comes to a diminished buying power and reach for campaigns outside of Canada, leaving the Canadian tourism industry at a disadvantage with competitor countries with stronger currencies.

It must be understood that a low Canadian dollar alone is not a growth strategy, but a short-term accelerant. This is why Destination Canadian and its partners welcome the Connecting America initiative which will focus on mid to long-haul US visitors who are less susceptible to making decisions based on currency fluctuations, and who may stay longer and spend more.



STRATEGIC PLAN – 20-20-2020

DC's Strategic Plan for 2016-2020 lays out its objectives for the next five years and the initiatives and activities to attain them. It begins with the overarching premise that the health of Canada's travel and tourism sector requires more than a simple growth of visitors and revenues. To capture an increasing share of the growing global market of international leisure and business travellers requires a strategy that aligns marketing organizations within Canada and leverages partners to work together with one cohesive "Team Canada" voice. Through innovative marketing, aligning investments, reducing overlap and overhead, Canada needs to meet stiff competition head-on in carefully identified target markets.

Why does Canada's market share matter?

Market share is a measure of whether Canada is keeping pace in the competition, not just for travellers and their revenues, but also for investments in tourism.

There is fierce competition among destinations to be the next trip for a potential traveller. But there is also tremendous competition to attract investment. Investment is required to ensure that the attractions, hotels and infrastructure that provide lasting competitive advantage, are world class. Without investment, cities and regions lack the anchor for entrepreneurs to innovate and develop the best experiences for travellers and business. These investments are based on the business case that the future prospects for arrivals and revenue are better in Canada than in an alternative investment elsewhere.

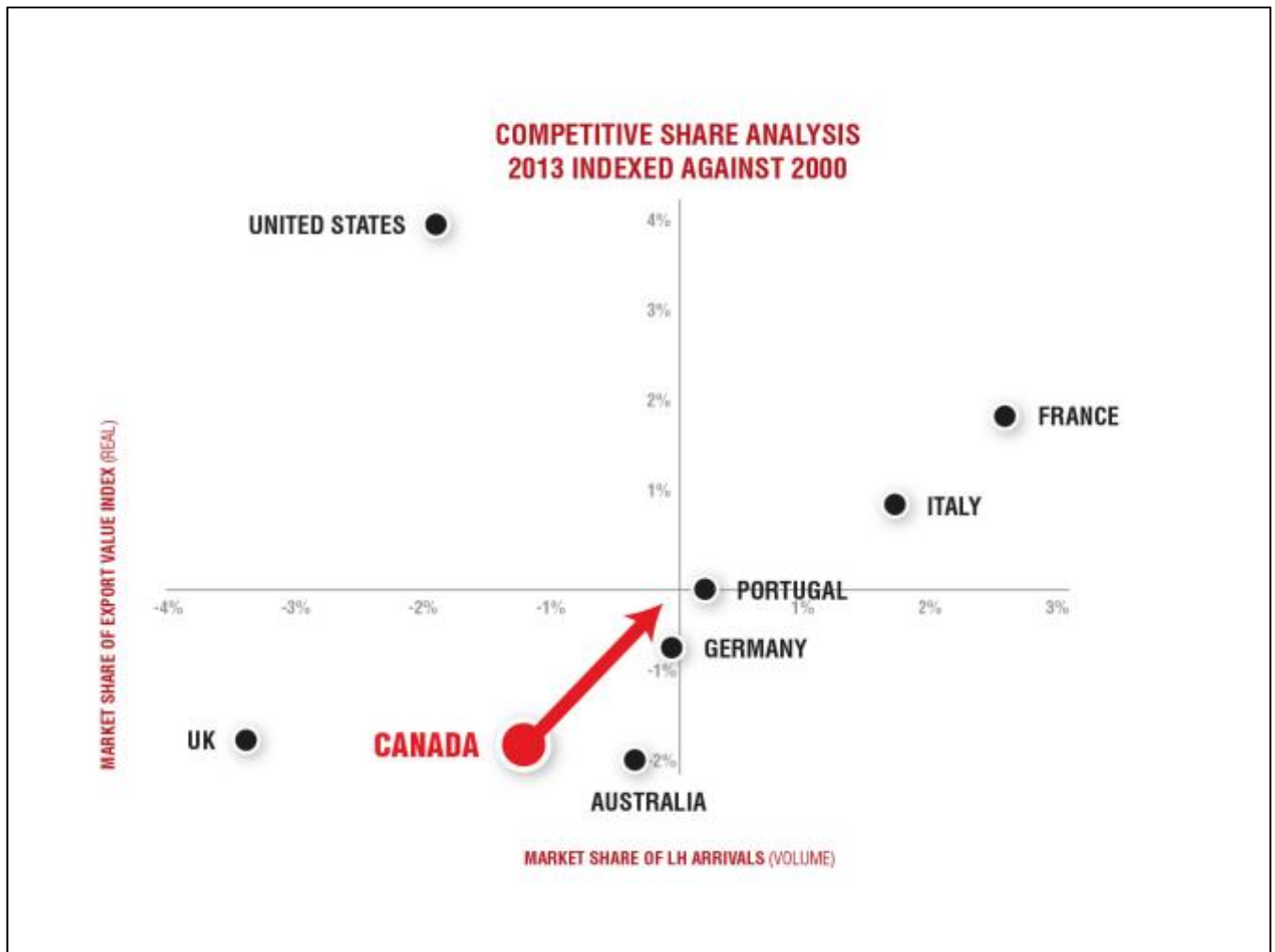
Without a continual reinvestment of capital, particularly private capital, offerings become tired and difficult to market. When more people choose to come to Canada, their spending creates a virtuous cycle. Marketing drives arrivals and revenue, increasing return on public and private investment, creating investment opportunities for the sector (hotels, resorts, attractions, festivals and events, etc.). More attractive offerings generate stronger marketing, and the cycle continues.

So what would a share target look like?

Under circumstances where public capital is finite, any sustainable long-term growth strategy needs to be built on the ability to attract private capital. Recognizing that capital is global and searches for opportunity, DC evaluated a pool of 23 advanced economies on their share of global visitors and revenue. DC found that there are some "low cost" destinations looking for volume business, but also identified that the most successful destinations were effectively driving both arrivals and revenue growth in tandem.

When viewed through the lens of assessing Canada as a competitive destination for travellers, tourism revenue and investment, Canada has fared poorly since 2000. Canada lost almost a decade of critical activity between 2002 and 2012, and its market share dropped. DC also determined that the pool of countries that DC normally compares Canada to – the UK, Australia, and the US – are not competing as strongly for high value international long haul travellers as other countries such as Germany. The table below demonstrates Canada's competitive market share of arrivals and export revenue against select advanced economies.

Competitive Share Analysis



Source: Destination Canada, Research Division, 2015

The conditions are becoming favourable for Canada to improve its competitive position, as the main levers for tourism demand are anticipated to shift to Canada's benefit, including:

- positive economic conditions in DC's core markets;
- perception of Canada as a safe destination;
- reduced barriers to entry – air access and travel documentation (visas);
- stronger investment in tourism marketing; and
- a lower relative cost of travel driven by exchange rates, a lower relative cost of goods and services between source and destination country as well as a lower cost of travel.

Two of these drivers of tourism – barriers to entry and investments in tourism marketing – are within the purview of the Government of Canada. As a country, Canada has made exceptional progress in these areas.

Long-term growth for Canada's tourism sector depends on many winning conditions including smooth access across its borders as well as exceptional and authentic experiences, in addition to effective marketing. The Canadian tourism industry has reached the point where the winning conditions are falling into place, and DC's job is to take full advantage of those conditions for the benefit of the Canadian economy.

There are thousands of moving parts in Canada's tourism value chain, and DC is just one of them. DC plays an important role as the accelerant that fuels demand, driving awareness and positioning Canada.

Research indicates that Canada is seen as a destination that travellers will 'someday' visit. DC's goal is to turn 'someday' into 'now', accelerating the traveller's decision. To do this, DC will create, curate and publish compelling content that informs and delights – that is sought out, shared, and, ultimately, acted on by travellers. By expanding the pool of travellers who are seriously considering Canada as their next destination, DC will make it easier for its partners to convince travellers to make that final step and book their trip, board that plane or get in their car and come experience Canada.

Based on extensive modelling of 14 different forecast scenarios, DC feels that under the current level of investment, and with innovative strategies and world-class execution, it can achieve an increase of 3 million visitors and \$3 billion CDN in revenue in the next five years, 20 - 20 - 2020. Getting there will take inspired marketing programs aligned across partners, new strategic partnerships and focussed investment that is coordinated and leveraged. By leading in carefully identified international markets, including the United States, DC stimulates a certain band of consumer demand that helps create upward economic compression, helping tourism businesses target high-yield customers who deliver an optimal return, in ways tourism businesses could not achieve on their own.

This Corporate Plan reflects DC's mandate and its dual role of marketing Canada as a desirable tourist destination and supporting Canadian entrepreneurs, particularly SMEs, to reach global markets, as outlined in DC's legislative mandate.

LOOKING AHEAD

External forces are constantly shifting and molding DC's business environment. Many are outside the control of any individual organization. When it comes to challenges that marketing can solve, DC pays close attention to consumer trends and competitive pressures so that it can respond with new ways to compel travellers to visit.

As a trend, consumer marketers, no matter the industry, are now seeing that technology provides significant opportunities to reach new customers and personalize their experiences. The impact of mobile technologies is poised to grow exponentially over the next five years, while the sharing economy has made peer-to-peer transactions available at every step of the travel experience. In our industry, travellers now have the ability to side step traditional booking and information channels in favour of new ones like Airbnb or Uber, and there are apps currently available that connect international travellers with local residents and all their favourite sights, shopping and dining spots.

One of the key challenges for marketers trying to get stories to their target audience is the endless choice and noise of the digital world where traveller decisions are continuously made, unmade and modified at every step along the online journey to the checkout counter. DC's sales and marketing approach embraces this challenge, and the opportunities enabled by technology, to translate the accolades, praise and validation bestowed on Canada by the world stage into vivid imagery, exciting messages and ultimately, positive travel decisions and market share gains.

APPROACH

Now, more than ever, marketing the Canada brand in collaboration with partners in this hyper-connected and complex world means eliminating complexity, so that customer decisions to visit and enjoy Canada become one of the easiest things they do.

DC needs to continually understand how its target travellers live in this digital age, and how it can bring the Canada Brand to life in new ways at key stages of their decision making process. By doing so, this will help enable Canada to climb to the top of their list of places that they want to visit.

In 2015, DC initiated a series of pilots with multiple Canadian partners to determine whether collaboration to capture, model, assess and leverage “big data” would generate interest and demand for the Canadian destination. DC branded this initiative “Follow the Global Customer”. By utilizing shared technology platforms and combining the strengths of respective brands and budgets, DC sought to identify, engage and move travellers from consideration of Canada as a vacation destination to actively planning and booking their trip to a specific province in the same season.



While the predominant tactic deployed in the pilots was digital paid media, specifically programmatic media, DC’s creative strategy was to utilize data insights across search, social and owned content to target creative media to a traveller’s passion such as outdoor pursuits, urban adventures or culinary experiences. Early learning has validated the targeting of media DC uses in this manner, and it has resulted in significant results for DC and its partners. But this approach is only the first step in the journey to becoming a data-driven marketer and publisher.

To compete effectively for a traveller’s attention, DC will have to rely on more than data to target its media, which many of its competitors are better resourced to deploy. DC will embrace a comprehensive content marketing strategy, which plays to its collective strength as a nation of great narrators, storytellers and innovators, and competes effectively for a traveller’s attention across multiple touchpoints.

An effective and integrated content marketing strategy enables and positions a brand to tell a consistent and compelling story across the media landscape and throughout the moments in the customer journey from awareness to purchase. Supported with the right technology, content marketing provides rich customer insights that empower marketers to surface the most engaging stories with the appropriate audience at the appropriate time, allows DC to tell better stories that make Canada more exciting and enables DC to leverage multi-channel networks to generate outcomes beyond using paid media tactics alone. To build, deploy and harvest the benefits of a leading content marketing strategy, DC and its partners will continue to embrace new thinking and innovative approaches that touch every part of its collective business. In 2016, DC will grow and evolve its focus in the following areas:

1. Become a content-oriented media organization:

DC will create and curate compelling content and publish it through popular digital, mobile and social channels, such as Facebook, YouTube and Instagram. DC will still use paid advertising to amplify the most engaging content in a variety of social media and traditional channels that make strategic sense to the target audience. Media partnerships will provide DC with access to new creative talent, established distribution channels and data that will help DC optimize its efforts and generate stronger leads for partners serving different points of the customer journey and supply chain.



2. Get travellers excited about Canada:



DC's research reveals that Canadian icons and attractions are inspirational to its target travellers in its markets around the world. Also, DC knows that when it attracts visitors, they become strong advocates of Canada. They also book recurring visits. What DC needs to do is to reach more of its target travellers, emotionally connect with them, inspire and launch their imaginations and encourage them to book a visit. DC must tell richer, more encompassing emotive stories that go beyond the "big nature" they know, and dive more deeply into the possibilities of Canada's vibrant and dynamic cities, cultural attractions, colourful history, unique cuisine and way of life. By using the array of new touchpoints across a creative canvas unlike any time before, DC will seek to engage them to inspire, entertain and educate them to book Canada for their next vacation.

3. Shift to data-driven marketing:

3 critical global trends present in the US



Travellers to Canada are becoming younger



They are hyper-connected and carrying super computers in their pockets



They expect highly personalized experiences

DC began this shift in 2015 with the Follow the Global Customer initiative. Analyzing the myriad sources of consumer-generated data is the new frontier of marketing, and this was DC's first foray into this frontier. While DC continues to rapidly evolve its publishing capabilities and hone its stories in on what makes travellers really excited, it needs a technology backbone that can deliver a customized customer experience that is personalized, seamless and consistent across channels, whether it is a consumer website, a social post or a display ad. DC's systems, integrated across a vast partner focussed digital

ecosystem, must allow it to collect, capture and analyze customer behaviours and preferences, while respecting customer expectations of privacy, and that their data will be collected and safeguarded appropriately. Most important is that DC train the minds and shape the work habits of its team to apply these insights in the 24/7 pursuit to provide high value prospects with valuable content no matter the time, place or device.

4. Build it together:



The brilliance of industry innovators, the passion of small businesses and the tireless dedication of destination markets across Canada, weave a vital network that may seem complicated to some, but those brave enough to try to harness this patchwork of talent and their resources, may provide Canada with its greatest competitive advantage yet. DC programs are both relevant and seen as essential by partners of all sizes. Canada's tourism brand can and will exert far more market power and DC's programs will matter, when time is taken to understand a partner's business and build opportunities that

suit their budget and appetite for risk. DC's value will be measured by how it serves their bottom line, whether they are prospecting for leads or growing sales. Therefore, a key pillar in DC's content marketing strategy is its partnerships with the industry. DC cannot create or distribute content in a vacuum. Partnerships will provide valuable information about travellers which will help DC adapt its content planning over time, and enable DC to be more relevant to its target audiences. And of course, partners provide additional funding.

With more focus in these areas, DC will continue to evolve its organization, change how it conducts business and most importantly how it competes in its markets. The objective of becoming a data-driven marketer and publisher who partners more closely and strategically with industry will not be easy, but it is the right shift to make. In order to drive an increase in visitors, DC and its partners need to operate as "Team Canada". This will reduce overlap, align and focus similar interests and strategies, increase efficiencies, and create synergies that will result in more dollars being available to market Canada. As indicated earlier, this will help the industry to achieve 20-20-2020.



LOGIC MODEL

The Logic Model which follows provides a visual depiction of DC’s main outputs, and how they will drive measurable results at all levels of the organization over the short, medium and long-term. This Model also demonstrates how DC’s activities provide information, tools, resources and opportunities that Canadian businesses can leverage to help export their tourism products more efficiently and effectively.

In terms of time horizons, the DC Goals and Objectives that drive its core business are delivered over the life of the 2016-2020 Corporate Plan. The Activities are the short-term strategic priorities of DC, and are to be delivered in 2016. These also contribute to the longer-term objectives, as outlined below.

Ultimate Outcome	By 2020, DC will support the Industry as it grows the number of arrivals to 20 million international visitors per year, with tourism export revenue of \$20 billion.		
Intermediate Outcomes	Leads + Committed Partners + Efficient Organization More leads passed to committed partners with strong product so they can sell Canadian tourism products and increase the number of visitors to Canada.		
Immediate Outcomes	Increased Number of Leads More people are actively considering visiting Canada	Increased Partner Ratio DC activities make meaningful impact on Industry businesses	Efficient Organization Engaged Staff
Strategic Objectives	1. Increase demand for Canada with innovative marketing	2. Advance the commercial competitiveness of the tourism sector	3. Increase corporate efficiency and effectiveness
Measures	1A. Active Consideration (Unaided) 1B. Growth in Leads Generated	2A. Ratio of Partner Investment 2B. % of Partners who indicate DC activities advance their business objectives	3A. Marketing and Sales Ratio 3B. Staff engagement index
Activities	<ul style="list-style-type: none"> • Content marketing in key leisure markets • Connecting America • Millennial Travel Program • Business Events Canada generates meetings and conventions 	<ul style="list-style-type: none"> • Travel Trade & Media Shows • Research & business insights 	<ul style="list-style-type: none"> • Ensure a robust financial management regime • Secure and reliable IT systems and services • Ensure a motivated, knowledgeable and innovative workforce.
Government Priorities	Stimulating our economy Expanding Canada’s international trade Fostering the digital economy Fostering the knowledge-based economy	Supporting communities Stimulating our economy Supporting Businesses	Demonstrating value for money Ensuring Sound Management

Objective 1: Increase demand for Canada with innovative marketing



In 2016, Destination Canada will:

- Generate and publish compelling content of Canada's tourism experiences; and
- Connect industry to partners and consumers in order to facilitate conversion.

To support industry in reaching ambitious long-term arrivals and revenue targets requires the optimal balance of marketing investments to attract the right mix of visitors. There are trade-offs with every market. Short-haul or “rubber tire” American visitors may come in high volumes, but tend to stay for a short duration injecting less into the economy, whereas Australian visitors may come for several weeks. Others, such as Japanese visitors, are more sensitive to exchange rate fluctuations than Chinese visitors, on average. Some visitors may come to experience specific activities such as the rush of skiing through: the world's greatest powder, while others come to rest, relax and recharge at Canadian luxury resorts.

In order to maximize both revenue and arrivals, and to mitigate against risks outside its control, DC undertakes a rigorous process to assess which markets to invest in, and in what amount. Markets are evaluated on past performance, current economic conditions, current market potential and likely future growth potential. The twin goals of arrivals and revenue lead to a balanced portfolio of activities in a variety of markets, some stable with relatively predictable arrival and growth numbers, others less predictable but with a larger potential of future growth. DC also looks at the relative strengths and weaknesses of each market and also determines the optimal level of investment required in select markets to maximize returns from its marketing efforts. Together the outputs of all the models work in harmony to guide DC's market allocations, and those of its partners.

To set goals and targets at the corporate and individual business unit levels, DC uses two reference points. The first is a top-down target based on the long-term industry goal of 20-20-2020. The second is a bottom-up goal based on past performance for that market or unit. The final target is based on both numbers, and ensures that DC is

striving to continually improve, while assessing that its targets and goals remain achievable and realistic if certain conditions are met.

Changing Perceptions about Canada

Canada's brand has never had to operate in a more complex and changing environment. As a marketing organization, DC's job is to eliminate complexity of choice so that the customer decision to visit and enjoy Canada is one of the easiest things they do in their lives.

Making Canada's tourism brand more exciting across all its markets and consumer touch points means not only understanding its customers better, but also reaching and engaging them in ways that go beyond just paid media or copying what well-funded competitors are doing.

Telling a compelling story about Canada – that it is more than its natural wonders alone – will be the starting point of a mind-shift that will span across the marketing canvas that DC and its partners use.

Gone are the days when DC and its partners would stick to set roles when it came to presenting information and tools to potential visitors. Today, travel decisions are made and remade many times before an actual purchase is completed. Customers live out their daily lives with an increasing amount of time spent on the internet, and as a result, partners have to work together to make sure that no matter where a consumer goes online, and regardless of the device or hour of the day, they are served with epic content that will ignite their imaginations and put Canada on their list of places to visit next.

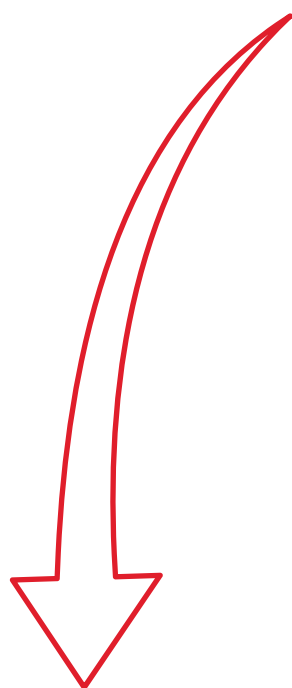
By telling a more rounded story of Canada, and weaving content and paid media together in multiple formats and across many channels in various countries, Canada's tourism brand will live up to its full potential of drawing in new international visitors to Canada.



CORE ACTIVITIES

The chart below highlights DC's marketing channels.

Marketing Channel	What is it?	Why do we do it?
Consumer direct marketing	Focus is heavy on creating and curating engaging content and reaching travellers with these stories mainly through a digital content hub, digital advertising and social channels like Facebook and Instagram	To position Canada as an interesting and appealing travel destination and keep Canada's tourism industry close to the sale
Social media	Being active in conversations on social media networks such as Facebook, Twitter and Instagram where potential and past travelers engage with the Canada Brand	To distribute content and engage with consumers so that they can be advocates for Canada and help to influence travel perceptions of Canada
Media relations	Building relationships and engaging with print, broadcast and online media outlets to pitch story ideas about Canadian travel experiences.	As journalists and other media personalities can be extremely influential in a consumer's travel decisions, DC works to affect positive media coverage for Canada
Travel agent education	Education of in-market travel agents on Canadian experiences and products	To enable travel agents to be advocates of Canada and support them to better promote and sell Canada travel packages
Co-operative marketing	Joint consumer advertising initiatives with in-market tour operators to sell Canada travel packages to DC's target customer	To increase direct sales to Canada






DC is Social

1.3 million+ Facebook fans in 8 languages
 328,860 Twitter followers in 7 languages
 493,600 Google+ followers in 2 languages
 269,000 Instagram followers in 3 languages

16,640 YouTube subscribers in 3 languages
 4,500 Pinterest followers in 2 languages
 2,000 Tumblr followers in 3 languages
 670,500 Sina Weibo, 534,420 Tencent Weibo, and
 45,860 WeChat followers in China

The following market profiles illustrate characteristics of DC markets², as well as the marketing and sales approach adopted in each country.

MARKET CHARACTERISTICS			
	US	<p>2014 gross domestic product (GDP) growth: 2.4%</p> <p>2014 tourism statistics: 68.3 million outbound trips in 2014 – an all-time high; 11.5 million overnight visitors to Canada; average annual change of -2.7% since 2009; visitor revenue to Canada of \$7.5 billion; average trip spend of \$647 CDN.</p> <p>Tourism profile: Increased air capacity; single largest source market (70% of total international arrivals); favorable exchange rate; prefer experiences geared to nature/scenery and historic sites.</p> <p>Primary marketing objective: Target travellers actively considering Canada who live in select US cities that have direct air access to Canada. Refresh travel perceptions to drive leads to partners that result in trip bookings.</p> <p>Marketing activities: Consumer direct marketing with heavy focus on digital content marketing with multi-channel network partners (MCNs), PR and media relations, social media as well as trade co-op partnerships.</p>	<p>Canada's largest international market will be a key focus for 2016-2018 under the Connecting America initiative.</p>
	UK	<p>2014 GDP growth: 2.9%</p> <p>2014 tourism statistics: 16.4 million long-haul traveller trips; 676,000 visitors to Canada; average annual change of -1% since 2009; visitor revenue to Canada of \$1.1 billion; average trip spend of \$1,656 CDN.</p> <p>Tourism profile: Strong air capacity; high awareness of Canada; value unique and authentic travel experiences; desire to visit natural wonders, parks and mountains, view wildlife, and have urban experiences.</p> <p>Primary marketing objective: Drive trip bookings to Canada.</p> <p>Marketing activities: Consumer direct marketing, trade engagement, trade/airline co-operative marketing, media relations and social media.</p>	<p>High volume markets where Canada competes vigorously to protect or grow its position</p>
	FRANCE	<p>2014 GDP growth: 0.2%</p> <p>2014 tourism statistics: 10.9 million long-haul traveller trips; 482,000 visitors to Canada; average annual change of +3% since 2009; visitor revenue to Canada of \$731 million; average trip spend of \$1,538 CDN.</p> <p>Tourism profile: Strong air capacity; high awareness of Canada and especially Québec; Canada perceived as top destination; long-stay traveller; family vacations are important; look for once-in-a-lifetime experiences; desire to view nature and wildlife, visit natural wonders and historical and cultural attractions.</p> <p>Primary marketing objectives: Build awareness of holiday opportunities for all of Canada's regions and drive trip bookings to Canada.</p> <p>Marketing activities: Consumer direct marketing, trade engagement, trade co-operative marketing, media relations, public relations and social media.</p>	<p>The foundation of Canada's lucrative international tourism business</p>

² Sources: GDP growth based DC estimates; long-haul population based on Tourism Economics travel pattern data; visitation and trip spends are estimates based on Statistics Canada's International Travel Survey.

MARKET CHARACTERISTICS



CHINA

2014 GDP growth: 7.3%

2014 tourism statistics: 15.6 million long-haul traveller trips; 454,000 visitors to Canada; average annual change of +23% since 2009; visitor revenue to Canada of \$1 billion; average trip spend of 2,299 CDN.

Tourism profile: Rising incomes and growing economy; growing outbound travel market; increasing air capacity; relaxed visa restrictions; high online usage; prefer experiencing culture, visiting historical sites and attractions, and viewing nature.

Primary marketing objective: Driving trip bookings to Canada.

Marketing activities: Integrated consumer co-operative and trade campaigns through dedicated video content channel (CTCTV), digital and social media.



GERMANY

2014 GDP growth: 1.6%

2014 tourism statistics: 9.1 million long-haul traveller trips; 327,000 visitors to Canada; average annual change of +1% since 2009; visitor revenue to Canada of \$566 million; average trip spend of \$1,725 CDN.

Tourism profile: Stable air capacity including into northern Canada; Canada perceived as top destination; high awareness and top-of-mind consideration of Canada; adventurous travellers; enjoy viewing wildlife, visiting natural wonders, parks and mountains, cruise and recreational vehicle holidays.

Primary marketing objective: Driving trip bookings to Canada.

Marketing activities: Consumer direct marketing, trade engagement, social media and media relations.



AUSTRALIA

2014 GDP growth: 2.5%

2014 tourism statistics: 9.5 million long-haul traveller trips; 281,000 visitors to Canada; average annual change of +7% since 2009; visitor revenue to Canada of \$785 million; average trip spend of \$2,738 CDN.

Tourism profile: Stable air capacity; 60% of visitors enter via US, long stay traveller; enjoy viewing wildlife, visiting parks and mountains, urban experiences, and strong interest in cruise and train holidays.

Primary marketing objective: Driving trip bookings to Canada.

Marketing activities: Consumer direct marketing, trade engagement, trade/airline co-operative marketing, social media and media relations.

High volume markets where Canada competes vigorously to protect or grow its position

The foundation of Canada's lucrative international tourism business

MARKET CHARACTERISTICS



JAPAN

2014 GDP growth: -0.1%

2014 tourism statistics: 9.6 million long-haul traveller trips; 258,000 visitors to Canada; average annual change of +6% since 2009; visitor revenue to Canada of \$462 million; average trip spend of \$1,834 CDN.

Tourism profile: Increased air capacity; strong USD increasing purchasing power; one-third of visitors enter via US; growing number of school trips; enjoy visiting historical sites and attractions, seeing natural scenery with city amenities nearby and local culinary experiences.

Primary marketing objective: Refreshing travel perceptions through new product exposure to drive trip bookings to Canada.

Marketing activities: Trade engagement, trade/airline co-operative marketing, content marketing (Canada Theatre) social media and media relations.



SOUTH KOREA

2014 GDP growth: 3.3%

2014 tourism statistics: 4.7 million long-haul traveller trips; 163,000 visitors to Canada; average annual change of +3% since 2009; visitor revenue to Canada of \$256 million; average trip spend of \$1,463 CDN.

Tourism profile: Increased air capacity; long-stay traveller; travel agents are primary booking source; enjoy viewing natural wonders, visiting parks and mountains, seeing natural scenery with city amenities nearby.

Primary marketing objective: Refreshing travel perceptions through new product exposure to drive trip bookings to Canada.

Marketing activities: Trade engagement, trade/airline co-operative marketing, social media and media relations.



MEXICO

2014 GDP growth: 2.2%

2014 tourism statistics: 17.7 million short-haul traveller trips; 173,000 visitors to Canada; average annual change of -4% since 2009; visitor revenue to Canada of \$265 million; average trip spend of \$1,513 CDN.

Tourism profile: Stable air capacity; over half of visitors enter via US; recent improvements to visa processing; enjoy shopping, multicultural and winter experiences, viewing wildlife, visiting parks and mountains.

Primary marketing objective: Driving trip bookings to Canada and capitalize on future demand of Can+ visa.

Marketing activities: Consumer direct marketing, trade engagement, trade/airline co-operative marketing, social media and media relations.

Vital for the diversification and profitability of Canada's tourism economy

Expected to deliver future growth

MARKET CHARACTERISTICS



INDIA

2014 GDP growth: 7.3%

2014 tourism statistics: 5.2 million long-haul traveller trips; 176,000 visitors to Canada; average annual change of +10% since 2009; visitor revenue to Canada of \$297 million; average trip spend of \$1,600 CDN.

Tourism profile: Expanding middle class; preference to travel during cooler months; extremely high rate of booking through travel agent; enjoy viewing natural wonders, visiting parks and mountains, luxury shopping and multicultural experiences.

Primary marketing objectives: Awareness of holiday opportunities and driving trip bookings to Canada while capitalizing on demand driven by Can + visa.

Marketing activities: Consumer direct marketing, trade engagement, trade co-operative marketing, social media and media relations.



BRAZIL

2014 GDP growth: 0.1%

2014 tourism statistics: 7 million long-haul traveller trips; 100,000 visitors to Canada; average annual change of +10% since 2009; visitor revenue to Canada of \$253 million; average trip spend of \$2,725 CDN.

Tourism profile: Increased air capacity; highest yield traveller among DC markets; recent improvements to visa processing; increased adoption of social media; gap in knowledge of holiday opportunities; perceived difficulty in securing visas; prefer experiences geared to shopping, multicultural, urban and winter and enjoy train travel.

Primary marketing objective: Awareness of holiday opportunities and driving trip bookings to Canada while capitalizing on demand driven by Can + visa.

Marketing activities: Consumer direct marketing, trade engagement, trade/airline co-operative marketing, social media and media relations.

Rapidly growing economies with growing arrivals to Canada

CONTENT MARKETING

In 2015, DC began its strategic focus toward content marketing to complement targeted paid media tactics. This always-on approach is designed to connect and nurture the relationship with the customer – the potential visitor to Canada – by providing great content, at the right time, across multiple channels.

DC aims to win the hearts of its potential customers through content they care about, before getting them to choose Canada as a destination. The content will bring to life Canada’s inspirational experiences through stories that truly connect with the target audiences. Driven by customer insights, DC and its partners will deliver value-rich information that drives interest and encourages action.

Partnerships with industry – not only through funding but also through alignment of content and data – will continue to be a key focus of DC’s content marketing strategy. Partnerships are crucial to providing valuable information about travellers which will help content planning over time to be more adaptable and relevant to its target audiences. DC will continue to refine its approach across its core markets and activities in 2016 and beyond, using a mix of digital and traditional media localized to each market.

Putting it all together in the German Consumer Pilot

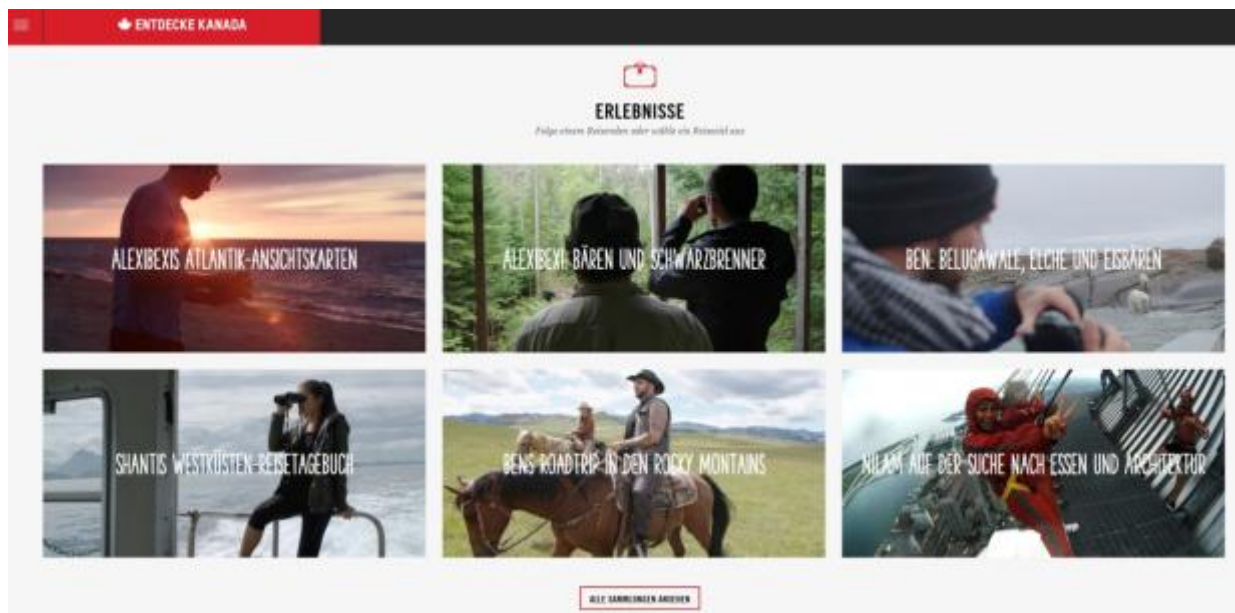
In October 2015, DC launched the German Consumer Initiative pilot. DC combined resources with provincial marketing organizations to have a more powerful and consistent presence for Canada in Germany.

Germany is considered an important, but mature market, delivering a steady stream of high-yield visitors to Canada. The Canadian challenge was that DC and its partners were not allied in their efforts and not capitalizing on the potential of an aligned “Team Canada” investment and marketing approach. As a result, the industry’s market return on investment (ROI) was diminishing, with flat growth rates year over year from the market.

DC has led a new approach with the provincial marketing organizations of British Columbia, Alberta, Manitoba, Ontario, Québec, Nova Scotia, Prince Edward Island, New Brunswick and Newfoundland and Labrador. This group partnered with German tour operators and German social media influencers, with the goal of working together to make Canada top-of-mind with potential travellers from Germany.

Media utilized through the initiative includes both digital/social and traditional channels. To drive new levels of inspiration, DC harnessed the power of YouTube and Instagram, while also employing Travel Trade organizations and their agents, popular print publications, short travel stories in other venues as well as the use of German media partnerships.

The Germany pilot employs DC’s new content marketing approach. DC reaffirms Canada’s brand positioning in an authentic manner using the power and influence of local German personalities. These personalities have visited destinations in Canada and then share their stories of exploration and adventure with DC’s target audience who use the internet to research online before purchasing offline – often referred to as ROPO.



There are three phases for this pilot:

Phase 1: Influencers travel throughout Canada, sourcing and developing various content formats including videos, blogs and photos while all along sending “teaser” messages on social media back to their hundreds of thousands of fans in Germany.

Phase 2: DC launches an integrated content and paid media plan that is shared through various German media channels to reach DC’s targeted German travellers to increase their awareness of Canada as a destination, and convert this awareness to active consideration and travel planning. (Launched in October 2015 with progress being monitored to optimize the campaign)

Phase 3: DC further optimizes paid media investments to drive potential travellers to the best performing content and search terms, along with launching travel trade co-operative campaigns with German travel industry partners.



CONNECTING AMERICA

DC renewed its focus on the US leisure market during late 2015, following the Government of Canada's investment of \$30 million over three years devoted exclusively to bringing visitors to Canada from its nearest neighbour.

LOOK UP

DC will lead this comprehensive three-year national marketing campaign in the US to raise awareness of Canada as a travel destination, in partnership with provincial and territorial marketing organizations as well as small- and medium- sized business entrepreneurs.

Both traditional and digital media will be used, in particular partnering with multi-channel network partners that can engage their audiences across various digital and offline touchpoints. Furthermore, DC will also deploy investments across a creative canvas that will include social media, travel trade co-operative campaigns, travel agent education with the Canadian Specialists Program (CSP), airlines and accommodation partnerships, consumer travel shows, and PR.

A key strategy that DC will deploy when marketing in a digital landscape is to utilize analytics to identify potential US travellers who are most likely to visit Canada, based on their online activity and digital profiles. By identifying the most receptive traveller audiences based initially on demographics and geography – those with easy access to airline travel, passports, and finances – DC can subsequently drive interest, engagement and excitement by delivering individualized content tailored to their unique needs and aspirations.

Look Up is an idea with natural extensions to reflect our partners



Current research of what American tourists choose to experience in all regions of Canada has been grouped into easy-to-access vertical niche market segments into which DC partners can insert their unique travel experiences, to entice the booking of a trip:

- urban city escapes;
- cultural and historical journeys; and
- outdoor adventures.

The Connecting America Initiative requires DC to leverage the \$30 million Government of Canada investment, at a ratio of 1 to 1.25, meaning an additional \$37.5 million co-invested by partners, bringing the total potential investment to approximately \$70 million.



Partnerships will include those that are DC-led, partner-led, in-kind partnership contributions and parallel partnerships. DC is currently developing a Partnership Engagement Strategy with multi-year agreements to serve such programs as Connecting America, and through this Strategy, DC will incite industry to marshal its forces, contribute additional funding as required and work together towards inter-linked long-term goals.



Provincial, territorial and city marketing organizations are central to DC’s partnership model, and DC is creating tailored opportunities with the expectation that all regions can participate.

DC’s fiscal year is set to a calendar year cycle, and as a result, it is often different than the fiscal years of its partners. The June 2015 federal announcement of the additional \$30 million investment to support the Connecting America initiative did not align with the 2015 planning cycle of many of DC’s industry partners. Beginning in

calendar year 2016, DC will endeavour to maximize the \$30 million investment over three years to dovetail it with the marketing cycles of partners in the industry sector, in order to build momentum up to and through Canada’s 150th anniversary in 2017.

DC expects successful outcomes from Connecting America to include:

- an additional \$400 million CDN in increased visitor export revenue over 3 years; and
- up to 680,000 more US visitors over the life of the three year campaign.

CONNECTING AMERICA	
PLANNED EXPENDITURES	\$ 14.1 million CDN
KEY ACTIVITIES FOR 2016	<ul style="list-style-type: none"> • Implement collaborative content marketing campaigns with partners. • Launch Summer and Winter 2016 campaigns in select cities. • Identify additional partners and enter into agreements for 2017. • Partnership investment ratio of 1:1.25 required.
EXPECTED RESULTS	<ul style="list-style-type: none"> • An additional \$400 CDN million in increased visitor export revenue over 3 years; and • Up to 680,000 more US visitors over the life of the three year campaign.

ONE TIME FUNDING THROUGH BUDGET 2016

Budget 2016 identified \$50 million over a two-year period, starting in government fiscal year 2016/2017, for DC to augment marketing initiatives in important international markets. Over this two-year period, DC will increase investments in most of its leisure markets, placing a heavy concentration on the US leisure market. Additionally, small investments will be considered in potential new markets of opportunity.

DC will also apply part of the funding to undertake research to measure the impact of marketing activities, and to solicit additional conventions, conferences and meetings for Canadian destinations. It is estimated that an additional 646,000 international visitors spending \$781 million in tourism revenue will be generated as a result of this new funding.

CANADA 150 – MILLENNIAL TRAVEL PROGRAM

DC is bringing the Canadian travel industry together to deliver a Millennial Travel Program on the occasion of Canada’s 150th anniversary in 2017. Millennials represent 20% of the travel market worldwide, spend an average of \$1,500 CDN per trip and are the fastest-growing segment in the travel industry. As they are the emerging middle class of tomorrow, it is important to connect with millennials today to help shape their lifetime travel habits. In partnership with Bell Media, the Millennial Travel Program will deliver a multi-year sales, marketing and communications program to inspire Canadian and international millennial travellers to explore Canada now.



The campaign features the 2016 launch of a digital hub showcasing Canada’s top 150 experiences through the eyes of key social influencers, and featuring exclusive limited-time promotions and offers. In 2016-2017, an international extension to the campaign will promote travel to Canada from international markets including the US and UK. A Canada 150 Pass will serve as a platform for travel sector partners to sell their products to millennials, share special offers and will include a loyalty program for millennials. The campaign will infuse Canada’s travel brand with more fun, excitement and youthfulness, inspire, deliver real and relevant travel opportunities to youth travelers and create a legacy by inspiring a new generation of travelers.

MILLENNIAL TRAVEL PROGRAM

PLANNED EXPENDITURES	\$750,000 CDN
KEY ACTIVITIES FOR 2016	<ul style="list-style-type: none"> • Domestic Campaign launch Spring 2016. • International Campaign launch Summer 2016.
EXPECTED RESULTS	<ul style="list-style-type: none"> • Effective partnerships and increasing co-investment ratio. • Inspire youth travel for 2017. <p>By 2017:</p> <ul style="list-style-type: none"> • Reach 50% of Canadian youth (4.4 million Canadians aged 18-34) over the campaign period. • Increase domestic youth leisure trips (3+ nights) by 5% over campaign period, representing a lift of 150,000 by 2017.



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BUSINESS EVENTS CANADA

Business Events Canada (BEC) is the division of DC that generates demand for international meetings, conventions and incentive travel for Canada. The BEC brand reflects the growing significance of the meetings industry to Canada's economy, because meetings can be the catalyst in introducing Canada's export business interests to key influencers, business stakeholders, entrepreneurs and investors from around the world. As visitors get to know Canada and its high quality products, services and facilities, they can become advocates for Canada, uncovering investment and trade opportunities, identifying business partnerships and creating the foundation for trade relationships.



Meetings and conventions, as well as incentive travel, account for 14.2% of all travellers to Canada (approximately 2.3 million visitors annually). These visitors also generate approximately \$3 billion CDN in spending – which is 19.2% of all receipts. Canada remains the first choice for the outbound meetings business that originates in the US, which annually brings in 1.8 million visitors and \$1.6 billion CDN in receipts.

BEC targets five markets: Belgium (Brussels) as it is the headquarters of the European Union, France, Germany, the UK and the US – in collaboration with Global Affairs Canada and DC's partners.

BEC works to establish the Canada brand as a leader in the global meetings marketplace to the benefit Canada's business community and economy. The BEC strategy takes a sector approach, where each sector represents the greatest potential for export revenue growth where Canada either holds a competitive advantage or is seen as a key player for job creation or investment for the future.

Along with its key partners, BEC will continue to implement the sector approach to programming, and continue to establish the Canada brand as a leader in the global meetings marketplace.

In 2014, BEC launched the vertical strategy, with the focus being on infiltrating and generating business from the international Life Sciences community. In the first half of 2015, BEC commenced outreach to the Information and Communications Technology sector, and in the latter half of the year, initiated the approach for the Agriculture and Food sector. In 2016 and beyond, BEC will build on the momentum already established, and expand its efforts to include the Clean Technology, Aerospace, Infrastructure and Engineering, and Natural Resource sectors.

BEC Sectors & Launch Periods:

- Life Sciences (2014)
- Information & Communication Technology (2015)
- Agriculture & Food (2015)
- Clean Technology (2016 or 2017)
- Aerospace (2016 or 2017)
- Infrastructure & Engineering (2016 or 2017)
- Natural Resources (2016 or 2017)

A key strategy deployed by BEC in collaboration with its partners, is to develop partnerships with target sector organizations such as the Institute of Electrical and Electronics Engineers (IEEE) and the Council of Engineering and Scientific Study Executives (CESSE). Both of these partnerships were established in 2015, and will be activated to their fullest extent in 2016. Relationships with sector associations enable BEC to gain access to a vast network of qualified clients, and to showcase Canada's relevance through appropriate and compelling channels including events, e-newsletters, blogs and forums, providing the opportunity to bring decisions makers to Canada to see the full benefit of hosting a meeting here.

And finally, the goal with the sales efforts in each sector is to have 70% of all leads generated by BEC deemed "new business" for Canada. This could include such new opportunities as Canada attracting companies, associations or divisions of existing organizations that have never met previously in Canada.

LINK TO GOVERNMENT PRIORITIES

Federal Priority: *Stimulating our economy*

The Federal Tourism Strategy (FTS) was launched in 2011 and brought a whole of government initiative to help position Canada's tourism sector for long-term growth and competitiveness. The FTS strives to position Canada's tourism sector to take advantage of international growth opportunities, increase tourism revenue and create jobs in Canada.

DC has been an active supporter of the FTS since its launch, and is focused on increasing awareness of Canada as a premier tourist destination and on supporting small and medium business entrepreneurs in this sector.

Additionally, through its marketing efforts, DC strives to grow visitor spending to benefit businesses, support tourism-related jobs in the sector and generate tax revenue for investment in infrastructure development. DC actively monitors the effectiveness of its activities with respect to the impact on Canada's visitor economy. In 2014, DC marketing directly generated an estimated \$925 million in visitor spending, \$122 million in federal tax revenue and supported over 7,500 tourism jobs.

Federal Priority: *Expanding Canada's international trade*

Business tourism plays a crucial role in strengthening Canada's international trade interests. Business events, including meetings and incentive travel, often provide delegates and visitors with their first look at Canada and present opportunities to forge valuable relationships, generate new investment and offer future growth potential for the country.

This precursor to commercial activity in other sectors signifies the importance of the meetings industry to Canada's international trade agenda. This led the BEC division in 2014 to establish a three-way action plan supported by the Department of Foreign Affairs, Trade and Development (now Global Affairs Canada), Industry Canada (now Innovation, Science and Economic Development) and DC, and to align with the federal government's priority trade sectors. This alignment raises the profile of Canada's capabilities abroad, and paves the way for Canadian businesses to take further advantage of the tremendous opportunity foreign markets represent.

In addition to the core business of generating leads and prospects for Canada's meetings and events business, BEC has increased its sales emphasis on key trade areas to promote economic development. BEC focusses on demonstrating how meetings held in Canada can attract international delegates from different industries to directly invest in Canada's economy, thereby enhancing Canada's competitiveness around the world and naturally helping to drive international trade.

Link to Federal Policy: *Fostering the Digital Economy*

A fundamental shift has been taking place over a number of years in how consumers access information. Advances in internet and mobile technology have necessitated significant changes in government policy and in business marketing.

DC's Follow the Global Customer initiative links strongly to fostering the digital economy, as it seeks to adopt new technologies and big data to transform how Canada is marketed to international travellers. DC will speak to consumers in new ways through an approach based on online behaviour and digital preferences, employing the lessons learned from this initiative. The approach will deliver highly customized digital content reflecting Canadian travel experiences and products. As a leader of Canada's tourism industry, DC will strive to enable Canadian tourism businesses to capture a greater share of the growing international travel market.

Innovation, Science and Economic Development Priority: *Fostering the knowledge-based economy*

To help ensure that Canada's tourism businesses have what it takes to compete internationally, DC helps drive sustained economic growth.

DC's Follow the Global Customer initiative will seek to adopt new technologies and big data to transform how it markets Canada to international travellers. Premised on innovation and advances in marketing technology, the approach will leverage in-depth knowledge of DC target audiences to assist the tourism sector (both public and private) to reach consumers in a new way.



Objective 2: Advance the commercial competitiveness of the tourism sector



In 2016, DC will strive to:

- Attain a partner contribution ratio of 1:1;
- Ensure that DC trade shows, media shows and business events are important to industry partners marketing and sales goals; and
- Deliver marketing programs and assets that are valued by partners.

To appeal to both business travellers and leisure tourists, DC relies on the strong offering of various tourism products and services across the country. DC supports a healthy tourism industry with diverse products by connecting Canadian tourism businesses with resources for product development, and by providing global market access for products that are export-ready.

DC is committed to supporting the industry in developing tourism products that help drive an increase in international visits, including from the US. DC makes a range of programs and tools available that give destination marketers and tourism businesses a competitive advantage in a crowded marketplace and that can be delivered efficiently and effectively by a tourism marketing organization with national leadership and international reach.

Through events and trade shows, DC provides the platforms for Canadian tourism businesses to bring their experiences to a variety of markets and generate international business leads. This allows businesses to expand their reach to the international market to help meet their sales and marketing goals, particularly small and medium enterprises (SMEs) who otherwise may not have the capacity to market themselves outside of Canada.

Year after year, the tourism industry has expressed the tremendous value they place on the tools, events and platforms DC offers to give Canadian tourism businesses an edge in a highly competitive marketplace. Moving forward, DC will continually work to innovate and adapt to changing marketing conditions in a way that supports the Canadian tourism industry to reach its collective objective of 20 million international visitors spending \$20 billion in Canada by the year 2020.

CORE ACTIVITIES

TRAVEL TRADE AND MEDIA SHOWS

Tradeshows provide opportunities for Canadian tourism businesses to sell their product by connecting with travel agents, tour operators and media from international markets. DC will continue to facilitate access to global markets for Canadian tourism businesses through a number of events in 2016.



Rendez-vous Canada (RVC), DC's flagship Canadian tourism industry event, will be held in Montréal, Québec from April 24-27, 2016. The event, held annually in a different Canadian city, reunites approximately 1,600 international tourism industry leaders gathered for a series of speed-dating-style appointments where international buyers seek the best-matched Canadian tourism sellers. This established format provides the platform for Canadian tourism businesses to extend their reach into the global market and ultimately, to increase revenue for tourism businesses across the country. In 2015, the signature event took place in Niagara Falls, Ontario and attracted over 1,600 tourism

industry representatives taking part in over 24,000 one-to-one appointments. They were joined by 463 representatives from 343 buyer organizations, representing 31 international markets.

Beyond RVC, DC will host or participate in key tradeshows across the 11 international leisure markets in order to facilitate meetings with qualified wholesalers and retailers wanting to enhance the range and diversity of their Canadian tourism product for onward sales to their local customers. It is the provision of these export platforms to industry partners which gives them the inside track on the "how and when" to do business during the pivotal stage of a markets' annual purchasing cycle. The dates below reflect this important timing consideration of enabling the industry to remain competitive across global markets:

Focus Canada South Korea February 2016 (2 cities in South Korea)	Focus Canada Brazil March 2016 (3 cities in Brazil)	GoMedia October 2016, Montréal, Québec
Canada Corroboree February 2016 (5 cities in Australia)	RVC 2016 April 2016, Montréal, Québec	Focus Canada Japan October 2016 Tokyo
Focus Canada India March 2016 (2 cities in India)	Canada Media Marketplace April 2016, San Francisco	Asia Showcase, China October 2016
ITB March 2016, Berlin, Germany	IFTM: Top Resa September 2016, Paris, France	World Travel Market Nov 2016, London, UK

DC will also be evaluating potential trade show opportunities in the US, both in travel trade and direct-to-consumer shows, as part of the Connecting America initiative.

RESEARCH AND BUSINESS INSIGHTS

DC supports Canadian tourism businesses with marketing tools designed to grow Canadian tourism business for export markets. DC's research and intelligence, such as international macroeconomic data, traveller profiles and market conditions, allow Canadian businesses to better understand the fundamentals of competing globally.



Through national initiatives like the International Travel Survey (ITS) and the Travel Survey of Residents of Canada, DC works with federal partners to provide information to the industry on who is travelling in Canada, when they are coming, what they are doing when they arrive and what they spend their money on, providing critical information for policy makers and industry alike.

Additionally, by providing export-ready businesses with expertise in product positioning through resources such as brand guides and experience toolkits, DC helps them to better understand mechanisms to address opportunities and challenges. These resources allow tourism entrepreneurs and SMEs to develop powerful and consistent messages for the marketplace that enable their businesses to grow and thrive.

PATH TO EXPORT

International access to foreign markets is of strategic importance to competitive businesses that are seeking economic growth. The case is no different for Canada's tourism entrepreneurs. While domestic tourism remains strong in Canada, turning attention to new source markets and new customers opens doors to greater prosperity and long-term sustainability for tourism businesses.

DC has completed a preliminary review of best practices in export development, as well an inventory of the tools and resources in place that support small and medium businesses along a path to exporting tourism products. This review has been shared with the tourism industry for further refinement, and to provide the necessary leadership to convert more tourism businesses into exporters.

During 2016, Destination Canada will continue to help the tourism industry to focus on helping businesses sell tourism products in new global markets, and in doing so, help to sell Canada as a tourism destination.

PATH TO EXPORT

<p>ONGOING ACTIVITIES FOR 2016</p>	<ul style="list-style-type: none"> • International business-to-business sales and trade opportunities for small and medium tourism businesses, such as Rendez-vous Canada (RVC) in Montréal, April 24-27, 2016 • Identifying with the provinces and territories, more export-ready Canadian Signature Experiences, to promote internationally and to help the tourism industry lead the Path to Export initiative. • Sharing market insights, tools and trends with tourism businesses. • Based on industry consultations, refresh DC tools for industry as identified.
<p>EXPECTED RESULTS</p>	<ul style="list-style-type: none"> • Improve the quality and quantity of Canadian tourism businesses attracting international visitors, understanding that this will benefit the larger economy.

LINK TO GOVERNMENT PRIORITIES

Federal Priority: *Supporting Communities*

In a highly competitive environment, tourism businesses must maximize all resources available to them and focus on what sets them apart from the competition.

DC's range of widely available tools and resources helps tourism SMEs to refine and position their products in an appealing way to grow their businesses. From toolkits on targeting customers, branding and experiential marketing, to access to DC's extensive online library of videos and imagery for promotional use, DC offers an array of knowledge and tools designed to enable tourism businesses to attract travellers and increase sales. Additionally, the Canadian Signature Collection as well as DC events such as the highly successful RVC provide invaluable access to international markets.

DC actively supports tourism businesses across Canada to access international markets to promote and sell their tourism products, particularly those located in communities that are reliant on tourism for their economic development, prosperity and livelihood.

Federal Priority: *Stimulating our Economy*

Ensuring that Canada is competitive internationally supports sustained economic growth. DC's programs, services and partnerships, will help position Canadian tourism businesses, particularly SMEs, to respond to changing consumer demands in the tourism marketplace.

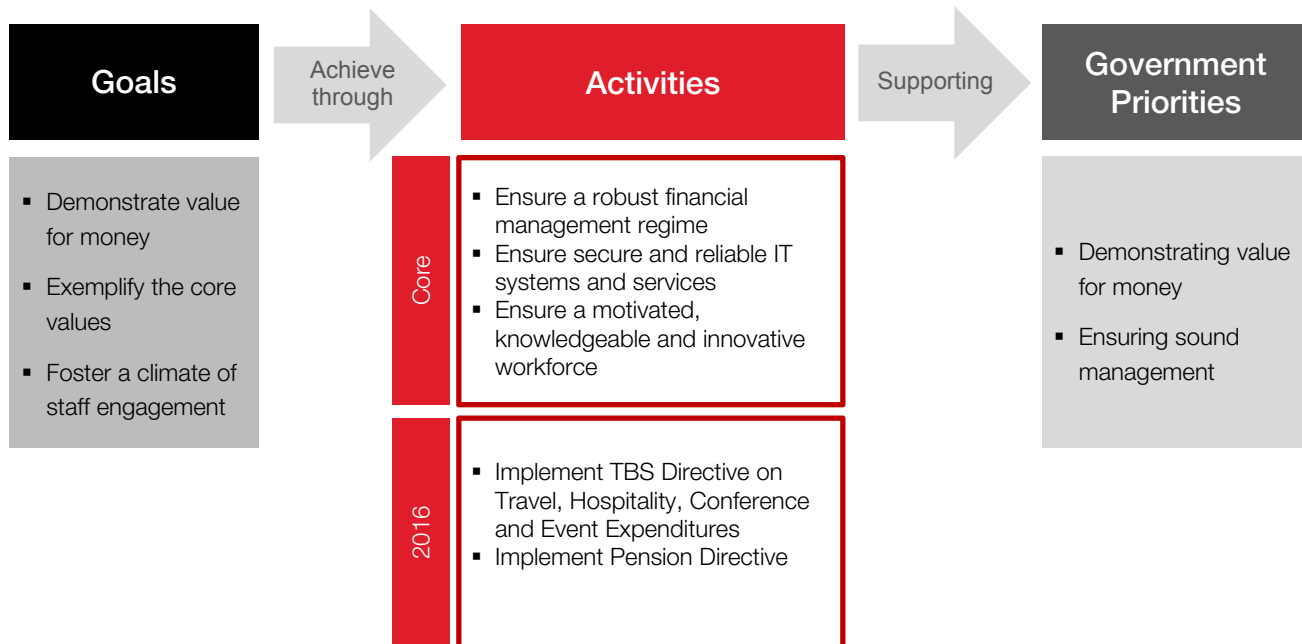
Through product development support and assistance in the development of marketing expertise, DC will enable business operators to expand their reach into new international markets. By creating opportunities for exporters of Canadian tourism products, DC is a direct supporter of entrepreneurship. As a result, successful businesses contribute to a higher standard of living, generate economic investment, create new jobs and supply tax revenue to federal, provincial and municipal governments.

Innovation, Science and Economic Development Priority: *Supporting Businesses*

DC's breadth of marketing tools helps to advance the marketing expertise and the international reach of Canadian tourism businesses. DC's tools on product positioning and customer segmentation assist SMEs in developing compelling messaging, enabling business growth. DC's extensive library of market research equips tourism businesses with the knowledge they need to appeal to new customers. This market knowledge enables them to compete on an international scale, helping to foster longevity and contribute to a higher standard of living for Canadians.

The Path to Export initiative will allow the tourism industry to encourage more Canadian tourism businesses to become exporters of their products or services by easing the path for companies to start trading abroad. This initiative encourages entrepreneurship, while fostering long-term success and promoting regional economic development.

Objective 3: Increase corporate efficiency and effectiveness



In 2016, DC will strive to:

- Allocate 85% of its total budget to Marketing and Sales; and
- Enhance staff engagement.

DC is dedicated to efficiently delivering results against its strategy, and continually looks to optimize its operations in order to ensure that the maximum possible investment goes to programs. In recent years, DC has transformed its business to be an efficient and focussed marketing organization. DC has successfully reduced costs by centralizing operations, moving internal business operations to a cloud-based system, and in late 2015 overhead costs were reduced by downsizing and relocating its Vancouver headquarters.

Moving forward in 2016 and beyond, DC will continue to optimize its people, processes and partnerships and drive business transformation through technology. Key areas of priority and activities for 2016 are outlined below.

CORE ACTIVITIES

ENSURE A ROBUST FINANCIAL MANAGEMENT REGIME

Renew Existing Financial Policies

Organizational resilience is the foundation that enables DC to establish a sustainable infrastructure to support the achievement of its Ultimate Outcome. Part of this is dependent on a robust financial management regime. In 2016, DC will continue to renew existing financial policies to clarify roles and responsibilities as well as ensure effective and efficient oversight mechanisms are in place to monitor compliance. As a priority, DC will align its travel, hospitality, conference and event expenditure policies, guidelines and practices with TBS policies in a manner that is consistent with its legal obligations.

In this transition year, the management team has taken specific measures to review program and non-program expenditures to maximize efficiencies and to ensure that in 2016, DC will be able to improve the resources to program delivery.

Implement Treasury Board Secretariat Directive on Travel, Hospitality, Conference and Event Expenditures

In July 2015, the Government of Canada, through section 89(1) of the Financial Administration Act, directed all crown corporations to align their travel and hospitality policies with those of the Treasury Board Secretariat (TBS). For travel after the 2015 effective date of the directive, DC has aligned its travel and hospitality practices with those of the relevant TBS instruments. To become fully compliant with the directive, DC aligned delegated signing authority for all approval authorizations to be consistent with delegations in the relevant TBS Instruments and the Directive, implemented enhanced approval, recording and reporting practices on all future expenditures and year over year variances, and updated accounting practices to include all details as required under the Directive. In 2016, DC will review internal practices and procedures for continuous improvement on the implementation, monitoring and reporting of the new processes.

ENSURE SECURE AND RELIABLE IT INFRASTRUCTURE AND SERVICES

Secure and reliable IT systems and services are keys to helping DC achieve its business objectives. Building on DC's successful adaptation and migration to the Cloud and Software-as-a-Service (SaaS) licensing model for its ERP (Enterprise Resource Planning) applications, IT will continue to explore areas where similar models could create more value for the organization and its staff.

In 2013, DC updated its Business Continuity (BC) and Disaster Recovery (DR) plans. DC has since tested these plans annually to ensure that in the event of an emergency or disaster, the organization is well prepared to continue critical operations.

In 2015, DC successfully transitioned from an older legacy telephony system to a modern hosted voice over IP (VoIP) solution. The new telephony services have provided DC with new and more modern functionalities such as voice mail to email, call logging, and teleworking features while creating thousands of dollars in savings from maintaining and operating an older system.

In 2016 and 2017, DC will explore and assess the organization's options for migrating its data center to a cloud and or hosted model. This initiative will consider the different cloud offerings and models currently available to DC either through commercially available data centers in Canada or Shared Services Canada (SSC). DC will also conduct a cloud readiness assessment (technical, financial, and operational) to better understand the organization's level of readiness for a potential migration to a cloud based data center.

ENSURE A MOTIVATED, KNOWLEDGEABLE AND INNOVATIVE WORKFORCE

To achieve its corporate objectives and lead the Canadian tourism industry, DC requires an engaged, knowledgeable and innovative workforce that continually improves and delivers on the DC mandate. To support this, DC's people strategies and programs serve as a foundation to ensure that DC has the right people, with the right skills, in the right places and at the right time.

Pay for Performance

In 2015, DC began implementing a pay for performance model that links compensation directly to the achievement of corporate and individual goals at all levels of the organization, including unionized employees represented under a Collective Agreement. In 2016, DC will assess its performance management program design with the findings from the first Pay for Performance Cycle.

Performance Management

DC will continue to enhance its program design to support managers, leaders and all employees in their professional development, to help foster an effective and engaging environment through joint goal setting, continuous progress review and frequent communication, feedback and coaching for improved performance, implementation of employee development programs and rewarding achievements. The process of performance management starts when a new incumbent joins the team and ends when an employee leaves.

Efficient and Scalable Workforce

The current context of fiscal restraint drives corporations to be nimble. DC's ability to operate as an efficient and scalable workforce has allowed it to shift valuable resources to programming investments. Going forward, DC needs to continue to be more efficient and scalable than ever before, to adapt quickly to changing market conditions and to leverage new market opportunities as they arise.

New Headquarters Office Space Will Enhance Teambuilding

DC moved to a new office location November 2nd, 2015. It is a modern, creative and efficient space. The proposed layout will not only maximize the utility of the square footage available, but it also will create a more vibrant, dynamic and collaborative work environment, as the teams will now all be situated together on a single floor.



Government of Canada's Directive on Pensions and Implementation Plan

The Government of Canada has been working to ensure that public sector pension plans are affordable and sustainable, and that they are more in line with the benefits provided in the private sector. As such, DC received the Pension Reform Directive ("Directive") in December 2014. The Directive mandates DC to move to a 50:50 cost sharing ratio between the employer and employees by December 31, 2017, and to align the age of retirement for all new hires at Crown corporations with the Public Service Pension Plan (PSPP). As part of the Directive, DC is also required to report on its Implementation Strategies in 2016 to 2017 Corporate Plans.

In consultation with government officials, external actuaries and pension lawyers, DC management has developed an implementation plan that was approved by the Board of Directors:

- In January 2015, DC began consultations with the Professional Institute of the Public Service of Canada (PIPSC) on changes to CTC's (now DC's) Pension Plans in accordance with Article 47.02 of the Collective Agreement;
- Consultations with the Union are currently in progress and are expected to conclude by the end of 2015;
- Notification of plan members will take place following consultations with the Union in 2016;
- Pension Plan amendments will be completed in 2016; and
- All Pension plan changes will be completed before December 31, 2017.

LINK TO GOVERNMENT PRIORITIES

Federal Priority: *Demonstrating Value for Money*

Over the years, DC has worked hard to establish an efficient and scalable business model which allows it to maximize the allocation of its budget to programming activities. DC has identified savings in maintenance costs by upgrading to cloud-based systems for internal business functions, and the organization has reduced costs associated with business travel. In addition, DC has moved to a Global Sales Agent model for operations in Mexico and South Korea. As well, DC has increased its efficiency and reduced its costs by moving to a new headquarters office location in Vancouver.

Innovation, Science and Economic Development Priority: *Ensuring Sound Management*

Sound management practices are a matter of ongoing business for DC. Past initiatives dedicated to enhancing efficiencies, such as replacing cumbersome and costly legacy computer systems, as well as instituting fiscal approaches to minimize operational costs and shift additional resources to marketing, have ensured that DC remains committed to fostering the long-term prosperity of Canada's tourism industry in the current fiscal environment.

In 2016, DC will enhance its stewardship and management practices by extending its pay for performance model to all employees, in order to optimize performance and ensure commitment to the organizational strategy.



RISKS

Grand Falls, New Brunswick
 © New Brunswick Department
 of Tourism and Parks

2015 RISK ASSESSMENT

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

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

As well, DC is monitored by the Auditor General, and undergoes Special Examinations periodically as required by the Federal Accountability Act.

As a Crown Corporation with a service mandate, the ultimate overarching risk to DC is a lack of relevance to its partners and shareholder, resulting in a loss of funding. By identifying strategic risks that could impact the organizational objectives, DC can address these risks proactively to ensure they do not impact DC’s relevance. Key risks for each of the three objectives of the 2016-2020 Corporate Plan are highlighted below:

KEY RISKS FOR OBJECTIVE 1: Increase demand for Canada with innovative marketing	
<p>MARKETING EFFECTIVENESS</p> <p>There is a risk that marketing effort is not effective or relevant and has minimal or unknown impact on the tourism industry.</p> <p>Mitigation activities: DC will utilize a multi-pronged approach to address risks related to marketing effectiveness: Maintain strong brand and agency; use Path to Purchase model; recruit, develop and retain the right talent; focus on opportunities for integrating innovation (core value) into DC’s core business and measure against it; perform evaluations on results of conversion studies; use insights to inform decisions; better communicate DC’s value and impact to the tourism industry by explicitly stating this as a Strategic Objective, measuring its impact in the scorecard and focusing efforts and resources optimally.</p>	<p>2015: ●</p> <p>2014: ●</p> <p>Change: ↔</p>

KEY RISKS FOR OBJECTIVE 1:

Increase demand for Canada with innovative marketing

PERFORMANCE MEASUREMENT

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


Mitigation activities: There is risk associated with any new measurement system. This risk is mitigated by the presence of all but one key performance indicator on past scorecards, and ongoing assessment of measurement effectiveness.

2015: 
2014: 
Change: ↔

PRIVACY

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


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

2015: 
2014: N/A
Change: New

CURRENCY

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

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

2015: 
2014: N/A
Change: New



KEY RISK FOR OBJECTIVE 2:

Advance the commercial competitiveness of the tourism sector

GLOBAL ECONOMIC, GEO-POLITICAL AND SECURITY ISSUES

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

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

2015: 
2014: 
Change: ↔

KEY RISKS FOR OBJECTIVE 3:


Increase corporate efficiency and effectiveness

TALENT MANAGEMENT

There is a risk that DC will not have the ability to recruit, engage, develop, renew and retain resources with the skills and talent required by the organization to meet current and future needs, impacting the organization's effectiveness and efficiency.

Mitigation activities:

DC will provide a workplace where employees have meaningful work in a fair, safe, supportive and values-based environment. In addition, it will foster an environment where leaders set clear direction, engage employees as well as demonstrate and promote DC values. DC will also invest in an infrastructure of people and systems that enables high quality people management services.

2015: 


2014: N/A

Change: New

CHANGE MANAGEMENT

There is a risk that DC's strategic shift to become a content marketing-based organization and the resulting business process and technology changes that accompany this move will cause a decreased ability to manage employee engagement, retention of corporate knowledge as well as provide consistency in operations, thus impacting the overall efficiency of the organization.

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

2015: 

2014: N/A

Change: New

Very high residual risk		↑	Increase from previous year
High residual risk		↓	Decrease from previous year
Medium residual risk		↔	No change from previous year
		New	New risk identified in current year
Low residual risk		N/A	Not applicable





MEASURING PERFORMANCE

DC places tremendous value and effort on the measurement of its strategy. Having a framework in place to understand the impacts of its strategy and guide decision-making, is key to achieving success.

DC has an obligation to create transparent measurement performance metrics that:

- provide the shareholder assurance of the effectiveness of the investment;
- link outcomes to broader government priorities;
- align with the commercial interests of the industry DC serves; and
- maintain a baseline of data, while responding to a changing technological reality.

In 2016, DC will streamline its performance management approach.

First and foremost, DC has set a 5-year visitor arrivals and revenue goal that it will support industry in achieving.

This recognizes that holiday or leisure travel is one of the largest discretionary purchases of a household.

Families sit at kitchen tables from Delhi to Dusseldorf planning their vacations. The decision cycle from initial interest in a destination to an actual visitation can take years. DC and other marketing organizations must plant the seeds over a longer time horizon than a single year. As such, there is a need to develop a longer term view to setting goals that takes into consideration not only current market conditions, but also future ones.

These ambitious, long term goals will provide the framework to assess whether DC strategies are moving the organization in the right direction, and also whether DC is improving fast enough to meet these goals. Working towards a longer term goal also creates focus.

DC has streamlined its performance measures to those which are most important, and to those that are most likely to serve as “bell weathers” to predict future success. To assure accountability, DC has set two measures for each strategic objective, and these measures relate to areas over which it has some meaningful degree of control.

Measuring DC impact on arrivals and revenue

Isolating the effects of marketing efforts on tourism is a challenge, because tourism demand is influenced by a complex set of intertwined external factors. Tourism marketing efforts are deployed across different government levels (federal, provincial, territorial, regional and municipal), as well as across the industry, so it is difficult to accurately identify how much is invested in “tourism marketing efforts”, across the nation.

A significant share of the impact of tourism marketing is intangible and not translatable in financial terms. Tourism marketing efforts help increase awareness, interest and consideration of a trip and create a “buzz” around a destination, but these impacts cannot be measured solely in financial terms.

As well, the impact of tourism marketing can have a delayed effect, as the brand of the destination grows and develops in the minds of the potential travellers.

The current evaluation approach used by DC and other marketing organizations to assess their impact is generally on a campaign-by-campaign basis through tools such as Ad Evaluation Studies, which measure the increase in intention to visit between those who recall the marketing and those who do not, or through proxies such as the satisfaction of tourism partners.

As DC shifts its marketing approaches, a shift in how it evaluates its effect on the Ultimate Outcome – arrivals and the revenue they bring – must also shift. With a shift to content marketing, DC will no longer rely on consumer direct evaluations, as the organization will move away from significant investment in consumer direct advertising such as print, digital and out-of-home advertising.

In order to assess its impact on arrivals, DC will create a common framework to assess its ultimate impact across all markets and channels. It will develop a suite of tools, and seek to use the best tool to identify the arrivals and revenue number, based on the initiative in question:

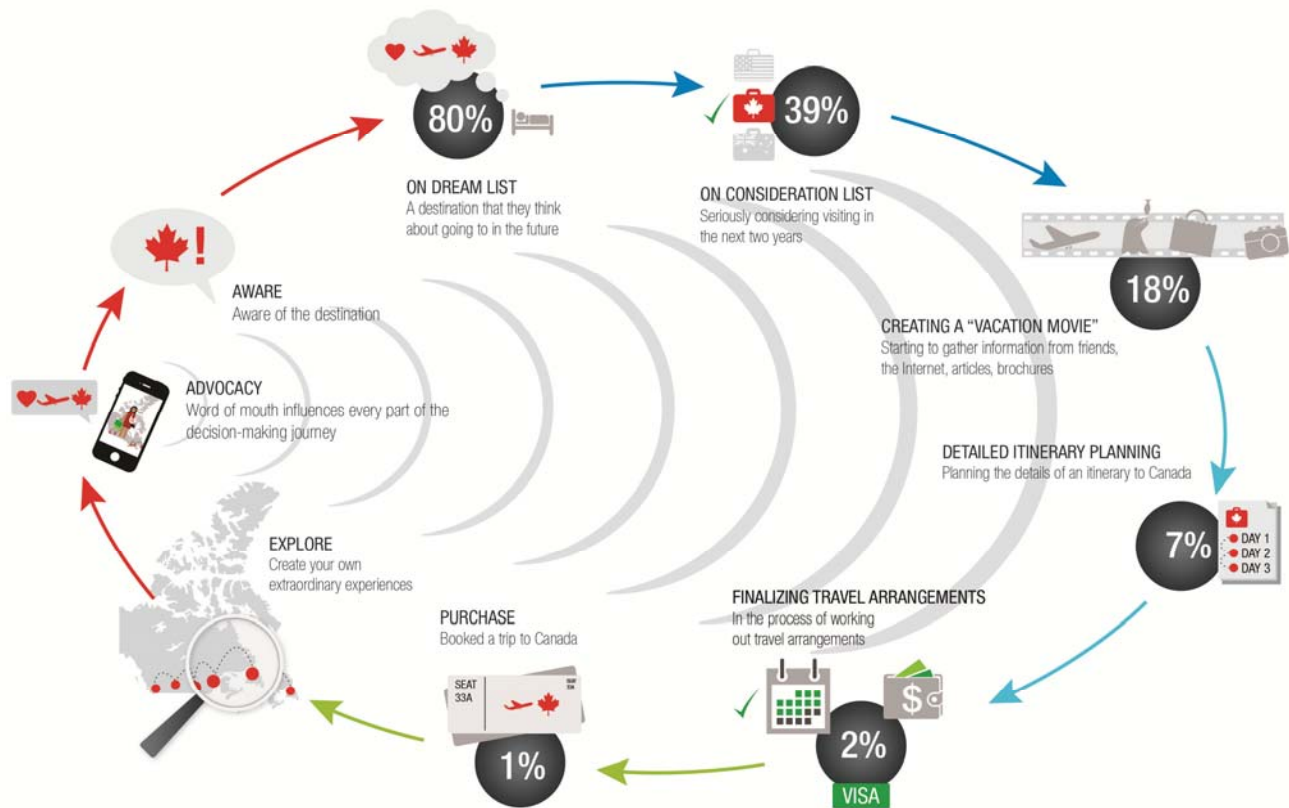
- ***For online and offline initiatives featuring a central theme with easy recall***, DC will continue to use a survey-based ad evaluation tool. For 2016, there are no plans to conduct an ad evaluation study, but DC may do so in the future;
- ***For digital-heavy conversion initiatives with high partner engagement***, DC will look to partners to provide feedback on the quality and conversion rates of DC leads, which will then be extrapolated to total visitation;
- ***For initiatives whose goals are to build awareness, travel intention and/or conversion***, DC will seek to survey via new digital technology those users who have been exposed to DC ads to determine travel intent; and
- ***For conversion or awareness initiatives aimed at specific target markets***, DC will look to use pre- and post- initiative pulse surveys at target audiences to track consideration, intent and travel, followed up with long term conversion studies for arrivals.

Measuring DC's progress against its strategic objectives

Strategic Objective #1: Increase demand for Canada with innovative marketing

DC seeks to deliver innovative marketing in order to make Canada **THE** destination of choice for a traveller's next trip.

DC has conducted extensive research on how a traveller comes to the decision of where to go on their next trip. This *Path to Purchase* model outlines nine stages of a traveller's decision path, each with different considerations for a marketer, and resulting in the need for different types of messages to be utilized to have more impact, different channels for delivering these messages, etc.



More than 15 studies implemented during the last two years across DC's different markets, reveal two gaps that appear to act as primary barriers for increased visitation. One gap relates to Canada's position on the traveller's destination list for their next trip as they begin to piece together the trip and develop an itinerary. The other gap is getting to the actual moment of booking.

The two measures in the scorecard: 1) active consideration of visiting Canada; and 2) increase in leads to partners who book aspects of the visit, assess DC and partner progress in addressing these gaps.

- Active consideration of visiting Canada: Tracks whether DC is producing an impact in making Canada one of the destinations that a traveller will look into by asking, “Which destinations are you seriously considering for your trips in the next year? (Please list up to three destinations.)”. A number of tactics and strategies will be employed to make Canada top of mind, including refreshing the Canada brand, developing an ongoing relationship through content marketing, etc.
- Increase in leads to partners: DC will seek to identify potential travellers to come to Canada, and inspire and excite these individuals to seek more information from tourism partners – be they a provincial, territorial or destination marketing organization, a tour operator, an airline or an accommodation partner. Technology now allows marketers to target their content and track, measure and analyze its effects on consumer behavior. As a result, DC is able to track the number of potential customers it passes on to its marketing partners who have demonstrated an interest in Canada, and who are now looking for destination-specific information such as exciting attractions, great dining, authentic experiences, transportation, accommodation and more, which can be found at partner sites. These leads are then converted by the partners into actual visitations that include meetings, convention bookings or incentive travel.

Strategic Objective #2: Advance the commercial competitiveness of the tourism sector

DC needs to work with industry to deliver on this objective, and is measuring and assessing industry’s support for DC activities in two ways:

- Trade shows, media shows and business events: At every trade show, media show or business event, DC will seek the input of industry as well as its partners, by asking them how DC's activities contribute to their business objectives.
- Partner Investment Ratio: For partners to invest their marketing dollars with DC, the organization has to provide value to them. DC has to demonstrate that it understands the market, the consumer and how to reach them effectively. DC marketing must show them a sufficient return on their investment so that they invest again the following year. This measure is a quantitative, bottom-line measure that tracks the amount of direct, third-party and in-kind investments that are made in DC activities.

Strategic Objective #3: Increase corporate efficiency and effectiveness

DC is working to ensure it has the fundamentals in place to deliver. These fundamentals include an efficient organization, supported by engaged staff, and DC measures this in two ways:

- Ratio of marketing and sales costs to corporate services: The percent of DC’s total budget, after required pension contributions, dedicated to its programs. This is a measure of efficiency.
- Employee Engagement Index: The average score resulting from a series of questions asked in the 2016 Employee Survey.

2016 CORPORATE SCORECARD

STRATEGY	MEASURE	2013 RESULT	2014 RESULT	2015 TARGET	2016 TARGET
GOAL: Increase arrivals of international visitors to Canada and increase tourism export revenue					
Align industry to collaborate and co-invest to drive arrivals and export revenue	Attributable Arrivals	259,900 ¹	727,500 ²	480,000 ³	758,000 ³
	Attributable Tourism Export Revenue	\$545 M	\$925 M	\$421 M	\$926 M
Objective 1: Increase demand for Canada with innovative marketing					
Generate and publish compelling content of Canada's tourism experiences	Active Consideration (unaided)	NA	18% ⁴	19% ⁴	14%
Connect industry to partners and consumers in order to facilitate conversion	Growth in Leads Generated	NA	NA	NA	Benchmark ⁵
Objective 2: Advance the commercial competitiveness of the tourism sector					
Increase the alignment of industry marketing	Ratio of partner co-investment	1: 0.8	1:0.9	1:0.8	1:1 ⁸
Provide value to industry	% of partners who indicate DC activities advance their business objectives	89%	92%	92%	% Improvement over 2015 ⁶
Objective 3: Increase efficiency and effectiveness					
Maximize investment in programs	Marketing and Sales Ratio	NA	86%	84.8%	85% ⁷
Staff is engaged and productive	Staff engagement index	65%	62%	N/A	70%
<p>¹ Leisure travellers converted.</p> <p>² Leisure travellers converted and BEC delegates generated.</p> <p>³ 2015 targets are based on ad evaluation studies in three markets only (Germany, the UK and Australia), as opposed to prior years when up to five countries were evaluated. In 2016, attributable arrivals will seek to measure in all markets where there is direct to consumer marketing and travel trade activities.</p> <p>⁴ Aided destination interest. Percentage of long-haul travellers in DC 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.</p> <p>⁵ 2016 is benchmark year where a new methodology is employed to gather data. Future targets for this measure will be set against 2016 benchmark results.</p> <p>⁶ Preliminary data from 2015 key events will be used to set the target for 2016.</p> <p>⁷ Corporate Services Ratio set by the Government of Canada.</p>					

Targets for 2016 and Beyond

By setting a longer term target for arrivals and revenue, DC can also look to set initial targets for other measures as well. These are derived from internal models which seek to isolate the effects of a given performance measure on the overall arrivals outcome.

STRATEGY	MEASURE	2016	2017	2018	2019	2020
GOAL: Increase arrivals of international visitors to Canada and increase tourism export revenue						
Align industry to collaborate and co-invest to drive arrivals and export revenue	Attributable Arrivals	758,000	836,000	664,000	542,000	515,000
	Attributable Tourism Export Revenue	\$926 M	\$1,000 M	\$900 M	\$842 M	\$848 M
Objective 1: Increase demand for Canada with innovative marketing						
Generate and publish compelling content of Canada's tourism experiences	Active Consideration	14%	Increase	Increase/Maintain	Increase/Maintain	Increase/Maintain
Connect industry to partners and consumer in order to facilitate conversion	% Growth in Leads Generated	Benchmark ⁵	Grow by % required to meet arrivals target	Grow by % required to meet arrivals target	Grow by % required to meet arrivals target	Grow by % required to meet arrivals target
Objective 2: Advance the commercial competitiveness of the tourism sector						
Increase the alignment of industry marketing	Ratio of partner co-investment	1:1 ⁸	1:1.05 ⁸	1:1.1 ⁸	1:1.15	1:1.20
Provide value to industry	% of partners who indicate DC activities advance their business objectives	% improvement over 2015 ⁶	Improve	Maintain/Improve	Maintain/Improve	Maintain/Improve
Objective 3: Increase corporate efficiency and effectiveness						
Maximize investment in programs	Corporate Services Ratio	85%	85%	85%	85%	85%
Staff is engaged and productive	Staff engagement index	70%	TBD ⁹	TBD ⁹	TBD ⁹	TBD ⁹
⁸ Partner co-investment targets based on core appropriations plus one-time funding for Connecting America. These targets will be revisited in the 2017-2021 Corporate Plan in light of anticipated one-time funding of \$50 million over two years for additional tourism marketing efforts. ⁹ DC is currently reviewing its Employee Engagement Index to incorporate new best practice strategies and measurements. This work is expected to be completed in 2016 and targets for 2017 and beyond will be set accordingly.						

GOVERNANCE

Corporate Governance

Legislative Framework and Accountability

The Canadian Tourism Commission is a federal Crown corporation wholly owned by the Government of Canada. On May 12, 2015, the President of the Treasury Board approved the applied title “Destination Canada” that can also be used to identify its organization. The *Canadian Tourism Commission Act*, the *Financial Administration Act (FAA)* and subsequent regulations provide the legislative basis for the establishment of DC and its activities. Considered a separate employer and though not governed by *the Public Service Employment Act*, DC is governed by or subject to the requirements of several acts, including the:

- *Official Languages Act*
- *Privacy Act*
- *Access to Information Act*
- *Canada Human Rights Act*
- *Values and Ethics Code for the Public Sector*
- *Canada Labour Code*
- *Employment Insurance Act*
- *Multiculturalism Act*
- *Employment Equity Act*
- *Federal Accountability Act*
- *Public Servants Disclosure Protection Act*
- *Conflict of Interest Act*
- *Alternative Fuels Act*

Accountable to Canada's Parliament through the Minister of Innovation, Science and Economic Development (ISED), DC is required to submit an Annual Report, a 5-year Corporate Plan and an Operating Budget annually to the responsible Minister, and undergo regular audits by the Auditor General of Canada. A Special Examination is mandated under the FAA and a report on the findings must be submitted to DC's Board of Directors (the "Board"). The Auditor General of Canada's Office conducted DC's Special Examination in 2014. The Auditor General's Report, which found no significant deficiencies, was posted on DC's website in the Spring of 2015. It was also reported on the 2014 Annual Report which was tabled in Parliament on May 5, 2015.

Government of Canada

The Government of Canada provides DC with an annual mandate letter communicating overarching public policy priorities, broad strategic goals and expectations. It approves the corporate plans, budgets and annual reports, and ensures an appropriate system of governance is in place.

The Minister of ISED is answerable to Parliament for DC's activities.

Board of Directors

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

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

Committees of the Board

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

The Governance and Nominating Committee is an "arm" of the Board, advising and supporting directors in applying DC's corporate governance principles, and developing best governance practices. The Committee also assists the Board in fulfilling its oversight responsibilities regarding recommendations to the Minister on the appointment of qualified candidates to serve on the Board (excluding the Chair, the President & CEO and the ex-officio director). The Committee has responsibility for establishing criteria for Board membership and identifying and evaluating potential board candidates. All appointments to the DC Board will be in compliance with the Government of Canada's new policy ensuring a process that is open, transparent, merit-based and representing the diversity of Canadians.

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

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

Advisory Committees

The Board may, from time to time, create advisory committees to advise it on how best to deliver DC's programs and services. The committees take their direction from the Board and report to both the Board and the President & CEO. These committees have a majority of their members appointed from private sector tourism entities, and these representatives play an important role in linking DC to the tourism industry.

Beginning in 2016, DC will merge its current Core Markets, Emerging Markets and Brand Experiences advisory committees into a newly developed International Advisory Committee, and will establish a new US Advisory Committee. In addition, DC will retain its existing Business Events Canada and Research advisory committees.

Management Structure

The President & CEO is accountable to the Board, and collaborates and communicates on a regular basis with senior officials from ISED. The President & CEO is responsible for the day-to-day operations of DC. Senior Management plays a vital role in strategic leadership, working closely with the Board to set objectives, develop strategies, implement actions and manage performance. Management also recommends to the Board sweeping changes, identifies business risks and manages the complex intellectual, capital and technical resources of DC.

Corporate Identity Renewal – Destination Canada

The CTC was established in support of sustaining a vibrant and vital tourism industry. In 2015, with a new business model and shifts in corporate priorities – including the significant re-entry into the USA market – the time was right for a new corporate identity.

As mentioned, the Government of Canada supported this opportunity, and agreed in May of 2015, that DC should have flexibility in conducting its business to compete effectively under a more representative corporate brand. As a result, Destination Canada was officially launched at the industry's international tourism marketplace, RVC Canada, in Niagara Falls May 26, 2015.

Percy DeWolfe Memorial Mail Race

GRAPH



KLONDIKE KATES
RESTAURANT



Dawson City,
Yukon



FINANCIAL PLAN

Toronto, Ontario

Financial Statements, Forecasts and Capital Budget

DC Financial Statements and Forecasts

The financial analysis includes actual and projected financial information for the 2014 to 2020 period. Specifically, the following DC financial statements and forecasts are included:

- Statement of Financial Position as at December 31, 2014 to December 31, 2020;
- Statement of Operations for the years ending December 31, 2014 to December 31, 2020;
- Statement of Remeasurement Gains and Losses for the years ending December 31, 2014 to December 31, 2020;
- Statement of Change in Net Financial Assets for the years ending December 31, 2014 to December 31, 2020;
- Statement of Cash Flows for the years ending December 31, 2014 to December 31, 2020;
- Reconciliation of Parliamentary Appropriations to Government Fiscal Year for the years ending December 31, 2014 to December 31, 2020; and
- Operating and Capital Budgets for the years ending December 31, 2014 to December 31, 2016.
- Forecasted expenditures for Travel, Hospitality & Conferences for the years ending December 31, 2016 to December 31, 2020

As a federal Crown corporation, DC is largely funded through appropriations. Base funding for the 2015-16 government fiscal year is \$58.0 million. Funding levels have fluctuated in prior years due to one-time funding and other adjustments to base funding. In 2015-16, one-time funding related to Connecting America was approved as \$30.0 million over three years. The funding is allocated over three government fiscal years of 2015-16, 2016-17 and 2017-18 as \$5.0 million, \$12.5 million and \$12.5 million, respectively. DC associated planned spending will be spread as follows: 2015 \$1.5 million, 2016 \$10.0 million, 2017 \$10.0 million, and 2018 \$8.5 million. These amounts are incorporated into the relevant reports within this Corporate Plan. The Government of Canada tabled the 2016 Federal Budget entitled “Growing the Middle Class” on March 22, 2016. It focused on investment in key areas to stimulate Canada’s economy, which included several tourism related investments, most notably a \$50 million investment over two years into tourism marketing with DC. The funding will be equally split over the two government fiscal years of 2016-17 and 2017-18. DC associated planned spending will be spread as follows: \$12 million in 2016, \$31.6 million in 2017, and \$6.4 million in 2018. These amounts are incorporated into the relevant reports within this Corporate Plan.

The Government of Canada announced in the 2013 Speech from the Throne and Fall Update a freeze on departmental operating budgets and a commitment to reduce the operating expenditures of all federal organizations. The operating budget freeze applies to program and operating votes of departments and

agencies, as well as voted payments to Crown corporations. The freeze will apply for two government fiscal years, 2014-15 and 2015-16, which will impact DC's fiscals 2014-2016 and the related financial statements and forecasts above. In support of the Government's commitment to reduce the operating expenditures of all federal organizations, DC will continue its efforts to find efficiencies and cost savings by:

- Eliminating duplication and overlap in functions;
- Streamline and change the way we do things with a view to gaining efficiencies; and
- Proactively review discretionary spending.

This has been an ongoing effort at DC. In recent years, DC has made significant efforts to address cost pressures and reduce overhead:

- In 2005, established a defined contribution pension plan and closed the defined benefit plan to new members;
- In 2010, DC undertook a strategic shift which led to significant organization restructuring, including closing of offices in the US and other markets and reducing headcount;
- In 2011, consolidated systems to move to the cloud, leading to a savings of \$500,000 per year;
- In 2014, DC decided to close offices in Korea and Mexico and move to a general sales agent model reducing salary and overhead costs;
- In 2015 and moving forward, DC will materialize savings in office lease expenditures as a result of reducing footprint and moving to cost effective accommodations.

Through 2016-2020, DC will further advance efficiencies, contain costs, and promote principle of cost certainty in the following key areas:

- Ongoing reduction of travel, meetings, training, professional services, IT support services, and office related costs;
- Future pension funding requirements will be reduced due to accelerated special solvency payments in 2015;
- Taking advantage wherever possible of rebates, cost recoveries, reduced fees through the use of self-service tools; and
- Up to \$6 million in savings over 10 years through head office lease rationalization.

Major Assumptions

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

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

Financial Risks

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

Rising Fixed Costs

As an appropriation-dependant Crown corporation, DC must manage its costs within a fixed operating budget. As noted above, DC has taken many measures in the past and plans additional measures in the

future to ensure that the organization operates efficiently and to identify cost savings where ever possible; however, due to inflation and other pressures, many of the operating costs necessary to sustain DC's operations continue to rise. DC has been able to mitigate this risk to a certain extent by taking advantage, where it is operationally feasible to do so, of technology based solutions such as cloud based systems, VOIP telephone solutions, and big data to name a few. DC will continue to review and assess technology driven cost saving solutions as a matter of course.

Pension Funding

DC has a number of complex pension arrangements, which require significant financial commitments.

For the Canadian defined benefit pension plan, DC is required to fund to the greater of any going concern or solvency deficiency as determined by actuarial valuations for funding purposes. DC has been utilizing solvency relief regulations under the *Pension Benefits Standards Regulations, 1985* since 2009 as a means of reducing any required special solvency payments. The solvency relief allowed under the regulations was exhausted in August 2014 requiring DC to resume contributing special solvency payments to the Canadian defined benefit pension plan in 2015. DC does not receive any additional funding for these special solvency payments. Being an appropriation dependent organization, the resumption of these payments has had the effect of reducing the budget available for Core operations. DC has proactively taken steps over the previous several years to mitigate this financial risk including establishing a defined contribution pension plan and opting to utilize solvency funding relief regulations.

DC took measures to mitigate the financial risk related to pension funding in 2005 by creating a defined contribution pension plan for Canadian employees. The defined benefit plan was effectively closed to new employees starting after August 2005. To date, only three active members remain. The remaining members (deferred and retirees) do not make contributions to the plan.

In 2015, DC elected to make special payments in the amount of \$4.7 million to improve the funded position of the defined benefit component of the Canadian pension plan, and to allow DC to review and decide on strategies to reduce the future funding risks of the pension plan. DC's Board of Directors and the management team began reviewing risk management strategies in late 2015 and will consider mitigation options in 2016.

The obligations of the defined benefit component reported under the financial statements, which are aligned with accounting principles, are significantly lower than the expected cost of settlement, if settlement was to occur in the short-term. The difference as at December 31, 2015 was estimated to be \$13.8 million. Typically, the difference between accounting obligation and cost of settlement is expensed through the life of the pension plan as pension benefits are paid out from the plan. However, part of this difference may be crystallized and recognition accelerated if there is a full or partial settlement of the obligations. Should expenditure recognition be accelerated as a result of such decisions, a temporary accounting deficit could arise.

DC is currently working on a plan to move to a 50:50 cost sharing ratio between the employer and employees by December 31, 2017, and to align the age of retirement for all new hires at Crown corporations with the Public Service Pension Plan (PSPP) pursuant to the Pension Reform Directive received in December 2014.

Foreign exchange

As DC operates in many foreign countries, a significant portion of the budget is subject to foreign exchange risk (approximately 56% in 2015). Due to the difficulty in forecasting cash flow and in determining future foreign exchange rates, DC does not hedge these currencies, but actively monitors exchange rate fluctuations and manages cash balances accordingly. For budget purposes, DC establishes budgeted exchange rates for its foreign currency transactions based on estimates using the best available information. As actual exchange rates will differ, DC monitors the impact and adjusts its spending accordingly. This uncertainty adds risk and increases the complexity of DC's financial forecasting and cash management.

As a result of its operations in foreign countries, DC is subject to foreign exchange gains and losses on translation.

STATEMENT OF FINANCIAL POSITION

As at December 31, 2014 to December 31, 2020 (in thousands)

	Actual Dec 31, 2014	Estimated Dec 31, 2015	Planned Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2020
Financial assets							
Cash and cash equivalents	\$ 14,748	\$ 9,855	\$ 13,633	\$ 15,738	\$ 14,587	\$ 10,520	\$ 9,978
Accounts receivable							
Government of Canada	169	250	250	250	250	250	250
Partnership contributions	1,412	1,500	2,500	2,500	1,500	1,500	1,500
Other	31	35	50	50	35	35	35
Portfolio investments	546	490	439	346	270	194	144
Accrued benefit asset	7,585	11,385	11,385	11,385	11,385	12,385	13,385
	<u>24,491</u>	<u>23,515</u>	<u>28,257</u>	<u>30,269</u>	<u>28,027</u>	<u>24,884</u>	<u>25,292</u>
Liabilities							
Accounts payable and accrued liabilities							
Trade	\$ 5,186	\$ 5,823	\$ 8,494	\$ 10,099	\$ 7,800	\$ 5,723	\$ 5,718
Employee compensation	1,943	1,943	1,943	1,943	1,943	1,943	1,943
Government of Canada	789	250	250	250	250	250	250
Deferred revenue	260	500	750	750	500	500	500
Accrued benefit liability	5,991	5,911	5,872	5,834	5,797	5,761	5,726
Asset retirement obligation	515	167	167	167	167	167	167
	<u>14,684</u>	<u>14,594</u>	<u>17,475</u>	<u>19,043</u>	<u>16,457</u>	<u>14,344</u>	<u>14,304</u>
Net financial assets	<u>9,807</u>	<u>8,921</u>	<u>10,781</u>	<u>11,226</u>	<u>11,570</u>	<u>10,541</u>	<u>10,988</u>
Non-financial assets							
Tangible capital assets	326	1,871	1,937	1,570	1,210	947	764
Prepaid expenses and other assets	1,789	1,789	2,000	2,000	1,789	1,789	1,789
	<u>2,115</u>	<u>3,660</u>	<u>3,937</u>	<u>3,570</u>	<u>2,999</u>	<u>2,736</u>	<u>2,553</u>
Accumulated surplus	<u>\$ 11,923</u>	<u>\$ 12,581</u>	<u>\$ 14,718</u>	<u>\$ 14,796</u>	<u>\$ 14,569</u>	<u>\$ 13,277</u>	<u>\$ 13,541</u>

STATEMENT OF OPERATIONS

For the years ending December 31, 2014 to December 31, 2020 (in thousands)

	Actual Dec 31, 2014	Estimated Dec 31, 2015	Planned Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2020
Revenues							
Partnership contributions	\$ 10,391	\$ 12,775	\$ 14,955	\$ 15,023	\$ 14,758	\$ 12,929	\$ 13,914
Other	1,160	796	796	796	796	796	796
	<u>11,551</u>	<u>13,571</u>	<u>15,751</u>	<u>15,819</u>	<u>15,554</u>	<u>13,725</u>	<u>14,710</u>
Expenses							
Marketing and sales	55,920	64,514	87,340	106,770	79,793	63,274	64,085
Corporate services	7,659	6,702	7,027	7,574	7,611	7,197	7,436
Strategy and planning	512	615	576	588	599	611	624
Amortization of tangible capital assets	382	558	344	407	400	353	274
	<u>64,473</u>	<u>72,389</u>	<u>95,287</u>	<u>115,338</u>	<u>88,404</u>	<u>71,435</u>	<u>72,418</u>
Net Cost of operations before funding from the Government of Canada	(52,922)	(58,818)	(79,536)	(99,518)	(72,849)	(57,710)	(57,708)
Parliamentary appropriations	57,976	59,476	79,967	99,565	72,896	57,976	57,976
Surplus / (deficit) from operations	<u>5,054</u>	<u>658</u>	<u>431</u>	<u>47</u>	<u>46</u>	<u>266</u>	<u>268</u>
Accumulated surplus from operations, beginning of period	6,630	11,684	12,343	12,773	12,820	12,866	13,132
Accumulated surplus from operations, end of period	<u>\$ 11,684</u>	<u>\$ 12,343</u>	<u>\$ 12,773</u>	<u>\$ 12,820</u>	<u>\$ 12,866</u>	<u>\$ 13,132</u>	<u>\$ 13,400</u>
Ratio of Corporate Services to Marketing and Sales:	<u>13.7%</u>	<u>10.4%</u>	<u>8.0%</u>	<u>7.1%</u>	<u>9.5%</u>	<u>11.4%</u>	<u>11.6%</u>

STATEMENT OF REMEASUREMENT GAINS AND LOSSES

For the years ending December 31, 2014 to December 31, 2020 (in thousands)

	Actual Dec 31, 2014	Estimated Dec 31, 2015	Planned Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2019	Planned Dec 31, 2020
Accumulated remeasurement gains / (losses) at beginning of year	\$ 178	\$ 238	\$ 238	\$ 238	\$ 238	\$ 238	\$ 238	\$ 238
Unrealized gains / (losses) attributable to foreign exchange	238	-	-	-	-	-	-	-
Amounts reclassified to the statement of operations	(178)	-	-	-	-	-	-	-
Accumulated remeasurement gains / (losses) at end of year	<u>\$ 238</u>	<u>\$ 238</u>	<u>\$ 238</u>	<u>\$ 238</u>	<u>\$ 238</u>	<u>\$ 238</u>	<u>\$ 238</u>	<u>\$ 238</u>

STATEMENT OF CHANGE IN NET FINANCIAL ASSETS

For the years ending December 31, 2014 to December 31, 2020 (in thousands)

	Actual Dec 31, 2014	Estimated Dec 31, 2015	Planned Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2020
Annual surplus / (deficit) for the period	\$ 5,054	\$ 658	\$ 431	\$ 47	\$ 46	\$ 266	\$ 268
Acquisition of tangible capital assets	(20)	(2,103)	(410)	(40)	(40)	(90)	(90)
Amortization of tangible capital assets	382	558	344	407	400	353	274
Net disposition of tangible capital assets	-	-	-	-	-	-	-
	<u>362</u>	<u>(1,545)</u>	<u>(66)</u>	<u>367</u>	<u>360</u>	<u>263</u>	<u>184</u>
Effect of change in other non-financial assets							
(Increase) / decrease in prepaid expenses	(781)	-	(211)	-	211	-	-
	<u>(781)</u>	<u>-</u>	<u>(211)</u>	<u>-</u>	<u>211</u>	<u>-</u>	<u>-</u>
Remeasurement gain	60	-	-	-	-	-	-
Increase / (decrease) in net financial assets	4,695	(887)	154	413	618	529	451
Net financial assets, beginning of period	5,112	9,807	8,921	9,074	9,488	10,105	10,634
Net financial assets, end of period	<u>\$ 9,807</u>	<u>\$ 8,921</u>	<u>\$ 9,074</u>	<u>\$ 9,488</u>	<u>\$ 10,105</u>	<u>\$ 10,634</u>	<u>\$ 11,086</u>

STATEMENT OF CASH FLOWS

For the years ending December 31, 2014 to December 31, 2020 (in thousands)

	Actual Dec 31, 2014	Estimated Dec 31, 2015	Planned Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2020
Operating transactions:							
Cash received from:							
Parliamentary appropriations used to fund operating transactions	\$ 57,976	\$ 59,476	\$ 79,967	\$ 99,565	\$ 72,896	\$ 57,976	\$ 57,976
Partner revenues	9,371	12,775	14,955	15,023	14,758	12,929	13,914
Other revenues	976	643	643	643	643	643	643
Interest on cash	166	154	154	154	154	154	154
	<u>68,489</u>	<u>73,048</u>	<u>95,719</u>	<u>115,385</u>	<u>88,451</u>	<u>71,702</u>	<u>72,687</u>
Cash paid for:							
Cash payments to suppliers	(50,866)	(62,052)	(77,958)	(99,028)	(74,618)	(59,984)	(56,629)
Cash payments to and on behalf of employees	(14,895)	(13,842)	(13,624)	(14,305)	(15,020)	(15,771)	(16,560)
Cash applied to / (used in) operating transactions	<u>2,728</u>	<u>(2,846)</u>	<u>4,137</u>	<u>2,052</u>	<u>(1,187)</u>	<u>(4,053)</u>	<u>(502)</u>
Capital transactions:							
Acquisition of tangible capital assets	(20)	(2,103)	(410)	(40)	(40)	(90)	(90)
Cash received from disposal of tangible capital assets	-	-	-	-	-	-	-
Investing transactions							
Acquisition of portfolio investments	-	-	-	-	-	-	-
Disposition of portfolio investments	62	56	51	93	76	76	50
Net remeasurement gain / (loss) for the period	60	-	-	-	-	-	-
Net increase / (decrease) in cash during the period	<u>2,830</u>	<u>(4,893)</u>	<u>3,778</u>	<u>2,105</u>	<u>(1,151)</u>	<u>(4,067)</u>	<u>(542)</u>
Cash and cash equivalents, beginning of period	11,918	14,748	9,855	13,633	15,738	14,587	10,520
Cash and cash equivalents, end of period	<u>\$ 14,748</u>	<u>\$ 9,855</u>	<u>\$ 13,633</u>	<u>\$ 15,738</u>	<u>\$ 14,587</u>	<u>\$ 10,520</u>	<u>\$ 9,978</u>

RECONCILIATION OF PARLIAMENTARY APPROPRIATIONS TO GOVERNMENT FISCAL YEAR

For the years ending December 31, 2014 to December 31, 2020 (in thousands)

	Actual 2014	Estimated 2015	Planned 2016	Planned 2017	Planned 2018	Planned 2019	Planned 2020
Amounts provided for operating and capital expenditures							
Amounts voted in Government year - prior							
Unrestricted							
Main estimates	\$ 57,833	\$ 57,973	\$ 57,976	\$ 57,976	\$ 57,976	\$ 57,976	\$ 57,976
Supps B - Compensation adjustment	140	3	-	-	-	-	-
Supps C - Compensation Adjustment	3	-	-	-	-	-	-
Total	57,976	57,976	57,976	57,976	57,976	57,976	57,976
Less portion recognized in prior DC fiscal year	(43,482)	(43,482)	(43,482)	(43,482)	(43,482)	(43,482)	(43,482)
Amounts recognized in current DC fiscal year (A)	14,494	14,494	14,494	14,494	14,494	14,494	14,494
Restricted (Connecting America)							
Main Estimates	-	-	-	12,500	12,500	-	-
Supps C - restricted	-	-	5,000	-	-	-	-
Total	-	-	5,000	12,500	12,500	-	-
Less portion recognized in prior DC fiscal year	-	-	(1,500)	(6,500)	(4,000)	-	-
Amounts recognized in current DC fiscal year (B)	-	-	3,500	6,000	8,500	-	-
2016 Federal Budget (Marketing Canada as a Premier Tourism Destination)							
Main Estimates	-	-	-	-	25,000	-	-
Supps A - 2016 Federal Budget	-	-	-	25,000	-	-	-
Total	-	-	-	25,000	25,000	-	-
Less portion recognized in prior DC fiscal year	-	-	-	(11,991)	(18,580)	-	-
Amounts recognized in current DC fiscal year (C)	-	-	-	13,009	6,420	-	-
Amounts voted Government year - current							
Unrestricted							
Main estimates	57,973	57,976	57,976	57,976	57,976	57,976	57,976
Supps B - Compensation Adjustment	3	-	-	-	-	-	-
Total	57,976	57,976	57,976	57,976	57,976	57,976	57,976
Less portion recognized in following DC fiscal year	(14,484)	(14,484)	(14,484)	(14,484)	(14,484)	(14,484)	(14,484)
Amounts recognized in current DC fiscal year (A)	43,482	43,482	43,482	43,482	43,482	43,482	43,482
Restricted (Connecting America)							
Main Estimates	-	-	12,500	12,500	-	-	-
Supps C - restricted	-	5,000	-	-	-	-	-
Total	-	5,000	12,500	12,500	-	-	-
Less portion recognized in following DC fiscal year	-	(3,500)	(6,000)	(8,500)	-	-	-
Amounts recognized in current DC fiscal year (B)	-	1,500	6,500	4,000	-	-	-
2016 Federal Budget (Strengthening Canada's Place in the World)							
Main Estimates	-	-	-	25,000	-	-	-
Supps A - 2016 Federal Budget	-	-	25,000	-	-	-	-
Total	-	-	25,000	25,000	-	-	-
Less portion recognized in following DC fiscal year	-	-	(13,009)	(6,420)	-	-	-
Amounts recognized in current DC fiscal year (C)	-	-	11,991	18,580	-	-	-
Amounts recognized in current DC fiscal year - Unrestricted (A)	57,976	57,976	57,976	57,976	57,976	57,976	57,976
Amounts recognized in current DC fiscal year - Connecting America (B)	-	1,500	10,000	10,000	8,500	-	-
Amounts recognized in current DC fiscal year - 2016 Federal Budget (C)	-	-	11,991	31,589	6,420	-	-
Parliamentary appropriations used for operations and capital in the year	\$ 57,976	\$ 59,476	\$ 79,967	\$ 99,565	\$ 72,896	\$ 57,976	\$ 57,976
Parliamentary appropriation receivable / (deferred), opening	\$ 537	\$ 537	\$ (2,962)	\$ (18,471)	\$ (14,382)	\$ 538	\$ 538
Parliamentary appropriations received	(57,976)	(62,976)	(95,476)	(95,476)	(57,976)	(57,976)	(57,976)
Parliamentary appropriations recognized in net income for operations	57,976	59,476	79,967	99,565	72,896	57,976	57,976
Parliamentary appropriations receivable / (deferred), ending	\$ 537	\$ (2,962)	\$ (18,471)	\$ (14,382)	\$ 538	\$ 538	\$ 538

OPERATING AND CAPITAL BUDGET

For the year ended December 31, 2014

	Actual Dec 31, 2014	Planned Dec 31, 2014	Variance
Partnership income	\$ 10,391,373	\$ 5,000,000	\$ 5,391,373
Other revenues	1,160,213	573,000	587,213
Operating and capital costs:			
Marketing and sales	56,641,950	54,335,362	(2,306,589)
Strategy and planning	511,665	617,579	105,914
Corporate services	8,206,547	8,592,448	385,901
	65,360,162	63,545,388	(1,814,774)
Net cost of operations	(53,808,576)	(57,972,388)	4,163,812
Funded by:			
Parliamentary appropriations	57,975,770	57,972,388	3,382
Surplus carry over from prior year	865,661		865,661
Net surplus / (deficit)	\$ 5,032,855	\$ (0)	\$ 5,032,855

Note: Expenses include amounts funded by partnership income.

OPERATING AND CAPITAL BUDGET

For the year ending December 31, 2015

	Estimated* Dec 31, 2015	Planned Dec 31, 2015	Variance
Partnership income	\$ 12,775,045	\$ 7,516,190	\$ 5,258,855
Other revenues	796,288	614,040	182,248
Operating and capital costs:			
Marketing and sales	66,414,436	58,349,037	(8,065,399)
Strategy and planning	615,057	624,358	9,301
Corporate services	11,050,464	11,479,047	428,583
	78,079,958	70,452,442	(7,627,515)
Net cost of operations	(64,508,625)	(62,322,213)	(2,186,412)
Funded by:			
Parliamentary appropriations	59,475,770	59,475,770	-
Surplus carry over from prior year	5,032,855	2,846,443	2,186,412
Net surplus / (deficit)	\$ 0	\$ (0)	\$ 0

Note: Expenses include amounts funded by partnership income.

* Estimate is based on 6 months of actual data, 6 months of forecasted data

OPERATING AND CAPITAL BUDGET

For the years ending December 31, 2014 to December 31, 2016

	Actual Dec 31, 2014	Estimated * Dec 31, 2015	Planned Dec 31, 2016
Partnership income	\$ 10,391,373	\$ 12,775,045	\$ 14,955,000
Other revenues	1,160,213	796,288	796,288
Operating and capital costs:			
Marketing and sales	56,641,950	66,414,436	87,340,363
Strategy and planning	511,665	615,057	576,045
Corporate services	8,206,547	11,050,464	7,026,979
	65,360,162	78,079,958	94,943,386
Net cost of operations	(53,808,576)	(64,508,625)	(79,192,098)
Funded by:			
Parliamentary appropriations	57,975,770	59,475,770	79,966,770
Surplus carry over from prior year	865,661	5,032,855	-
Net surplus / (deficit)	\$ 5,032,855	\$ (0)	\$ 774,672

Note: Expenses include amounts funded by partnership income.

* Estimate is based on 6 months of actual data, 6 months of forecasted data

CAPITAL BUDGET

For the year ended December 31, 2014

	Actual Dec 31, 2014	Planned Dec 31, 2014	Variance
Tangible capital assets			
Leasehold improvements and decommissioning	\$ -	\$ 50,000	\$ 50,000
Office furniture	2,000	50,000	48,000
Computer equipment and software	18,000	200,000	182,000
	\$ 20,000	\$ 300,000	\$ 280,000

CAPITAL BUDGET

For the year ended December 31, 2015

	Estimated Dec 31, 2015	Planned Dec 31, 2015	Variance
Tangible capital assets			
Leasehold improvements and decommissioning	\$ 1,673,000	\$ 1,687,000	\$ 14,000
Office furniture	370,000	463,000	93,000
Computer equipment and software	60,000	60,000	-
	\$ 2,103,000	\$ 2,210,000	\$ 107,000

CAPITAL BUDGET

For the years ending December 31, 2014 to December 31, 2020

	Actual Dec 31, 2014	Estimated Dec 31, 2015	Planned Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2020
Tangible capital assets							
Leasehold improvements and decommissioning	\$ -	\$ 1,673,000	\$ 50,000	\$ -	\$ -	\$ 25,000	\$ 25,000
Office furniture	2,000	370,000	10,000	-	-	25,000	25,000
Computer equipment and software	18,000	60,000	350,000	40,000	40,000	40,000	40,000
	\$ 20,000	\$ 2,103,000	\$ 410,000	\$ 40,000	\$ 40,000	\$ 90,000	\$ 90,000

FORECASTED EXPENDITURES FOR TRAVEL, HOSPITALITY AND CONFERENCES

For the years ending December 31, 2016 to December 31, 2020

		Planned Dec 31, 2016	Planned Dec 31, 2017	Planned Dec 31, 2018	Planned Dec 31, 2019	Planned Dec 31, 2020
Travel	Core	\$ 1,281,000	\$ 1,281,000	\$ 1,281,000	\$ 1,281,000	\$ 1,281,000
	Connecting America	\$ 334,000	\$ 334,000	\$ 334,000		
Hospitality	Core	309,000	309,000	309,000	309,000	309,000
	Connecting America	328,000	328,000	328,000		
Conferences	Core	115,000	115,000	115,000	115,000	115,000
	Connecting America	-	-	-		
		\$ 2,367,000	\$ 2,367,000	\$ 2,367,000	\$ 1,705,000	\$ 1,705,000



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