

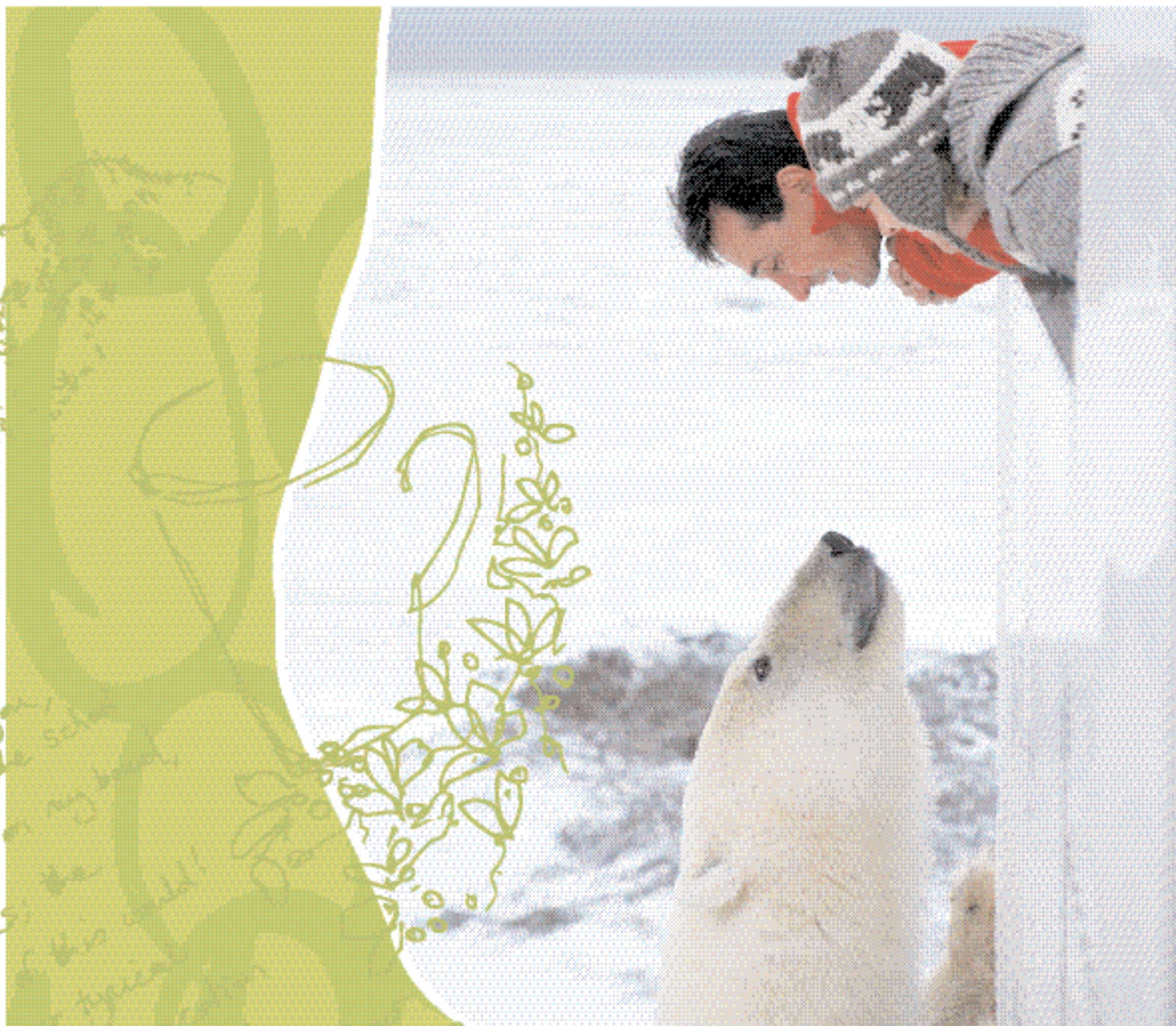


Canadian Tourism
Commission

Commission canadienne
du tourisme

2007 annual report

leveraging Canada's tourism brand



Canada 



table of contents

| | |
|-----------------------------------------------------------------------------------------------|----|
| message from the Board | 4 |
| message from the President & CEO | 5 |
| context & key results..... | 6 |
| part 1: goal, vision, mission & mandate | 8 |
| part 2: 2007 industry snapshot..... | 9 |
| part 3: statement of service performance | 12 |
| part 4: delivering on the mandate | 17 |
| part 5: management discussion & analysis | 37 |
| part 6: financial statements | 44 |
| part 7: honours & recognitions..... | 65 |
| part 8: corporate governance | 67 |
| appendix 1: reporting back on 2007-2011 planned activities..... | 70 |
| appendix 2: board of directors, committees of the board and working committee chairs | 72 |
| appendix 3: glossary of terms & acronyms | 75 |

message from the Board

This past year built on the solid foundation set out in the Canadian Tourism Commission's (CTC) 2007-2011 Corporate Plan. Beginning with the launch of the new look and feel of Canada's tourism brand "*Canada. Keep Exploring*" in January, the CTC implemented a targeted, strategic and focused approach that spoke directly to customers' individual needs and the personal experiences they seek in their travel destinations.

This new approach could not have come at a better time. While world tourism continues its expansion, countries are raising the bar of competition with increasingly innovative and targeted approaches.

To meet the rising challenges, the CTC worked in 2007 to ensure that it had the right tools, people and resources in place to deliver on its strategy. Under the leadership of its Senior Management Committee, the CTC focused on adopting the Balanced Scorecard (BSC) methodology. This methodology will guide the organization to become a "strategy-focused organization" where strategy is at the heart of the management system and is the foundation for organizational alignment.

Characterized by identifying critical measures and indicators based on key business perspectives, the CTC's adoption of the BSC throughout 2007 has led to a sound performance measurement framework for holistically assessing the organization's business performance from varying perspectives. The process laid the groundwork for translating the CTC's vision and strategy into a clear set of objectives that it can report against beginning in 2008.

Being a strategy-focused organization will help the CTC ensure that Canada maintains a competitive share of international tourism revenue by attracting high-yield customers. In 2007, Canada succeeded in attracting more international travellers from eight

out of ten of its core markets. Unfortunately, the underperforming markets of the United States (U.S.) Leisure and Japan, accounting for over 55 percent of total tourist receipts¹, offset the increased receipts from the other markets.

Overall in 2007, Canadian tourism revenues of \$70.2 billion posted a healthy increase - up 5.1 percent over 2006 revenues. Although this increase is a positive sign, nearly 75 percent of Canada's tourism revenues continue to be derived from domestic consumers taking advantage of a robust Canadian economy. In this way, international tourism revenues representing \$16.6 billion was up 0.3 percent over 2006; domestic revenue representing \$53.6 billion was up 6.6 percent over 2006.

Looking forward, as the U.S. economy slows and the repercussions are felt globally, the CTC will meet the challenge head-on by deepening the relationship with high-yield consumers by appealing to their experiential desires to influence their travel decisions. Using the Explorer Quotient profiled in this report, the CTC will continue to target the relevant consumers with the experiences designed to entice their individual tastes. Along with its partners in Canada's tourism industry, the CTC will continue to meet the rising challenges of global competition head-on.

¹ Tourist receipts exclude same-day travel.

message from the President & CEO



It has been said that competition stimulates talent. Today, as Canada faces historically fierce international competition for the world's travellers, the CTC is proving its effectiveness in showcasing Canada's advantages as a tourist destination. As tourists

seek new and exotic experiences, the CTC is rising to the challenge. By appealing to the consumer's imagination and sense of adventure, we are successfully leveraging Canada's new online/offline tourism brand in the global arena.

Following the January 2007 launch of the new visual identity of "*Canada. Keep Exploring*", a brand that is ingrained in the CTC's whole strategic approach to supporting Canada's tourism industry, the CTC worked to integrate brand elements and experiential stories into all activities. The development of tools to promote awareness and support industry buy-in and adoption of the brand were an important focus. The refreshed look and feel of Canada's tourism brand is helping to create new perceptions about Canada; perceptions built on our already positive reputation in the world.

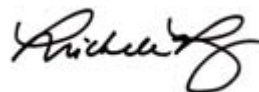
The CTC's efforts to create a sense of intrigue about Canada have not gone unnoticed; the numbers indicate that our strategy is working. International long-haul arrivals increased by 2.6 percent in 2007 and travel to Canada increased from every market, except for the U.S. and Japan. In addition, average spend per person per night is estimated to have increased by 7.3 percent to \$122.05, from \$113.12 in 2006. Our focus on targeting high-yield and long-haul travellers, who tend to stay longer and spend more, is paying off.

The CTC was recognized as one of Canada's top ten marketers of 2007, selected from among thousands of marketing organizations across Canada by the editorial staff of *Marketing Magazine* for using innovation to display "marketplace leadership, Canadian clout and influence." This recognition is testimony to the work we have done collectively with our partners. The brand works not only because it looks and feels good, but because of the research and execution behind it.

I am extremely proud that all areas of the CTC played a role in our success as a national marketing organization over the last year. The high quality of the CTC's research, innovative communication techniques, use of new technologies, and consistent leveraging of performance measurement tools have all proven to be essential in supporting the Commission's ultimate objective to grow tourism export revenues for Canada.

Keep exploring!

Sincerely,



Michele McKenzie
President & CEO

context & key results

The 2007 Annual Report serves as the principle mechanism for the CTC to report to the Parliament of Canada and demonstrate the results achieved with public resources. With the theme of *Leveraging Canada's Tourism Brand*, the Annual Report showcases key activities and initiatives undertaken throughout 2007.

The *Goal, Vision, Mission & Mandate* section provides a brief overview of the role of the CTC as Canada's national tourism marketing organization and outlines its relationship with government. The 2007 Industry Snapshot section provides an overview of the global tourism sector, including tourism indicators and trends that have impacted Canada's tourism industry.

The *Statement of Performance* section reports on key 2007 achievements under each of the CTC's five priorities. The Reporting on the Mandate section highlights CTC activities undertaken in support of the four areas of its mandate, including working in partnership with the public sector and private industry, sustaining a vibrant and profitable Canadian tourism industry, marketing Canada as a desirable tourism destination, and conducting and disseminating tourism research.

The *Management Discussion & Analysis (MD&A)* section provides an assessment of results of operations and changes in financial statements over the last two completed fiscal years, as well as an assessment of the external business environment that affected operations in 2007. In addition, the MD&A section identifies and analyzes performance measurement results over the past year, provides an update on risk management and mitigation, and discusses the evolution of the CTC's Corporate Plan.

The *Financial Statements* section includes the Management Responsibility Statement, the Auditor's Report and a full set of financial statements prepared in accordance with generally accepted accounting principles.

The *Honours & Recognitions* section showcases a number of significant achievements received by the CTC and its staff in 2007.

Finally, the *Corporate Governance* section provides an overview of the CTC's Board of Directors, Senior Management Committee and overall staff composition in 2007.

The following are highlights of key results from 2007:

Overall Results

- CTC core market arrivals with increased performance: **8 out of 10 markets** (↑ from 4 out of 10 in 2006)
- Receipts from international long-haul (defined as U.S. air leisure, business travel and overseas air travel): **\$7.1 billion** (↑ from \$6.9 billion in 2006)
- Average yield per night per traveller: **\$122.05** (↑ from \$113.12 in 2006)
- Canadian tourism product sales resulting from CTC-led *Rendez-vous Canada*: **over \$350 million**
- In terms of tourism revenue, United Nations World Tourism Organization (UNWTO) ranking of Canada among the world's top tourist destinations: **#11** (↑ from #12 in 2006)

Brand Results

- Canada's global tourism brand awareness in CTC key target markets: **9 percent**
- Percentage of international partners utilizing the new look and feel of Canada's tourism brand in some form: **30 percent** (in Canada and the U.S.) and **42 percent** (overseas)

Partnership Results

- Total partnership contributions: **\$89.6 million** (↓ from \$103.1 million in 2006)
- Ratio of partner contributions to CTC annual appropriation: **1.2:1.0**
- Partner satisfaction index rating: **68 percent**
- Percentage of partners likely to partner with CTC in 2008: **88 percent**

part 1 : goal, vision, mission & mandate

1.1 CTC Overview

CTC goal:

Grow tourism export revenues for Canada.

CTC vision:

Compel the world to explore Canada.

CTC mission:

Harness Canada's collective voice to grow tourism export revenues.

CTC legislated mandate:

- Sustain a vibrant and profitable Canadian tourism industry;
- Market Canada as a desirable tourism 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.

CTC core values:

- Innovation
- Collaboration
- Respect

The CTC is Canada's national tourism marketing organization. A Crown corporation wholly owned by the Government of Canada, the CTC leads the Canadian tourism industry in marketing Canada as a premier four-season tourism destination.

Reporting to Parliament through the Minister of Industry, the legislative requirements of the CTC are outlined in the *Canadian Tourism Commission Act*. The CTC and the Government of Canada signed a memorandum of understanding in 2006 documenting the mutual understanding in relation to the CTC's mandate, governance, finances, and reporting.

Through collaboration and partnerships with the private sector, as well as with the governments of Canada, the provinces and territories, the CTC works with the tourism sector to maintain its competitiveness and reposition Canada as a destination where travellers can create extraordinary personal experiences.

The CTC's approach focuses on those global markets or consumer market segments where there is the highest potential for return on investment. The CTC leads international tourism marketing efforts by leveraging Canada's tourism brand in the U.S., the United Kingdom (U.K.), Germany, France, Mexico, Japan, China, South Korea and Australia.

The CTC's leadership role:

- Promote Canada's tourism brand
"Canada. Keep Exploring"
- Achieve world-class research capacity
- Leverage technology and the Internet

part 2: 2007 industry snapshot

2.1 Industry Overview

The Canadian tourism sector is widely varied. It ranges from small and medium enterprises (SMEs) operating in a single location to large far-reaching corporations. It also includes provincial marketing organizations (PMOs), destination marketing organizations (DMOs), as well as tourism industry and trade associations. As a federal Crown corporation, the CTC is unique in that it is entirely focused on tourism marketing.

Tourism activity in Canada represents approximately two percent of Canada's overall Gross Domestic Product (GDP), making tourism a significant economic sector. In fact, tourism's GDP value of approximately \$28.8 billion is similar in size to the agriculture, forestry, fishing and hunting sectors combined.

The following indicators, based on CTC preliminary estimates, relate to the economic activity and performance of Canada's tourism industry as a whole in 2007:

2007 Tourism Indicators:

- Total tourism revenue in 2007 reached \$70.2 billion, an increase of 5.1 percent from \$66.8 billion in 2006.
- Total international tourism revenue was \$16.6 billion, a gain of 0.3 percent over 2006.
- Total domestic tourism revenue reached \$53.6 billion, an increase of 6.6 percent from \$50 billion in 2006.
- Tourism's contribution to Canadian GDP in 2007 reached \$28.8 billion, an increase of 5.2 percent from \$27.6 billion in 2006.

- Government revenues generated by tourism in 2007 reached \$21.0 billion, an increase of 4.3 percent from \$20.1 billion in 2006.
- The total number of Canadians employed in the tourism industry in 2007 reached 650,400, an increase of 2.0 percent from 638,000 in 2006.

Source: CTC Preliminary Estimates, Statistics Canada 2007 estimates, National Tourism Indicators

2.2 Targeting High-Yield Consumers

The desire to travel is deeply ingrained in modern society. Tourism has become one of the world's fastest growing industries. Almost every region and country around the world experienced more than five percent growth in international arrivals in 2007, achieving record highs for the global industry. According to the UNWTO, international tourist arrivals reached 898 million in 2007, an increase of 7.0 percent from 846 million in 2006.

Nationally, international long-haul arrivals increased in 2007 and performance was up in eight of the CTC's 10 core international markets. While there was an overall decline in receipts of 1.5 percent over 2006 core market results, this was because underperforming markets (the U.S. Leisure and Japan) accounted for over 55 percent of the total tourist receipts from the CTC's core markets. Since 2000, Canada's overall market share of global tourist arrivals has decreased approximately 24 percent. At the same time, overall global tourist arrivals to all countries have increased by approximately 24 percent. In other words, Canada continues to lose market share in an era when more global tourists are travelling.

In 2007, international long-haul (defined as U.S. air leisure, business travel and CTC overseas air travel) arrivals to Canada increased by 2.6 percent over 2006 levels. In addition, total receipts from this segment of travellers reached \$7.1 billion in 2007, an increase of 2.3 percent from 2006. This is evidence that the CTC's strategic focus in targeting long-haul travellers, who are more likely to stay in Canada longer and spend more, appears to have been effective.

In addition, in 2007, average spend per person per night is estimated to have increased by 7.3 percent to \$122.05, from \$113.12 in 2006. This suggests that the CTC's strategic focus to target high-yield travellers has also been working.

Furthermore, evidence based on data produced by the UNWTO shows that Canada's calculated yield from tourist arrivals and receipts registered the second largest gain in the 1996-2006 period. Against its main competitors, Canada's yield over the 10 years increased by 93.4 percent, for an estimated annual average gain of 6.8 percent, or 4.8 percent in constant terms. To emphasize the point, while the volume of travellers to Canada increased 3.2 percent over 1996-2006, tourist receipts from travellers increased 38.2 percent over the same period. The fact that tourist receipts have increased over 10 times more than tourist arrivals reflects the success of the CTC's strategy to target high-yield consumers.

AVERAGE SPENT/TRIP (\$CDN.)

| | 1996 | 2006 | 06/96% |
|---------------|--------------|--------------|-------------|
| Australia | \$1,554 | \$3,106 | 99.9 |
| U.S. | \$1,099 | \$1,480 | 34.7 |
| Germany | \$850 | \$1,226 | 44.2 |
| U.K. | \$622 | \$969 | 55.8 |
| Turkey | \$461 | \$788 | 70.5 |
| Canada | \$365 | \$706 | 93.4 |
| Thailand | \$926 | \$789 | -14.8 |
| China | \$315 | \$603 | 91.4 |
| France | \$333 | \$479 | 43.8 |

Source: UNWTO

Overall in 2007, Canadian tourism revenues of \$70.2 billion posted a healthy increase - up 5.1 percent over 2006 revenues. However, this positive increase masks two significant dynamics: domestic revenue representing \$53.6 billion was up 6.6 percent since 2006; and, at the same time, international revenue representing \$16.6 billion was up 0.3 percent over 2006.

While the Canadian economy benefits from strong domestic tourism demand, continued domestic growth coupled with declines in international visitation will fuel a type of tourism development that is not necessarily internationally competitive. It is strategically important to Canada's future competitiveness that real growth originates from international tourism markets and subsequent foreign currency investments into Canadian tourism products.

The loss in international markets is partially explained by a significant increase in demand for new and exotic emerging destinations. This growth in demand comes at a time when barriers to travel are being reduced and air carriers are increasing flights to formerly difficult-to-access destinations.

2.3 Competitor Performance in 2007

Canada was not alone in experiencing losses in international tourist arrivals over the last year. As the following table illustrates, several of Canada's established international competitors continued to experience losses in international travel in 2007. While the U.S. experienced losses from Japan, Australia experienced declines from Japan and the U.K. In addition, the U.K. had setbacks from the U.S., France, Mexico and Japan.

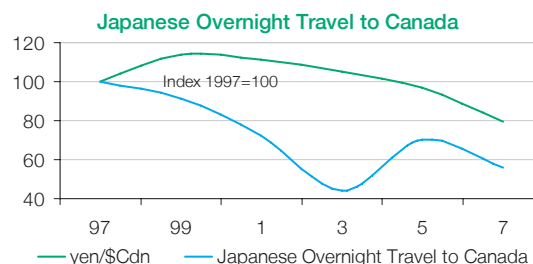
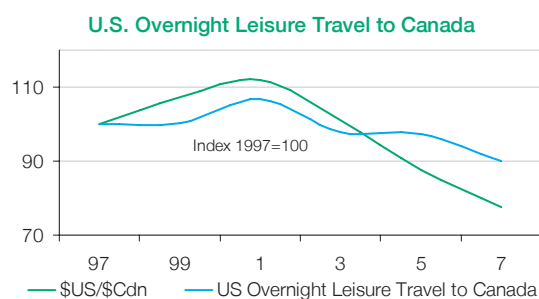
| | 2007 ESTIMATED OVERNIGHT TRIPS (000's) | | | | | | | |
|-------------------------|----------------------------------------|--------|--------|--------|-------|--------|--------|--------|
| | CANADA | 07/06% | U.S. | 07/06% | AU | 07/06% | U.K. | 07/06% |
| U.S. Total | 13,415 | -3.2 | - | - | 460 | +0.8 | 3,622 | -2.0 |
| U.K. | 909 | +4.9 | 4,498 | +7.0 | 689 | -6.2 | - | - |
| France | 375 | +1.4 | 998 | +26.3 | 72 | +7.0 | 3,305 | -11.0 |
| Germany | 307 | +1.4 | 1,524 | +10.0 | 152 | +2.2 | 3,398 | 0.0 |
| Mexico | 247 | +17.3 | 2,482 | +15.3 | - | - | 57 | -30.0 |
| Japan | 331 | -14.4 | 3,532 | -3.8 | 573 | -12.0 | 309 | -5.0 |
| South Korea | 200 | +3.5 | 806 | +6.4 | 253 | +2.9 | - | - |
| China | 152 | +5.3 | 540 | +17.9 | 357 | +16.0 | 181 | +41.0 |
| Australia | 220 | +10.0 | 670 | +11.0 | - | - | 938 | +3.0 |
| Total Core Markets | 16,156 | -1.8 | 15,050 | +8.8 | 2,556 | -3.0 | 11,810 | -3.6 |
| Total Internat. Markets | 17,895 | -1.3 | 48,287 | +11.1 | 5,643 | +2.0 | 32,779 | +2.0 |

Source: CTC Preliminary Estimates

Foreign governments are strengthening investment in tourism product development and marketing. National tourism marketing organizations in the U.K. (Visit Britain) and Australia (Tourism Australia) had 2007 budget allocations of \$148.8 million and \$97.1 million, respectively.

2.4 Strengthening Canadian Dollar

The Canadian dollar strengthened during 2007, reaching parity against the U.S. dollar in September and even surpassing it before settling at par by the end of the year. This situation added upward pressure on Canada's price competitiveness and aggravated the situation in already weak U.S. and Japanese markets. Between 1997 and 2007, the U.S. dollar and the yen lost 22 percent and 44 percent respectively against the Canadian dollar. As illustrated, U.S. and Japanese travellers to Canada have been sensitive to the fluctuations of their currencies.



part 3: statement of service performance

In an era of increasing competition for the world's travellers, the CTC worked throughout 2007 to differentiate Canada in the global tourism arena. The CTC extended Canada's collective reach in international markets like never before. The Commission worked with its industry partners to push new thinking and promote innovative marketing approaches.

Following the January launch of the new look and feel of Canada's tourism brand "*Canada. Keep Exploring*," the CTC focused largely on integrating brand elements into all activities, including global marketing and public relations. An important element of this focus was the development of tools and awareness to promote and support industry buy-in and adoption of the brand.

The high quality of the CTC's research, creative communication techniques and use of new technologies, along with consistent leveraging of performance measurement tools, have all proven to be essential elements in supporting the Commission's main objective to grow tourism export revenues for Canada.

This section details the CTC's major achievements in 2007 against its five priorities:

- 1) Consumer relevancy;
- 2) Align market allocations to achieve highest return on investment;
- 3) Differentiate Canada;
- 4) Leverage media exposure of the Vancouver 2010 Olympic & Paralympic Winter Games; and
- 5) Organizational excellence.

Measurable results have been highlighted from the performance dashboard found in section 5.6.1.

3.1 Priority 1 - Consumer Relevancy

| Measure | Result |
|------------------------------------------------------------------------------------------------|-------------------------------------------------------------|
| Qualified consumers in databases with e-mail | 1,204,797 in database (35.5% with email) |
| # of unique visitors to www.canada.travel consumer site | 2,067,510 |
| % of consumers converted | U.S.: 0.40% U.K.: 0.68% Canada: 1.08% Japan: 0.09% |

Customer Relationship Management

The CTC established a Customer Relationship Management (CRM) tool to identify customers, and collect and analyze data related to their travel preferences and spending patterns. Using this important tool, the CTC is now able to develop and maintain relevant communication with targeted potential travellers and ensure the marketing messaging they receive responds to their interests and expectations.

Explorer Quotient™

The Explorer Quotient™ (EQ), an innovative research tool that identifies the underlying emotional motivators of travellers beyond traditional demographics like age and geography, allowed the CTC to match consumer desires with the right travel experience like never before.

The EQ was piloted with Parks Canada, focusing on three of the most popular Explorer Types. Results demonstrated that by tailoring the experience to the specific desires of these traveller types, tourists stayed longer, their expenditures were higher and their trip satisfaction was significantly greater. In addition, the EQ tool was integrated into marketing programs and tactics in Canada, the U.S. and the U.K.

The EQ not only helps the CTC understand its customers better, but also provides the opportunity for industry members to customize communication and tailor an experience to what each consumer is seeking. In support of Canada's tourism brand, the EQ plays a central role in shaping the CTC's activities, including marketing, product/experience development, public and media relations, and research.

Working with Environics Research Group, the CTC examined how social values in different countries are linked to how people dress, what music they listen to and the way they travel. Together with Environics, the CTC developed an online survey that segmented respondents into nine EQ groups, with names like Free Spirit, Authentic Experienter, Cultural Explorer and Virtual Traveller. While Free Spirits travel constantly and look for brands and bragging rights, Authentic Experiencers prefer to visit vast natural wonders and integrate into the local culture. An online quiz was developed for the CTC website so that visitors could answer questions and find out their Explorer Type. From there, the CTC created a pool of information on Canadian tourism experiences to fulfill travel motivations based on the EQ groups. For more information, go to www.canada.travel/eq.

In July 2007, Environics Research Group and the CTC were honoured at the Marketing Research and Intelligence Association (MRIA) Awards luncheon for their EQ innovation, winning "Best in Class." The MRIA award is presented to the research project that best serves as a shining example to research practitioners and users around the world.



Canada-e-Connect e-Tourism Strategy Conference

The first Canada-e-Connect e-Tourism Strategy Conference was held November 7-9, in conjunction with the first Canadian e-Tourism Awards in Vancouver, B.C. Produced by the CTC and hosted by the Canadian e-Tourism Council, the conference drew more than 300 participants from across Canada representing SMEs, airlines, destinations and major hotel chains.

The conference focused on leveraging e-marketing platforms to ensure consumer relevance. Participants included many top-level travel industry professionals, such as: Hunter Madsen, Marketing Director for Yahoo! Canada; Anthony Williams, bestselling author of *Wikinomics*; and Jeremy Gutsche, CEO of *Trend Hunter Magazine*.

"I wanted to write to thank you on behalf of UNWTO and to express my personal thanks for the superb event you put on. It was professional, profound and lots of fun - a perfect combination."

Geoffrey Lipman,
Assistant Secretary General, UNWTO

3.2 Priority 2 - Align Market Allocations for Maximum Return on Investment

| Measure | Result |
|----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|-------------------------------------------------------|
| Market Portfolio Analysis (MPA) (goal to maintain alignment with Tier 1 markets) | Scores will not be available until May 2008 |
| Market Investment Model (MIM) and Return on Investment Model (RIM) (goal to create a tool to derive an optimal investment allocation taking risk and ROI into account for each market) | RIM (tool developed in 2007; currently being refined) |

The CTC established a Research and Development Program in 2007 to ensure the CTC and the tourism industry are prepared to capitalize on new growth market opportunities.

Research initially identified Brazil, Spain, Russia and India as emerging markets with potential for Canada's tourism marketing activities; however, while the final analysis of the data revealed that India had significant market potential, it was decided the CTC would be better served by maximizing return on investment (ROI) in its current core growth markets.

The CTC will continue to explore new market opportunities such as global meetings, convention and incentive travel (MC&IT) in core markets and monitor the potential of new geographic markets through its ongoing market intelligence sources.

In addition, a new Return on Investment Model (RIM) was developed in 2007. This model significantly refines the Market Investment Model (MIM) tool and offers improvements such as risk consideration, return on investment projections and forecasting.

3.3 Priority 3 - Differentiate Canada

| Measure | Result |
|-----------------|--------|
| Brand awareness | 9.0% |

Canada's Tourism Brand

The CTC launched the new visual identity of Canada's tourism brand "*Canada. Keep Exploring*" in each of the CTC's core markets around the globe. Built on three main pillars, Canada's tourism brand focuses on Canada's people, geography and culture. With this new and refreshing approach, Canada is portrayed in a modern way that exemplifies the style, diversity and innovation that distinguishes Canadian society.

Positive media attention stemming from the CTC's new brand approach:

- "Canada re-brands itself with snazzier appeal." **Wall Street Journal**
- "Canada makes a strong showing in the new Condé Nast Traveller magazine." **The Globe and Mail**
- "It's about time the CTC replaced the country's nice but bland wilderness playground image. That's a gift for all proud Canadians." **Editor, Calgary Herald**
- "The most important marketing initiative that the CTC has done in a generation." **Travel Alberta**



Throughout 2007, a number of provincial and territorial partners, as well as some SMEs, integrated the "*Canada. Keep Exploring*" visual identity and/or concept into their marketing campaigns. For example, Prince Edward Island Tourism adopted the brand's look and feel through the use of experiential photography and the brand logo.

Partner survey results in 2007 (see section 4.1.2) regarding brand adoption revealed that 30 percent of Canadian and U.S. partners and 42 percent of international partners have utilized the new brand in some form. Partners in Canada tend to use their own brand identity in marketing materials as they are promoting specific destinations within Canada, while international partners have a greater need to adopt a unified tourism brand for Canada as they sell Canada as a whole.

The Global Tourism Watch (GTW), an annual tracking study initiated in 2007, measured Canada's global tourism brand awareness in the CTC's key target markets. Based on the results,

Canada's brand awareness was estimated at 9.0 percent. This measure was derived by means of a weighted average of unaided tourism advertising awareness of Canada against long-haul travel from the CTC's key target markets. The 2007 level constitutes a benchmark and as the CTC proceeds with the GTW in the coming years, it will be the platform to assess how Canada's tourism brand is coming to life.

Product Innovation & Enhancement

In April 2007, the Product Innovation and Enhancement (PIE) team was launched to advance Canada's tourism brand through experiences. The PIE team has two key streams: one works with partners to identify top Canadian experiences that advance Canada's tourism brand, and the second provides research, intelligence and trends on travel motivators to industry so that it can collectively deliver on the promise of Canada's tourism brand. Some of the key projects and deliverables for 2007 were:

- **Japan Project:** Worked with the CTC Japan office to develop new experiential itineraries and programs that are more aligned with today's rapidly changing customer.
- **Aboriginal Cultural Tourism:** Collaborated with industry to support new research to refresh the CTC's knowledge of the Aboriginal cultural tourism initiative, and began a nationally collaborative process to identify 25 significant, export-ready Aboriginal cultural tourism experiences.
- **Consistent approach to product demand research:** Worked to ensure that experiential drivers use a consistent methodology and can be measured year over year.

■ Development of an "Experiences Toolkit":

Developed an *Experiences Toolkit* for industry that shows businesses from coast to coast to coast how they can capitalize on insights into the CTC's markets. The Toolkit also included tips on delivering an experience that is more aligned with the needs of today's travellers, how they can leverage Canada's tourism brand and provides some examples of best practices.

3.4 Priority 4 - Leverage Media Exposure of Vancouver 2010 Olympic & Paralympic Winter Games

2010 Winter Games Strategy

In 2007, the CTC worked closely with Industry Canada to develop a strategy to leverage the opportunity afforded by the Vancouver 2010 Olympic & Paralympic Winter Games, focusing on three streams of effort: 1) International Tourism Business & Media Program; 2) Tourism Partners Program; and, 3) Building on the 2010 Advantage. This strategy will guide the CTC in leveraging the unprecedented opportunities to showcase Canada to the world, to differentiate Canada's tourism brand and ultimately to "*compel the world to explore Canada.*"

New Funding

On November 4, 2007, the Honourable Diane Ablonczy, Secretary of State for Small Business and Tourism, announced \$26 million for the CTC to leverage the media opportunities of the Vancouver 2010 Olympic & Paralympic Winter Games. The funding will leverage Canada's Games in three phases: leading up to, during and following the 2010 Winter Games. This funding will enable the CTC to advance global awareness of Canada's tourism brand like never before.

3.5 Priority 5 - Organizational Excellence

| Measure | Result |
|---------------------|--------|
| Employee engagement | 62.5% |

In the last year, the CTC has advanced organizational excellence by working to integrate a performance measurement and evaluation framework to promote the CTC as a strategy-focused organization. The CTC developed an enterprise-level Strategy Map to visually represent the Commission's five-year strategy and adopted the Balanced Scorecard (BSC) approach as its performance measurement framework to link the CTC's objectives, measures and initiatives to its overall strategy.

The CTC advanced organizational excellence in other ways in 2007, including monitoring the overall health of the organization through the annual employee survey, implementing a comprehensive risk management assessment to identify risk areas within the context of the strategic priorities identified for the 2007-2011 period, preparing an annual Official Languages Action Plan to ensure the CTC meets its obligations under the *Official Languages Act*, and completing final leasehold improvements.

Human Resources

Early in 2007, the Human Resources (HR) team was able to complete the staffing of all CTC positions left open following the relocation of the CTC headquarters to Vancouver. The CTC now has the benefit of a solid, diversified talent base that will enable the Commission to deliver on its strategy.

Another milestone in 2007 was the revision of the five-year HR strategy. Approved by the HR Committee of the Board of Directors, the updated strategy set a clear path for priorities on effective leadership capacity, talent retention and growth, and for streamlining processes.

Information Technology

The Finance, Procurement and Information Technology teams undertook the major project of upgrading the JD Edwards (JDE) financial system. The CTC was able to reduce the number of servers required for JDE from four to three and also reduce the number of environments supported, from five in Enterprise 8.0 to two in Enterprise 8.10. The new version of JDE puts the CTC in a more stable environment for its financials. Finally, the CTC put in place an information technology back-up system to ensure full Disaster Recovery capability.

Procurement

The process to replace the expiring agreement for advertising services for the CTC officially commenced in January 2007. Following the launch of the project, 57 firms requested "Request for Expressions of Interest" documents, nine submitted formal "Expressions of Interest" and four advanced to the final competition stage. The four short-listed firms were each allotted four hours to present to the CTC's Selection Committee, which rated each firm's response, proposal and presentation using a weighted point system against published evaluation criteria. As a result of this extensive process, the CTC signed a new marketing contract with DDB Canada. The new four-year contract will cover a critical period for the CTC as it embarks on a strategy to leverage the media attention associated with the Vancouver 2010 Olympic & Paralympic Winter Games, and accelerate awareness of Canada's tourism brand.

part 4: delivering on the mandate

The following section provides key examples of how the CTC delivered on its mandate in 2007 by:

1) leveraging partnerships by supporting cooperative relationships between the private sector and the governments of Canada, the provinces and the territories with respect to Canadian tourism; 2) working to sustain a vibrant and profitable Canadian tourism industry; 3) marketing Canada as a desirable tourism destination; and 4) providing relevant information about Canadian tourism to the private sector and to the governments of Canada, the provinces and the territories.

In the interest of measuring the effectiveness of the CTC's marketing and sales activities, each example highlights specific results. Determining the impacts of efforts allows the CTC to identify best practices for the future.

4.1 Leveraging Partnerships

4.1.1 Partnership Contributions

The CTC is founded on the principle of partnership between the public sector and private industry. Through contributions from partners that match its own funding, the CTC is able to achieve the maximum return on investment for its tourism marketing initiatives.

In 2007, partnership contributions totalled \$89.6 million, resulting in an overall 1.2:1.0 ratio of partnership contributions to the CTC's annual appropriation.

The CTC's total partnership contributions in 2007 were \$89.6 million, compared to \$103.1 million in 2006.

| | | |
|---|-------------------------|-----------------------------------------------------|
| + | \$ 76.5 million | 2007 CTC Budget Allocation |
| | \$ 89.6 million | 2007 Partnership Contributions |
| | \$ 166.1 million | Total 2007 investments toward CTC activities |

There are four types of CTC partnership arrangements:

1. CTC-led marketing or sales campaigns.

During 2007, partners invested \$10.2 million in these campaigns.

2. Marketing initiatives where a partner takes the lead in managing the campaign.

Partnership investments in these types of initiatives totalled \$33.3 million in 2007.

3. Parallel partnerships where the CTC runs parallel advertising with its partners.

Partnership contributions to parallel partnership initiatives in 2007 totalled \$16.8 million.

4. Partnership contributions in-kind. These can





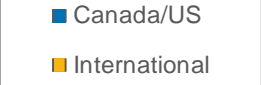
range from airfare for media FAM tours to unpaid advertising in TV programs. In-kind contributions in 2007 were valued at \$29.3 million.

In 2007, the CTC's MC&IT team achieved a record year for partnership contributions, with an average partner investment ratio of 3:1. The MC&IT team raised \$1.602 million in partner cash contributions alone, exceeding its 2007 goal by 6.8 percent. Total partnership revenue, including in-kind contributions, came to \$12.6 million.

4.1.2 Partner Survey Results

The CTC values the relationships it builds and maintains with industry partners. These relationships help to provide invaluable exposure for partner products, and assist in giving Canada a competitive edge by elevating the level of awareness of Canada as a travel destination.

The CTC surveyed its partners to gain an understanding of how they perceive working relationships with the CTC, and to determine partners' level of satisfaction with the CTC's core business functions.

| Indicator | Total Score | Regional Score |
|----------------------------------------------------|---------------------------------------------------------------------------------------|-------------------------------------------------------------------------------------|
| Likelihood to Partner in Coming Year |  88% |  |
| Satisfaction with Relationship as a Partner to CTC |  75% |  |
| Overall Performance of CTC |  61% |  |
| Partner Satisfaction Index |  68% |  |

There is good alignment between the CTC's priorities and the importance placed on these priorities by partners. The majority of partners feel that it is critical to have a brand that differentiates Canada's travel experience, and that the CTC maintains communication with targeted potential travellers and shares market knowledge and data.

4.2 Sustaining the Industry

4.2.1 Supporting Small & Medium Enterprises

According to Statistics Canada, there are 169,103 tourism-related businesses in Canada, of which approximately 87.5 percent are SMEs having fewer than 20 employees (2006). SMEs operate in communities large and small, in every province and territory. They provide services in five key industry groups recognized by the Tourism Satellite Accounts: accommodation, food and beverage services, recreation and entertainment, transportation, and travel services. In many parts of Canada, SMEs are the backbone of the economy and foster strong economic, social and cultural benefits for both rural and urban communities.

After extensive research and consultation, in 2007 SMEs were invited to think of Canada as an experience, rather than a product, by using the first edition of the "Brand Experience Toolkit," a marketing toolkit developed by the CTC's PIE team. Designed to aid SMEs in positioning and marketing their product as an experience, rather than a commodity, the toolkit reinforces a collective Canadian voice that presents exceptional and differentiated experiences in the marketplace. By July 2007, over 300 toolkits had been distributed to SMEs throughout Canada.

In addition, the CTC vetted hundreds of export-ready SME businesses against criteria and selected over 300 as tourism experiences that advance Canada's tourism brand. The CTC's PIE team built these experiences into a database that will service the CTC's sales, marketing and media/public relations teams. SME experiences will be used on a case-by-case basis to advance the CTC's marketing efforts and could be brought to life in such executions as:

- Branding experiential web content such as the global campaign website or as content for the EQ microsite
- Creating a story idea for the CTC's media centre
- Assisting in the development of brochures for sales efforts
- Developing innovative ideas for a mass consumer advertising execution
- Being passed directly onto trade customers for inclusion into their itineraries, going "on the shelf" to be sold to consumers

4.2.2 Signature Events

GoMedia Canada Marketplace 2007

| Measure | Result |
|----------------------------|--------|
| Tourism industry attendees | 100 |
| Travel media attendees | 125 |

GoMedia Canada Marketplace, a gathering of tourism industry media representatives and travel media from Canada, Asia Pacific, Europe and Latin America, was held March 19-22 in Banff, Alberta. An international showcase event, *GoMedia Canada Marketplace* provided sponsors with access to a highly targeted market, and Canadian travel organizations had the opportunity to tell media about Canada at one on one appointments. Top Canadian and international journalists took away the best new Canadian travel stories and ideas.

GoMedia Canada 2007 (Mexico)

| Measure | Result |
|-------------------------|------------------------|
| Attendees | 37 media; 26 Canadians |
| One-on-one appointments | 676 |

To meet the increasing demand by Mexican media for information on Canadian tourism topics, the CTC held - for the first time in Mexico - a mini *GoMedia Canada 2007* event, thus facilitating one-

on-one encounters with editors, journalists, and radio and TV producers in Mexico. The CTC also held a gala dinner on September 20 where the *Canadá a Voces Media Award 2007* was presented to recognize the work of the Mexican media in increasing the promotion of Canada among the Mexican public.

Canada Media Marketplace 2007 (U.S.)

| Measure | Result |
|---------------------------|------------------------------------------------------------|
| Partners | 115 Canadian destinations |
| Attendees | 274 editors, journalists, and television & radio producers |
| Partner/CTC funding ratio | 15:1 |

Now in its 18th year, the annual U.S. media event, *Canada Media Marketplace 2007*, was held from April 16-18 at the Waldorf-Astoria Hotel, New York, NY. The three-day event consisted of one-on-one scheduled appointments between Canadian partners and media to discuss story ideas, as well as sponsored hospitality events to showcase the best that Canada has to offer. It also included Canada's Northern Lights Awards for Excellence in Travel Journalism & Photography, and a series of professional development sessions for partners and media alike.

"The CTC's media relations program is justly famed for its exceptional Media Marketplace, perhaps the most important single media event for Ontario destinations, attractions and events. Further, the program has been a wonderful partner in many Ontario events in the U.S. We appreciate the opportunities it affords us for 1st rate U.S. media exposure."
Helen Lovekin, Ontario Tourism Marketing Partnership Corporation (OTMPC)

Rendez-vous Canada 2007

| Measure | Result |
|--------------------------------|---------------|
| Attendees/Delegates | 1,605 |
| Appointments | 21,430 |
| Canadian tourism product sales | \$350 million |

The CTC's *Rendez-vous Canada* (RVC) is Canada's premier annual international tourism industry marketplace. RVC 2007 was held in Québec City from April 28-May 2 and gathered top tourism "product" buyers and sellers and matched them in one on one business-to-business (B2B) appointments. The 2007 marketplace aimed to inject compelling new experiences into the Canadian travel repertoire and catch the trends, plus rally collaboration and foster partnerships. The show is one important facet in how the CTC markets Canada to the world. In 2007, RVC attracted one of the largest crowds in its 31-year history.

4.2.3 Innovative Industry Communications

Media Centre

Launched in April 2007, the online Media Centre is an essential media resource. With a collection of media pitches and story ideas at its core, the Media Centre is designed to inspire media to write or produce their own stories about Canada. It is an innovative resource of what is new and novel, distinct and different about Canada. Visitors can scan through approximately 150 pre-sorted stories, getting a glimpse of topics from green travel and spa to wilderness and wine.

The Media Centre is a unique approach to marketing Canada. With contributing writers such as *enRoute*'s Amy Rosen, Giller Prize nominee Eden Robinson and *New York Times* best-selling author Charles Montgomery, the story ideas are truly contemporary. Most recently, AOL Canada and Yahoo! Canada Travel signed on to reproduce a number of the centre's story ideas. To learn more about the Media Centre, visit www.canada.travel/mediacentre.

Musk ox, grizzlies and wolves, oh my!

Exotic Arctic wildlife? Part of everyday life at Elu Inlet Lodge

By Margo Pfeiff

A grizzly bear outside the window at breakfast. A herd of muskox thundering up a ridge after lunch. At night, the Northern Lights shimmering across the sky like nature's multimedia extravaganza. Set amid it all is Elu Inlet Lodge, an out-there retreat in the Nunavut wilderness for hiking, paddling, fishing, exploring archaeological sites - or simply hanging out near your cottage picking tundra blueberries. Start the adventure with a 25-minute float-plane flight from Cambridge Bay.

Simple but impeccable, Elu is a rarity in the North: an Inuit-owned-and-run lodge. That means days are spent with the locals, gaining insight into their culture, way of thinking and wicked sense of humour. Elu also has Canada's northernmost hot tub, and is one of the few places above the Arctic Circle where you'll be asked how you would like your steak done.

Peter Kapolak, a professional guide and teacher, pilots his motorboat to white-shell beaches left by retreating oceans that look like Caribbean strands - until you touch the icy water. Hike across ankle-high bonsai tundra to spy on a family of Arctic foxes or wolves, scale Mount Elu for a look at inukshuks, fish for Arctic char or kayak the coastline past cliffs painted with technicolour lichen.

Return at the end of the day for dinner served on white linen, a feast prepared by Martina Kapolak, one of the territory's best cooks. Top of her list: Arctic char chowder and fresh bannock bread. Then try your hand at traditional Arctic games: the high-kick or a bout of Inuit throat-singing.

But you won't miss out if you just savour the silence and the wilderness - lit by the midnight sun with not another human in sight. Just you and your camera.

www.frontiersnorth.com/adventures/elu-inlet-lodge/

Visiting Journalist Program

The Visiting Journalist Program is an initiative that through partnership with the provinces and territories provides travel support for Canadian media who wish to profile Canada.

The objective of this program is to increase coverage in the Canadian media of Canada as a travel destination. In 2007, the CTC assisted with travel costs for over 200 media to visit all regions of the country to photograph, film and write about Canada. While the majority of those supported were travel media, the program also diversified the types of media outlets assisted in order to reach a wider audience. This has resulted in the coverage of Canadian experiences in a wide range of outlets from newspapers, to culinary shows and entertainment media, including Calgary's *Fast Forward Weekly*, Ontario's *OntGolf.ca*, Saskatoon's *The Star Phoenix* and Toronto's *The Toronto Star*. While this program benefits the tourism industry, it also allows the CTC to build valuable relationships, not only with media but also with its provincial and territorial partners, keeping the doors of communication open regarding media initiatives and programs.

A taste of the Orient in Richmond: Airport-sprawl community south of Vancouver offers some of the finest Asian dining in the world (*Toronto Star*: June 23, 2007)
www.thestar.com/Travel/article/227596

Stunningly Cool and Quirky Victoria Golf Club (*OntGolf.ca*: June 28, 2007)
www.ontgolf.ca/g4g/2007/06/28/stunningly-cool-and-quirky-victoria-golf-club

Social Media Websites

Throughout 2007, the CTC used new technologies to create profiles on popular social media websites, including *Facebook*, *MySpace*, *Youtube*, *Yahoo! Groups* and *Flickr*. Canadians were invited to share their pictures and stories about their favorite Canadian destinations and experiences. The campaign resulted in more than 1,550 pictures being uploaded and 5,800 videos being registered.

Facebook:

www.facebook.com/group.php?gid=17332022248
www.facebook.com/group.php?gid=3132090083

Youtube:

www.youtube.com/watch?v=zs68qRexFc
www.youtube.com/watch?v=qHTigP8oxjM

Yahoo! Groups: www.canada.travel/keepexploring

Flickr: www.flickr.com/photos/keepexploring

4.2.4 Trade Mission

Mexico Trade Mission 2007 (Mexico)

| Measure | Result |
|----------------------------|-----------|
| Press conference attendees | 40 media |
| Estimated ad value | \$224,000 |
| Return on investment ratio | 2:1 |

The CTC led a VIP Trade Mission to Mexico City on February 6-8. The delegation was comprised of senior management of the CTC and 25 top executives from Canadian industry partners, including PMOs, DMOs, receptive tour operators and VIA Rail Canada. The delegation included representatives from five provinces and two territories.

The mission's objectives were to build upon and establish new relationships with in-market travel trade partners, convey Canada's commitment and interest in continuing to grow these markets, generate open dialogue between senior officials of both the Canadian delegation and the in-market partners, and gain insights into partners' market needs and desires.

The majority of CTC partners who participated on the mission reported the experience provided them with valuable information needed to make strategic decisions in their own marketing activities. A majority of the partners also reported they will become more active in tourism marketing in Mexico as a result of the mission.

"I am sure there will be much success in the future from your efforts in the Mexican market." Bill Knowlton, Vice-President of Marketing & Sales, Jonview Canada

4.2.5 Canada Specialist Program



The Canada Specialist Program (CSP) is a comprehensive trade development and education program designed to differentiate Canada with a key

distribution network. The program is integrated with the other components of the market-specific and global strategy and runs in all of the CTC's core markets. Participating travel agents are offered a range of information and support, based on varying market needs, to increase their ability to sell Canada as a destination, including:

- Certified training programs and testing
- Conferences and seminars
- Familiarization (FAM) trips
- Tools and training manuals
- Canada specialist websites and e-newsletters

Canada Specialist Program (Germany)

| Measure | Result |
|---------------------------------------------------------------|-----------|
| Value of marketing activities carried out by CSP participants | \$500,000 |

In 2007, the CSP marked 10 years in Germany, where it has become an extremely successful long-distance learning program over that time.

Travel One, a German travel trade magazine, completed a 2007 survey among travel agents on long-distance learning and e-learning programs; results indicated that agents voted the CSP the best specialist program in the market. In addition, the CSP was nominated for the Willy-Scharnow Award for the best learning program in the market.

"The CSP is the most recognized destination learning program for travel agents in the German market. Many other destinations are jealous about this program. The agent community has become very Canada-minded, is proud of selling Canada and feels like an ambassador." Tilo Krause-Dünnow, Owner of CANUSA Touristik

4.3 Marketing Canada to the World

4.3.1 Canada's Tourism Brand

In 2007, Canada's tourism brand "*Canada. Keep Exploring*" and the brand promise of "*Come to Canada and create extra-ordinary stories all your own*" created a bridge between the world's nature-based perceptions of Canada and the need to present more diverse and real Canadian travel experiences in a personal, emotional, relevant and interactive context. The CTC built a solid platform to share brand assets and create real potential to capture the imagination of travellers around the globe.

Canada's tourism brand

Brand Canada will be a leading storytelling tourism brand in the world where travellers bring home *extra-ordinary* stories all their own.

The world will come to see Canada as not just a beautiful place with incredible landscapes, but as a place that offers travellers an opportunity to create their own stories and experiences - unique stories that are a little unexpected, unusual and out of the ordinary.

"*Keep Exploring*" has become a reflection of Canada, expressing its attributes and strengths through enticing and modern visuals, along with a personality and tone that mirror the authentic, warm nature of Canadians. The following section provides examples of how the CTC differentiated Canada's tourism brand in 2007.

4.3.2 Bringing the Brand to Life: 2007 Marketing Campaigns

"We Are More" / "La Première Fois" Campaign (Canada)

The CTC hired two celebrated artists to articulate Canada's tourism brand "*Canada. Keep Exploring*" in the style of "slam poetry." Poets Shane Koyczan and Ivan Bielski wrote "*We are more*" and "*La Première Fois*" respectively, and recited them at the Canada Day celebrations on Parliament Hill.

"We are millions upon millions of voices shouting
'keep exploring'
we are the surprise the world has in store for you
it's true
Canada is the 'what' in 'what's new?'
so don't say, been there done that
unless you've sat on the sidewalk
while chalk artists draw still-lives
on the concrete of a kid in the street
beat boxing to Neil Young for fun
don't say you've been there, done that
unless you've been here doing it
let this country be your first-aid kit
for all the times you get sick of the same old, same old
let us be the story told to your friends"

- Excerpt from Shane Koyczan's "We Are More"

The poems were a celebration of originality, showing the world the true spirit of Canada. The message was unique and the result was to encourage Canadians to go deeper and experience their native land, in their own personal way. The art form proved successful in showcasing the new identity of Canada's tourism brand, as well as celebrating our shared identity as Canadians.

5-Factor Vacation Press Trip with Harley Pasternak (U.S.)

| Measure | Result |
|--------------------|-----------|
| Estimated ad value | \$561,510 |



The CTC highlighted Canada's healthy vacation opportunities using Canadian health and fitness expert to the stars, Harley Pasternak. The CTC was able to leverage Pasternak's popular *5-Factor Fitness/Diet* programs with a "5-

Factor Vacation" theme that emphasized the importance of health/fitness, the environment, cultural activities, cuisine and entertainment. From October 20-22, Pasternak travelled to Vancouver along with seven media writers to demonstrate how to employ fitness tactics and reinvigorate the body and spirit while enjoying city strolls, outdoor adventures and fine dining in Canada. As a result of the trip, media stories on Canada are scheduled to appear in the following publications with an estimated total circulation of 4,543,041: *Fitness*, *Bon Appetit*, *In Touch Weekly*, *Black Noir*, *Pathfinders Travel Magazine* and *American Spa*.

Whispering Windows (U.S.)

| Measure | Result |
|-----------------------------------------------------------|--------|
| Overall cumulative positive influence on visits to Canada | 9% |



As part of the CTC's core spring/summer campaign in New York, three storefront locations in Manhattan were used to involve consumers in a Canadian vacation experience. The storefront locations, which are essentially

street-level billboards, used images and headlines that showcased unexpected, uniquely Canadian vacation experiences, in an intriguing, larger-than-life format. To further involve the consumer, a new technology (never before used in North America) was used that allowed the entire surface of the storefront to project sound, without any speakers being seen. This novelty broke through the clutter of a crowded New York City street, stopping consumers in their tracks. To further enhance the experiences, street teams invited consumers to "step into Canada," handing out cards that provided more information on the portrayed experiences. Overall, post-campaign tracking indicated that consumers reported a higher recall of Canada as a result of the campaign.

Direct Mail Trade Program (U.S.)

| Measure | Result |
|-------------------------------------------|---------|
| Online and phone enquiries from mail drop | 3,200 |
| Average spend per consumer | \$1,243 |

The CTC integrated a direct mail trade component to further enhance the in-market 2007 consumer campaign. This innovative program involved partnering with a tour operator to reach the three EQ segments in the targeted zip codes with relevant tactical offers. Pleased with the resulting success, the operator plans to repeat the program

in 2008, and the CTC will also use the model with other operator partners.

Hotter than you think / Cooler than you think (Mexico)

| Measure | Result |
|-----------------------------------------------------------------------------------------|------------------------|
| New visits to the www.canada.travel website | 42,600 (506% increase) |
| Unique visitors to the www.canada.travel website | 23,000 (310% increase) |
| New names added to the CTC database | 18,000 |

CTC Mexico launched a new campaign during February and March 2007 titled: "*Hotter than you think / Cooler than you think.*"



The CTC Mexico team's creative campaign turned around the concept that Canada is cold and

boring. Each phrase (hot or cool) was linked to photography of unexpected thrills to be discovered in Canada. The "hot" concept centred on activities in restaurants, shopping, night clubs, etc., while the "cool" concept was linked to outdoor activities (none of them involving snow). In Mexico City, Guadalajara and Monterrey, the Internet was used as the main source of publicity, along with billboards on the street and a team of hostesses outside handing out flyers and CDs with a video showing the destination. *Travel & Leisure Magazine* published an issue on Canada and potential travellers were invited to visit www.canada.travel/hot and enter to win a trip to Canada.

The CTC Mexico office received a Platinum Adrian Award for Best Tourism Marketing Campaign in Latin America from the Hospitality Sales & Marketing Association International (HSMIAI).

Tesco Magazine Campaign (U.K.)

| Measure | Result |
|----------------------------|----------|
| Contest entries | 15,076 |
| Estimated ad value | \$63,600 |
| Return on investment ratio | 23:1 |



The May/June issue of *Tesco Magazine* was distributed to shoppers throughout the 1,779-store and 250,000-employee Tesco supermarket chain, one of the world's leading international retailers. The CTC partnered with Travel Alberta and Canadian Affair to feature a full-page ad

focused on activities in the Canadian Rockies and showcasing the opportunity for a family of four to win a trip to Alberta. A print run of two million translated to a readership of more than four million.

Getaway Country of the Year (Australia)

| Measure | Result |
|--------------------|---------------|
| Estimated ad value | \$3.4 million |



Australia's number one travel show, *Getaway*, chose Canada as its inaugural country of the year in 2007. The show travelled to Canada five times and a one-hour

special on Canada aired September 13, 2007. *Getaway* showcased B.C., Alberta, Yukon, Ontario, Québec and Nova Scotia, and focused on hiking, driving the Cabot Trail, city escapes, wildlife viewing and scenic flights. The *Getaway Country of the Year* episode was watched by over 1.7 million Australians and the website had almost 400,000 page views. To further leverage the *Getaway* special, the CTC sent *Women's Day* magazine on location with the crew to Lake Louise; the result was a two-page story in the glossy national magazine. Overall, viewers, partners and media all

provided highly positive feedback regarding the campaign.

Ski Campaign (Australia)

| Measure | Result |
|----------------------------------------------------------------------------|--------|
| Contest entries | 3,406 |
| Subscriptions to the CTC's e-newsletter | 2,036 |
| Visits to www.canada.travel/ski | 7,788 |
| CTC / partner contribution ratio | 1:1 |

CTC Australia spearheaded an integrated ski campaign involving wholesalers, Canadian ski resorts, airlines and partners. The CTC's strategy leveraged Air Canada's new non-stop service between Sydney and Vancouver and the strong Australian dollar to achieve a sustained presence in major newspapers for six weeks in three key cities that deliver visitors to Canada (Sydney, Brisbane and Melbourne). The campaign included 11 online banners, 13 full-page insertions in five major newspapers, 170 30-second TV advertisements, 11 billboards in Sydney, Melbourne and Brisbane, and a contest to win a trip donated by Air Canada, Sun Peaks and Ski Banff. Tour operators supported the campaign with individual initiatives such as direct mail campaigns, flyers and retail components. By partnering with eight Western Canada ski resorts, three top Australian ski wholesalers and the provinces of B.C. and Alberta, the CTC was able to generate a campaign worth \$377,100.



NAVER Portal Site Campaign (South Korea)

| Measure | Result |
|---------------------------------------------------|-----------|
| Entries to determine Explorer Types | 12,000 |
| Submissions to share travel experiences in Canada | 300 |
| Estimated ad value | \$108,000 |
| Return on investment ratio | 2.3:1 |



Between March 22 and April 11, the CTC engaged in an e-marketing campaign through NAVER.com, the number one South Korean travel portal site.

Partnering with The North Face, Estée Lauder, Air Canada, Tourism B.C., VIA Rail, Dove magazine and *Tour de Monde* publication, the CTC promoted Canada's tourism brand and enabled Koreans to choose their type of travel experience. The campaign helped to highlight the EQ Explorer Types of Korean travellers, which will inform the CTC's future marketing strategies.

4.3.2 Leveraging Canada's Meetings, Convention & Incentive Travel Strategy

The MC&IT strategy, positioning Canada as a quality alternative to the U.S. and international meeting and incentive destinations, was developed five years ago and provided the foundation for what continues to be one of the CTC's most successful business units. One of the cornerstones of the U.S. MC&IT program is the national strategic partnerships that are created with industry organizations such as American Society of Association Executive & the Center for Association Leadership (ASAE & the Center), Financial Insurance Conference Planners (FICP) and Experient, a leader in providing integrated meeting and event services. This type of innovative strategic partnership, created by the CTC, has become the standard in the industry.

Bringing customers to trial via the Visit Canada program is a critical initiative of the business unit, and the goal has always been to get as many industry partners to hold their meetings and conventions in Canada. Working closely with destination partners, three important industry events were held in Canada during 2007, and over the next three years Canadian destinations will play host to ASAE & the Center, FICP and once again the Meeting Professionals International (MPI). These industry events afford Canada the opportunity to expose large audiences of the association, corporate and incentive markets to state of the art facilities, high service levels, diverse destinations and distinctive niche product experiences resulting in incremental business for Canada.

Come to Canada. Ask for Steve (U.S. MC&IT)



In December 2007, the CTC launched the "Come to Canada. Ask for Steve" campaign geared to the MC&IT markets. Based on the idea that details are what turn an ordinary meeting into an extra-ordinary experience, Steve is a kind of "little big man" in Canada, offering the hippest and the most up-to-

date information on every aspect of holding a convention, meeting or incentive program in Canada. Initial research and development found the "Ask for Steve" concept would effectively attract and connect with the target audience, fit with the new look and feel of Canada's tourism brand, and clearly communicate the witty tonality and overall personality of Canada. The fully-integrated campaign encompasses direct mail, print and online elements. Steve offers details and insights for planners to ensure their meetings grow with all of the possibilities unique to Canada. To learn more about Steve visit

www.meetings.canada.travel

Professional Convention Management Association's Annual Meeting (U.S. MC&IT)

| Measure | Result |
|-------------------------------------------------|----------------|
| Total actual and in-kind contributions received | over \$500,000 |
| PCMA member attendees | 3,000 |

The CTC and partners hosted the Opening Night Reception for the Professional Convention Management Association's (PCMA) 2007 Annual Meeting at the Metro Toronto Convention Centre in January 2007. The CTC began work on the campaign to host the PCMA event as early as 2003 with Toronto's bid to be the host city. As it was the first time a PCMA Annual Meeting had been held outside the U.S., hosting the prestigious event was a tremendous opportunity for Canada and the CTC. The CTC's MC&IT team was extremely successful in raising partner contributions to host the opening reception. Many key influencers, planners and executives attended the opening reception, which afforded a platform for the first public launch of the new look and feel of Canada's tourism brand.

Meeting Professionals International 2007 World Education Congress in Montréal (U.S. MC&IT)

The CTC was a major partner in hosting the Meeting Professionals International (MPI) 2007 World Education Congress, held in Montréal, Québec, from July 28-31. The event set a new record with 3,665 registrants, making it the largest global event in MPI's 35-year history. As the meeting industry's largest and most vibrant global community, MPI is committed to delivering success for its nearly 23,000 worldwide members by providing innovative knowledge and learning experiences, connecting people and ideas, and creating rich marketplace opportunities.

"MPI's World Education Congress (WEC) brings together thousands of senior meeting professionals from around the globe representing hundreds of millions of dollars in purchasing power. Our experience has been that host communities that invest in the WEC see a return on investment of \$100 million within five years. The meeting in Montreal broke attendance records; the city executed an exceptional experience and I'm confident they will see the ROI." Bruce M. MacMillan, President & CEO, MPI

4.3.4 Leveraging Canada's Tourism Brand Through Non-Traditional Partnerships

BEST AGER Promotion (Generation Canada) (Germany)

| Measure | Result |
|----------------------------|----------------|
| Estimated ad value | over \$500,000 |
| Return on investment ratio | 17:1 |



Originally launched in 2006, the 2007 version of the *BEST AGER Promotion* non-traditional partnership yielded significant results for the CTC. Led by the Commission, the campaign focused on the 50+ age group and brought together German celebrity Katja Ebstein, an actress and singer recognized by 92 percent of the German population, and such partners as *FTI* (a German tour operator), *Feierabend.de*, *Logona*, *Globetrotter* and *Victorinox* to promote *FTI* travel packages to Alberta and B.C. The focus of the campaign was largely to support the new product featured in an *FTI* brochure with the theme "Generation Canada - I feel Good!"

Two years in the making, the CTC's total investment in the campaign was approximately \$30,000 and resulted in over 1,200 photographs taken by media. Articles appeared in *AZUR*, a new high-end magazine with a circulation of 80,000, in *Echo der Frau*, *Frau Aktuell* and *Freizeitrevue* magazines, and an article in *Das Neue Blatt* with a total circulation of 888,964. In addition, Ebstein appeared in *Münchener Abendzeitung*, a daily newspaper with a distribution of 130,570, and described Canada's West as "heavenly beautiful." The total advertising value for this article alone was roughly \$25,360; both Alberta and B.C. were mentioned various times and reference was made to Ebstein's travel diary, which she plans to publish in 2008.

"This truly was fantastic exposure for British Columbia and it was a pleasure working with the CTC on such a successful FAM tour to British Columbia." Fiona Frost, Marketing Coordinator for Europe & South Pacific, Tourism B.C.

Canada Whale Night 2007 (Germany)

| Measure | Result |
|-------------------------------------------------|---------------|
| Estimated print (newspaper & magazine) ad value | \$120,000 |
| Estimated TV and online ad value | \$3.6 million |
| Return on investment ratio | 8:1 |



On November 25, the CTC partnered with the Whale and Dolphin Conservation Society (WDCS), and some 70 other partners, to host a premium charity event that promoted

whale watching in Canada and generated funds and donations for the work of the WDCS. Canada and the participating provinces and territories, including Tourism B.C., Travel Alberta, Travel Manitoba, Atlantic Canada Tourism Partnership, Ontario Tourism, Nunavut Tourism and Northwest

Territories Tourism, were positioned as world-class whale watching and "green" destinations.

The charity event itself was pre-staged by a media news conference with four TV stations, 12 journalists and six photographers attending. The event attracted 130 sponsors, sold 350 tickets and was attended by over 650 guests, including 70 media and 100 celebrities. Entertainer Katja Ebstein and singer Pat Appleton performed. Overall, the CTC's total campaign investment was \$45,000, while total partnership contributions amounted to over \$410,000. Net proceeds to WDCS added up to over \$14,500. Over the six-month campaign operation, more than 24,000 unique users visited the *Canada Whale Night* website: www.canada-whale-night.de.

Knut (Germany)

| Measure | Result |
|----------------------------|-----------|
| Estimated ad value | \$200,000 |
| Return on investment ratio | 4:1 |



Knut, an orphan polar bear, was born at the Berlin Zoo on December 5, 2006. He became the star of a TV series, appeared on the cover of *Vanity Fair* (Germany) and became the poster "cub" to raise awareness for the International Polar Year and the issue of climate change.

On May 11, to highlight Canada's polar bear population and northern tourism experiences, the CTC presented Knut with a "boomer ball" branded with Canada's tourism brand "*Canada. Keep Exploring.*" As Canada's youngest ambassador for tourism, Knut received the ball as thanks for shining a light on Canada's wildlife-viewing experiences including polar bear watching in northern Manitoba and the Arctic.



The CTC leveraged the event by partnering with Travel Manitoba and Frontiers North Adventures to promote a contest whereby German consumers could win a six-night all-inclusive polar bear

watching trip to Churchill, Manitoba. The online contest included links to nine German tour operators who sold polar bear packages. Twenty TV and radio media attended the gift-giving ceremony and contest unveiling.

In addition, the CTC placed an ad for the contest in Germany's leading national newspaper (daily readership of 860,000), dropped 400,000 postcards in bars, clubs, cafés and restaurants in Hamburg, Düsseldorf, Frankfurt, Munich and Berlin, as well as distributed them through German tour operators and 100 outlets of the nationwide gym chain Fitness Company.

To celebrate Knut's first birthday on December 5, 2007, the CTC, in a renewed partnership with the Berlin Zoo, Travel Manitoba and Frontiers North Adventures, sponsored a contest to give away trips to view polar bears in Churchill, Manitoba. In addition, the CTC showed two Arctic-themed and two Canada Coast-to-Coast presentations at the Berlin Zoo to celebrate the milestone in the cub's life.

Ontario Summer Festival (South Korea)

| Measure | Result |
|----------------------------|----------|
| Contest entries | 8,200 |
| Estimated ad value | \$45,000 |
| Return on investment ratio | 1.3:1 |



From July 5-August 4, the CTC partnered with T.G.I. Friday's restaurant chain in South Korea and the Ontario Tourism Marketing Partnership Corporation (OTMPC) to reach young

Korean families who might be interested in travelling to Canada. The CTC leveraged Canada's tourism brand by exposing consumers to summer festival event posters and table mats in 53 T.G.I. Friday's restaurants throughout South Korea and inviting them to enter to win a trip to Ontario.

Canada Whistler Ski Campaign (South Korea)

| Measure | Result |
|--------------------|----------|
| Contest entries | 3,150 |
| Estimated ad value | \$40,000 |



From October 25 to November 30, CTC Korea ran a campaign in partnership with Tourism B.C. and ARC'TERYX, a premium Canadian outdoor gear brand, to entice Koreans to travel to Whistler for their next ski/snowboard holiday. Event posters, entry slips for a Whistler

ski holiday, and 2,000 *COME SKI CANADA* magazines were distributed in each of the 34 ARC'TERYX stores across Korea.

TAYA Spring & Summer Campaigns (Japan)

| Measure | Result |
|------------------------------------------|---------|
| Total contest entries for both campaigns | 127,661 |
| Subscriptions to the CTC's e-newsletter | 49,393 |



The CTC partnered with TAYA Salons on two campaigns to raise the profile of Canada among females in Japan in their 30s-40s. Both the *Discover Your Beauty Campaign* (February 1-April 30) and the *Sweet Vacances Campaign* (July 1-31) promoted online contests to win a trip to Canada. Each

campaign took advantage of the 145 TAYA Salons throughout Japan to advertise in TAYA's in-house magazine *Gracious* (80,000 copies), TAYA's direct

mail (300,000 copies), TAYA's website (120,000 accesses monthly), as well as newspaper fliers (1.25 million copies) and magazines.

The North Face and LATÉRRRA Campaigns (Japan)

| Measure | Result |
|-----------------------------------------|--------|
| LATÉRRRA contest entries | 13,315 |
| Subscriptions to the CTC's e-newsletter | 7,765 |



From April 25-May 20, the CTC partnered with LATÉRRRA and Tourism Yukon to offer consumers with active lifestyles the chance to win a summer trip to the far north region of Canada. The CTC promoted Canada in the 250 LATÉRRRA stores throughout Japan, as well as in selected magazines and on the CTC and LATÉRRRA websites.

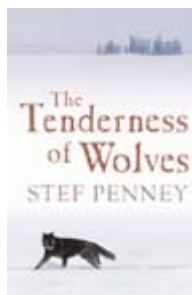
| Measure | Result |
|-----------------------------------------|--------|
| The North Face contest entries | 18,899 |
| Subscriptions to the CTC's e-newsletter | 11,700 |



Similarly, the CTC partnered with The North Face and Travel Alberta from June 1-July 16 to offer consumers, who favourably view the image of The North Face as a lifestyle brand, a chance to win a trip to the Icefields Parkway in Alberta. The CTC promoted Canada in 550 The North Face stores throughout Japan, as well as in selected magazines and on the CTC and The North Face websites.

The Tenderness of Wolves Book (U.K.)

| Measure | Result |
|-----------------------------------------|--------|
| Contest entries | 11,509 |
| Subscriptions to the CTC's e-newsletter | 1,331 |

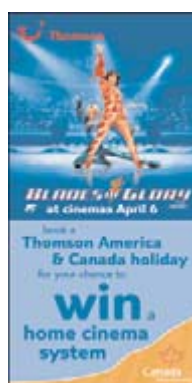


Winner of the 2007 Costa Book of the Year, *The Tenderness of Wolves* by Stef Penney, was featured in June as part of a Summer Reads promotion at Waterstones, an HMV-group bookstore chain with over 300 stores. The campaign was designed to encourage readers to take books on their summer

holidays. Book stickers directed consumers to the Waterstones website where a hosted competition page ran from June-August. E-newsletters to Waterstones' subscribers also promoted the competition, an opportunity to win a trip for two to go wolf watching in Saskatchewan.

Blades of Glory (U.K.)

| Measure | Result |
|----------------------------|----------|
| Estimated ad value | \$50,370 |
| Return on investment ratio | 22:1 |



The CTC partnered with Thomson Holidays, Paramount Pictures and Vue Cinemas to promote the film *Blades of Glory*, which came to cinemas in April. Filmed in Montréal, the film promotes and raises awareness of Canada. This campaign represented a significant non-traditional partnership to create awareness of Canada as a leading tourism destination, while increasing sales through the

Thomson Holidays retail network.

From March 9-22, Canada's tourism brand "Canada. Keep Exploring" was promoted in 750 Thomson Holiday retail outlets. Consumers who booked a trip to Canada through Thomson Holiday during this period were entered to win a home TV system courtesy of Paramount Pictures. Participating travel agents were also invited to enter to win a place on a Thomson Holidays staff FAM trip and to sign up to the award-winning Canada Specialist Program, a training program for travel agents. Overall, 2.2 percent more travellers booked trips to Canada through Thomson Holidays during the campaign period over the previous month.

Bata Shoe Museum Campaign (U.S.)

| Measure | Result |
|-----------------------------------------|---------------------------|
| Media impressions | over 6 million |
| Visits to the CTC's interactive website | 1,206 (701 unique visits) |
| Average time spent on website | 12.5 minutes |

When does a pair of shoes become a work of art?



In July, the CTC partnered with the Bata Shoe Museum in Toronto to produce a unique two-week exhibit in Boston. Guests visiting the exhibit were invited to "Step Into Canada." The CTC worked with an event producer to create a museum-style exhibit that brought five Canadian experiences from in-market advertising to life via 3-

D museum-style exhibits. Once consumers had engaged with the five experiences at the Canada exhibit, they were able to picture themselves in the experiences via an interactive game and an online e-card they could send to their friends and family. Each visitor was given a postcard as a takeaway item.

The CTC's marketing strategy for the campaign included local newspaper ads, postings around-town, signage at the venue, calendar listings and a dedicated page linked to the main CTC site. More

than 460 consumers visited the exhibits with the majority of visitors from Boston and surrounding suburbs, the CTC's targeted demographic. Consumers enjoyed the exhibits and feedback was extremely positive.

"The exhibit is combined with a shoe-related Canadian tourism display that uses shoes to promote Canadian destinations...Visitors will find more than 4,500 years of history in the museum's collection." The Eagle-Tribune - Massachusetts (circulation 46,646)

"You think you have a lot of shoes? Toronto's Bata Shoe Museum is home to more than 10,000 - and sharing some of its enviable collection with Bostonians." Boston Herald (circulation 203,552)

AIGLE Partnership Campaign (France)

| Measure | Result |
|-----------------------------------|-------------------------------------------------------|
| Visits to website during campaign | 24,183 (83% increase over the same period in 2006) |



The CTC partnered with French clothing corporation AIGLE to promote Canadian experiences. AIGLE's winter catalogue for 2007-2008 was shot in Vancouver and Whistler and the shoot was filmed and subsequently played on flat screens in the 65 AIGLE shops located throughout France. In addition, AIGLE's website

had a link to the CTC's website for the duration of the campaign in October and an e-mail was sent out to AIGLE's database advising of the campaign and the chance to win a ski trip for two to Western Canada.

Nikon (U.K.)

| Measure | Result |
|----------------------------|----------|
| Estimated ad value | \$52,400 |
| Return on investment ratio | 18:1 |



In February and March 2007, the CTC partnered with Nikon, which was launching its new D40 camera, marking the third year for the CTC-Nikon non-traditional

partnership. The CTC and Nikon worked with Digital SLR Photography and Ephotozine to launch the new Nikon D40 camera. A family photography competition and a contest on the U.K.'s largest dedicated photo website to win a family holiday to Ontario were also part of the campaign.

4.3.5 Leveraging Canada's Tourism Brand Through Tradeshows

China International Travel Mart Plus 2007 (China)

| Measure | Result |
|-----------------------------------------------------------------------|--------|
| Partner attendees | 27 |
| Delegate attendees | 50 |
| Chinese travel agents engaged in training and B2B sessions after CITM | 245 |



The CTC invited Canadian operators with an interest in the emerging Chinese market to take part in a value-added opportunity that was bundled with

participation at the *China International Travel Mart (CITM) 2007*.

Without Approved Destination Status, the CTC has limited opportunities to promote Canada in China. As a result, the CTC promotes Canada in China through extensive agent training, FAM tours for trade and media every month, and a significant presence at major trade shows, like CITM. The trade mission took place October 31-November 9 and involved 10 days of intensive sales and marketing activities in China commencing with four days of participation at the CITM trade and consumer show and followed by another five days of business activities in Shanghai and Beijing. Canada's booth earned the "Best Participant" award at the CITM trade and consumer show for the third year running.

Guangzhou International Travel Fair 2007 (China)

| Measure | Result |
|-------------------------------------|--------|
| Canadian industry partner attendees | 46 |
| Canadian delegate attendees | 100 |



Organized by the Guangzhou Tourism Bureau, the *Guangzhou International Travel Fair (GITF) 2007* was held March 30-

April 1 in Guangzhou Jinhan Exhibition Center. GITF is a large-scale and important tradeshow for Southern China. The CTC had the largest international booth (470 square metres) and included iconic RCMP Mounties and Canadian performers "Le-La-La Dancers" and the "Checkerboard Guy." The Canada Pavilion received the GITF award for "Best Booth" and the CTC and its partners received a further award for "Best Supporter." Canada had the largest international presence at the event. GITF 2007 attracted more than 600,000 visitors, including professional buyers, and proved an important event for seeking out new business and partnership opportunities, and promoting Canada's tourism brand.

Showcase Canada 2007 (China)

| Measure | Result |
|--------------------------------|--------|
| Chinese travel agent attendees | 46 |
| Canadian partner attendees | 46 |



Showcase Canada 2007 was held April 3-7 aboard the Viking Century Sky Cruise ship on the Yangtze River. The three days of

prescheduled B2B meetings provided a unique opportunity for networking and relationship building between the Canadian partners and key travel agents from Beijing, Shanghai, Guangzhou, Chongqing and Tienjin - a key driver for success in this highly competitive market. Partnership contributions were provided by Air Canada, Brewster, Daricny Travel, Edmonton Tourism, OTMPC, Ottawa Tourism, Tourism B.C., Tourisme Montréal, Tourisme Québec, Travel Alberta and WestJet.

Canada Corroboree Road-Show (Australia)

| Measure | Result |
|------------------------------------|----------------------------|
| Canadian and Australian exhibitors | 30 |
| Travel agent attendees | 761 (97 more than in 2006) |
| Australian media attendees | over 60 |



Canada Corroboree Road-Show 2007, a major annual road-show held in Australia targeting travel agents and media was held January 31-February 9. *Corroboree 2007* travelled to Sydney, Melbourne, Brisbane, Canberra and Perth. Canadian representation was strong with

16 presenters and a number of new participants, including Banff Lake Louise Tourism, Ski Banff Lake Louise, Tourisme Québec, Nunavut Tourism

and Edmonton Tourism. The CTC staged two media lunches in Sydney and Melbourne where Canadian partners had the opportunity to meet and present to Australian media, including newspapers, magazines, radio and TV. New for 2007 was the *Canada Corroboree B2B Event* held in Sydney. CTC Australia invited Wholesale & Tour Operator Product & Marketing Managers to discuss new product and marketing plans for the upcoming year; the event was hugely successful with 27 partners attending.

There were over 200,000 Australian visitor arrivals to Canada in 2007, and the largest number of Australian outbound travellers ever recorded in one year.

Conozca Canadá 2007 (Mexico)

| Measure | Result |
|------------------|-----------------------|
| Canadian sellers | 90 |
| Mexican buyers | 39 (↑ 6.7% from 2006) |



Conozca Canadá 2007, a CTC-organized annual tradeshow, was held September 17-21 in Mexico City. The event brought together Canadian

sellers and Mexican buyers to foster trade and tourism exchanges to Canada for the benefit of both industry players and consumers. In addition, for the first time, tour operators representing significant potential markets in Argentina and Colombia were invited.

Spotlight Canada (U.K.)

| Measure | Result |
|----------------------------|-------------------------------|
| Perfect-match appointments | 853 (↑ 14% from 2006) |
| Pre-scheduled appointments | 1,489 (↑ 17% from 2006) |
| Buyers | 102 (average 15 appointments) |
| Suppliers | 82 (average 18 appointments) |
| Press attendees | 42 (highest ever) |



The 17th annual *Spotlight Canada* event in March played an important role in connecting the Canadian tourism industry with the European marketplace.

This year, the CTC revamped the event by moving to a new award-winning London venue, re-introducing an awards night, retaining a two-day format, attracting new niche buyers, marketing the event in selected E.U. and Nordic countries, and retaining a perfect match appointment system. Hosted by the CTC, along with top U.K. travel-trade paper *Travel Weekly* as media sponsor, the event combined B2B pre-scheduled appointments, as well as social and networking opportunities. The CTC and its partners also announced the British Annual Canada Travel Awards to recognize the U.K.'s "best of the best" at a gala dinner held on the last day of the event.

Showcase Canada 2007 (South Korea)

| Measure | Result |
|----------------------------|--------|
| Meetings conducted | 528 |
| Return on investment ratio | 2.2:1 |



Showcase Canada 2007, the annual marketplace showcasing Canada in Seoul, Korea, brings together Canadian sellers and Korean buyers in a

business exchange environment with a proven format of pre-scheduled appointments and networking events. *Showcase Canada* took place on October 11 in Seoul and on October 12 in Busan. In Seoul, there was a 1:1 business marketplace ratio between 38 Canadian sellers from 24 organizations (a record high participation rate) and 34 Korean buyers. A VIP Dinner Reception brought together 100 industry decision-makers, media and non-traditional partners. On October 12, as a new initiative, 28 Canadian sellers from 20 organizations travelled to Busan to meet with 100 Korean buyers in an open-market setting.



Kanata 2007 (Japan)

| Measure | Result |
|--------------------|----------|
| Partner attendees | 53 |
| Media attendees | 200 |
| Estimated ad value | \$56,000 |



In 2007, the CTC initiated an energetic strategy to demonstrate Canada's new partnerships and new marketing approach in Japan. An annual event organized by the

CTC, *Kanata 2007* was an opportunity for Canadian companies to meet with Japanese professionals from travel industries to promote their products. The event was held October 15-19 in Tokyo, Nagoya and Osaka. To support marketing efforts from a communications perspective, the *Kanata Media Event*, called "Come to Canada Night," engaged media through proposed story ideas in five regions where new experiential products generated a desire for media representatives to travel to Canada. The event highlighted experiential features, including tea blending by B.C.'s Salt Spring Tea Company,

ranch-style Alberta beef, Canadian beer, Niagara wines, Québec cuisine, and Prince Edward Island quilt displays, as well as performances by Ontario First Nations artists.

Top Résa 2007 (France)

| Measure | Result |
|-----------------------------------------|--------|
| Contest entries | 187 |
| Subscriptions to the CTC's e-newsletter | 164 |



On September 26-28, the CTC participated in the *Top Résa 2007* travel market show with 26 Canadian partners, including new exhibitors Nunavut Tourism, Westjet, Société des Autochtones du Québec, Tourisme Outaouais, Hotel Far Hills and Go West Tours. The CTC created a special partnership with Air Canada at *Top Résa 2007* by showcasing Canadian experiences on Air Canada's plasma screen. To increase traffic to the Canada Stand and to measure the number of visitors to the show, the CTC put in place MOBIZONE, a program that sent a message to all mobile telephones entering the show telling the user to visit booth C-241 to register to win a trip to Canada. At the booth, the CTC had two computers where visitors registered for the contest and agents answered questions on Canada, including "How would you compare your Canada sales figures in 2007 versus 2006?" The results were extremely positive with over half reporting an increase in sales and just under half reporting stable sales.



| How would you compare your Canada sales figures in 2007 versus 2006? | Result |
|----------------------------------------------------------------------|------------|
| Increase | 94 (50.3%) |
| Stable | 89 (47.6%) |
| Decrease | 4 (2.1%) |

4.4 Highlights of 2007 Research

In 2007, the CTC continued to invest in a comprehensive research program as part of its mandate to provide information about tourism as a whole. CTC research activities tracked the industry's performance, market trends, profiles and shifts in Canada's key markets. The goal was to create a "Centre of Excellence" where industry and governments can obtain leading information on the tourism sector.

4.4.1 Current and Forward-Looking Indicators & Products

CTC Research maintained its investments in the two core surveys undertaken by Statistics Canada in 2007: the *International Travel Survey* and *Travel Survey of Residents of Canada*. The CTC continued to partner with Statistics Canada to produce the *National Tourism Indicators*, a portrayal of the evolution of tourism, and the *International Travel Account*, a measure of Canada's tourism deficit. Work was also completed on the *Canadian Tourism Satellite Account 2002* and the *Government Revenue Attributable to Tourism study*.

CTC publications included *Tourism Snapshot*, a monthly update on the CTC's key markets, and *Tourism Snapshot Year-In-Review*, an update on tourism performance data in the CTC's key markets. The Conference Board of Canada also produced several reports for the CTC in 2007, including the *Tourism Intelligence Bulletin*, a bi-monthly report providing travel trends, and the *Canadian Tourism Industrial Outlook*, a bi-annual report analyzing the profitability of Canada's tourism sector. The CTC also continued its work on the *Travel Activity and Motivation Study (TAMS)*, a large-scale survey of consumers in Canada and the U.S. CTC Research has been analyzing the data made available by this survey and determining implications of this research.

4.4.2 Japan Traveller and Travel Trade Perceptions Study

To restore Canada's growth and yield with the Japanese market - Canada's third most important market globally - it was imperative to identify and understand the issues or factors that have been contributing to Canada's poor performance. Primary market research was conducted to identify barriers, target markets, product opportunities, as well as insights on the Japanese traveller's preferences, attitudes, decision-making process and motivations toward vacationing in Canada.

Among the key findings, the research confirmed that travellers want more experiential travel in Canada; they want to stay in one area longer and engage in a deeper way with Canadian outdoor, cultural and lifestyle travel experiences. The research also confirmed that the Japanese travel trade was no longer aggressively pushing Canadian travel itineraries. As a result, the CTC has implemented the "*Japan, A New Direction*" action plan. Within this plan, the CTC's PIE unit used the research results to lead the process of creating new and differentiated travel experience suggestions. The results have been valuable in assisting CTC teams in matching new target markets with experiential products.

4.4.3 Understanding the Market Potential in Aboriginal Tourism

In collaboration with Aboriginal Tourism Canada (ATC) and other partners, the CTC initiated a study to determine the Aboriginal tourism market opportunities in the CTC's target markets. The study had a two-phase approach: 1) an omnibus in the nine target markets to validate the awareness and interest in Aboriginal cultural tourism opportunities; and 2) a consumer and travel trade study to collect insights, facts and evidence on interests and motivations around Canadian vacations involving Aboriginal tourism experiences. While the findings from the first phase identified there is interest in all markets for trips that include participation in Aboriginal activities, the U.K., France and Germany demonstrated a stronger potential for Aboriginal tourism experiences. Phase

Two of this project was initiated in late fall 2007, with results expected in early 2008.

4.4.4 Global Creative Testing

The CTC began the process of creating and implementing a common brand communications platform to engage the global target market and inspire and compel them to visit Canada. Twenty-two focus groups were conducted in 11 key international locations to explore creative options. Research provided the CTC with a greater understanding of potential creative elements, messaging, and execution. The evaluation also assessed the possible effectiveness of two potential campaigns across the CTC's international markets. The research supported the strategy of presenting a common look and feel globally with some regional adaptation to adjust for cultural differences.

4.4.5 Consumer and Travel Trade Research

To stay competitive with long-haul destinations that are dedicating more resources to tourism marketing, such as the U.S. and Europe, studies of consumers and travel trade in Australia and Mexico were completed in 2007.

The results from Mexico and Australia provided valuable market intelligence on long-haul travellers, key target segments for Canada, trip planning and booking, current vacations taken in Canada, and future trips that travellers would like to take in Canada. The information was used to guide tourism strategies and marketing activities in key CTC markets. To read the project summaries, visit www.corporate.canada.travel/docs/research_and_statistics/market_knowledge/AsiaPacific/Australia_Consumer_Travel_Trade_eng.pdf for Australia and www.corporate.canada.travel/docs/research_and_statistics/market_knowledge/ela/2007_Mexico_Consumer_Segmentation_Summary_eng.pdf for Mexico.

part 5: management discussion & analysis

This segment of the report deals with the CTC's financial performance for the year ended December 31, 2007. The audited financial statements in section 6 are integral to this analysis, and should be read in conjunction with it.

The Audit Committee will also be kept apprised of expenditures, commitments and progress against these commitments. Performance measurement of the \$26 million will be consistent with the corporate balanced scorecard approach.

Financial Highlights

5.1 Leveraging Canada's Games - Vancouver 2010 Winter Games

In October 2007, the CTC was advised by the Government of Canada that it would be receiving \$26 million of one-time funding in support of the Vancouver 2010 Olympic and Paralympic Winter Games. These funds will cover the government fiscal periods 2007/08 to 2011/12 and will be dedicated to three program areas: International Business and Media Programs, Tourism Partners and Post-2010 Games. The majority of the funds will be committed to program expenditures (\$23 million) with a minor portion going to fund temporary staff and related administrative costs.

Although the full funding has been approved by Treasury Board, the funds will be drawn into income over the years 2007/08 to 2011/12. None of these funds were included in the fiscal year ended December 31, 2007.

Due to the amount of funding being received and the importance of the success of the CTC strategy in support of the 2010 Winter Games, a governance structure has been established to develop the CTC 2010 strategy, review and approve allocation of the funds to program areas, and monitor how the expenditures are occurring to ensure objectives are met. This committee consists of the Senior Management team and includes other CTC managers who are responsible for the management of these funds.

5.2 Government Funding and Revenue

The programs and operations of the CTC are funded by parliamentary appropriations. The CTC has a fiscal year ending on December 31 whereas the Government of Canada has a fiscal year ending March 31; therefore, appropriations used by the CTC in a fiscal year are drawn from two fiscal periods of the government. For the year ended December 31, 2007, the CTC drew down appropriations approved from government fiscal periods 2006/07 and 2007/08 (note 3). Annual appropriations approved in the CTC Corporate Plan were \$76.6 million in 2007/08. However, under generally accepted accounting principles, appropriations are recognized as expenses are incurred. For the year ended December 31, 2007, this amounted to \$73.6 million. Regarding capital assets, appropriations are recognized on the same basis of amortization as the underlying assets. This amount was \$1.5 million for the 2007 fiscal period. Thus, the total amount of appropriations recognized for the year was \$75.1 million.

The CTC also received partnership contributions of \$10.2 million. As the CTC is an organization that is committed to partnering with the industry, many programs are funded by both the CTC and industry partners. In some cases, the programs are led and managed by the partners and in these situations funds would be paid to the partner for the CTC's share of the program costs. In other instances, the CTC manages the programs and then the partners pay their share of the costs to the CTC; these are recorded as revenue - partnership contributions.

5.3 Expenditures

In 2007, total expenses incurred were \$86.2 million. The majority of these expenses were for Marketing and Sales, totalling \$69.8 million. Included in these costs are the costs of operation for the various program areas, funds invested in marketing and sales programs and compensation costs. The CTC has 10 offices located in nine countries and the related office costs of rent, administration and professional services were included in the amount of \$69.8 million. The majority of these expenditures were directly invested in sales and marketing programs. Expenses in 2007 were reduced from 2006 levels (\$69.8 million versus \$75.5 million) due to the fact that the CTC's appropriations were reduced by \$3 million in the 2006/2007 government fiscal year. Expenditures in 2006 also included program investments made as a result of one-time funding received from government to assist with the relocation of the CTC's head office from Ottawa to Vancouver (\$19.3 million). Some of these monies were also available for marketing investments.

Corporate Services expenses were \$13.5 million in 2007. These included functional areas such as Human Resources, Finance, Communications, Information Technology and Corporate Affairs. Expenses declined slightly in 2007 from 2006. Costs continued to be incurred in 2006 for the relocation of the head office from Ottawa to Vancouver; however these declined significantly in 2007.

Expenses for Strategy and Planning totalled \$1.3 million, an increase from 2006 expenses of \$446,000. Current year expenses include charges for evaluations of marketing programs that in 2006 would have been grouped with the Marketing and Sales expenses.

5.4 Corporate Plan Discussion

As part of the CTC's 2008-2012 planning process that took place in 2007, the organization made several significant decisions regarding becoming a strategy-focused organization, re-evaluating its priorities, and allocations for the Canada marketing programming.

5.4.1 Strategy-Focused Organization

In order to become a strategy-focused organization, the CTC adopted the Balanced Scorecard (BSC) methodology to enable the organization to execute its strategy rapidly and effectively, and create alignment between its corporate strategy and its strategies for Human Resources (HR) and Finance.

In 2007, the CTC developed its Strategy Map, a tool used to visually represent the organization's strategy, and its enterprise BSC, containing the key measures and targets used to assess progress fulfilling the strategy. Over the coming years, the CTC will use these two powerful tools to clearly communicate to its employees and stakeholders the organization's desired goal and its approach to achieving this goal.

5.4.2 Re-evaluating Priorities

The CTC's 2007-2011 strategic planning process highlighted seven priorities that worked to provide a solid foundation on which to build and expand the CTC's strategy for 2008. Although the CTC's 2007-2011 planning process identified "leveraging partner investment" and "creating increased demand for air access" as priorities, this year's planning process identified the former as integral to all CTC activities, and found the latter to be a core element of the CTC's business and inherent in its marketing approach. Therefore, these two issues were removed as specific priorities in the 2008-2012 strategy.

5.4.3 Canada Marketing Program Allocations

As part of the 2008-2012 strategic planning process, the CTC opted to reposition its investment in the Canada marketing program to focus on international markets. The CTC decided to retain approximately \$500,000 to maintain a limited domestic role in Media & Public Relations and PIE in support of Canada's tourism brand; the remaining funds were to be distributed across the CTC's international marketing programs based on maximizing return on investment. Canada program staff was reassigned in support of the CTC's strategic priorities.

The decision to eliminate the Canada program was based on the fact that increased investment by partners in domestic marketing has been instrumental in driving growth in inter-provincial travel. In 2006, total domestic tourism revenue increased by 10 percent from 2005 to \$50 billion.

5.5 Three-Year Overview

Management's Discussion and Analysis

THREE-YEAR OVERVIEW

Statement of operations, comprehensive income and accumulated deficit
(in thousands)

| | 2007 | 2006 | 2005 |
|--------------------------------|---------------|---------------|---------------|
| Revenue | | | |
| Partnership contributions | \$ 10,196 | \$ 6,757 | \$ 6,786 |
| Other | 765 | 636 | 334 |
| | <u>10,961</u> | <u>7,393</u> | <u>7,120</u> |
| Expenses | | | |
| Marketing and sales | 69,844 | 75,472 | 77,555 |
| Corporate services | 13,487 | 14,579 | 19,786 |
| Strategy and planning | 1,293 | 446 | 796 |
| Amortization of capital assets | 1,571 | 1,437 | 1,698 |
| | <u>86,195</u> | <u>91,934</u> | <u>99,835</u> |
| Net cost of operations | \$ (75,234) | \$ (84,541) | \$ (92,715) |

Balance Sheet
(in thousands)

| | 2007 | 2006 | 2005 |
|-------------------------------------------|------------------|------------------|------------------|
| Assets | | | |
| Cash | \$ 17,369 | \$ 19,746 | \$ 14,041 |
| Accounts Receivable | | | |
| Government of Canada | 736 | 2,424 | 1,573 |
| Partnership contributions | 2,280 | 1,807 | 1,592 |
| Other | 403 | 242 | 192 |
| Parliamentary appropriations | - | - | 6,772 |
| Prepaid expenses and other assets | 2,507 | 3,105 | 1,760 |
| Capital assets | 4,348 | 5,079 | 4,284 |
| | <u>\$ 27,643</u> | <u>\$ 32,403</u> | <u>\$ 30,214</u> |
| Liabilities | | | |
| Accounts payable and accrued liabilities: | | | |
| Trade | \$ 10,535 | \$ 15,841 | \$ 19,048 |
| Employee compensation | 1,775 | 1,824 | 3,056 |
| Government of Canada | 83 | 757 | 1,057 |
| Deferred parliamentary appropriations | 7,859 | 5,734 | - |
| Deferred revenue | 1,156 | 1,280 | 881 |
| Deferred capital funding | 4,416 | 5,148 | 4,353 |
| Accrued benefit liability | 3,338 | 3,245 | 4,552 |
| Accumulated deficit | (1,519) | (1,425) | (2,733) |
| | <u>\$ 27,643</u> | <u>\$ 32,403</u> | <u>\$ 30,214</u> |

5.6 Performance Measurement & Evaluation

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

The CTC developed a toolkit in 2007 to provide guidance and assistance in the consistent measurement of performance as an organization, and in the evaluation of key marketing activities. The toolkit is intended to provide a framework for assessing business performance in the context of the CTC's organizational strategy.

5.6.1 Measuring 2007 Against the Performance Dashboard

The CTC evaluates performance on a number of different levels. Developed as part of the 2006-2008 Strategic Plan and included in the 2007-2011 Corporate Plan, the dashboard measures the overall effectiveness of the CTC's tourism marketing programs and organizational processes. The following dashboard outlines how the CTC's 2007 corporate performance met or exceeded targets in at least eight out of 11 measures:

| Priorities | Measure | Benchmark ² | 2007 Performance Target | Result | Comments |
|-----------------------------------|-----------------------------------------------------|-----------------------------------------|-----------------------------------------------------------------------------------------------------------|--------|-----------------------------------------------------------------|
| Consumer relevancy | Qualified consumers in databases with e-mail | 1,000,000 in database (25% with e-mail) | ↑ 12% | ✓✓ | 1,204,797 in database (35.5% with e-mail) |
| | # of unique visitors to Canada.travel consumer site | 1,931,942 (2005) | Establish a tool to track visitors in 2007 | ✓ | 2,067,510 |
| | % of consumers converted | - | Establish a benchmark and measurement tool in 2007 | ✓ | U.S. 0.40% U.K. 0.68% Canada 1.08% Japan 0.09% |
| Align market allocations with ROI | MPA | Score of 20 = Tier 1 | Maintain alignment with Tier 1 markets | ⌚ | Scores will not be available until May 2008 |
| | MIM/RIM | - | Create a tool to derive an optimal investment allocation taking risk and ROI into account for each market | ✓ | RIM (tool developed in 2007; currently being refined) |
| Differentiate Canada | Brand awareness | - | Establish a benchmark in 2007 to measure brand awareness | ✓ | 9.0% ³ |
| Grow tourism export revenues | Tourism Revenues | \$16.5 billion (2006) | ↑ 3.9% \$17.8 billion | ✗ | \$16.6 billion (up 0.3% from 2006) |
| | UNWTO Ranking | #12 (Revenue) | Aim to improve ranking back towards #10 | ✓ | #11 |
| Market Yield | Average per person spend per night | \$113.12 (2006) | ↑ 1.9% \$115.27 | ✓✓ | \$122.05 (preliminary) |
| Leverage partner investment | Partnership ratio | 1:1 | Maintain 1:1 | ✓✓ | 1.2:1 |
| Organizational excellence | Employee satisfaction | 65% (2006) | To improve from 2006 | N/A | New measurement of employee engagement was used in 2007 (62.5%) |

✓✓ = Exceeded

✓ = Met,

✗ = Not met

⌚ = Still in progress

² Figures in the 2007-2011 Corporate Plan contained 2005 data as benchmarks as it was the latest available at that time. Final 2006 data has now been substituted.

³ Based on unaided advertising awareness of all CTC core markets generated by Global Tourism Watch.

5.6.2: Advertising Tracking and Conversion Studies

As part of the evaluation approach, which feeds into the performance evaluation framework, in 2007, the CTC tracked and evaluated the success of its marketing efforts through advertising tracking and conversion studies carried out the U.S., the U.K., Canada and Japan to assess whether marketing projects are furthering the achievement of corporate objectives.

The conversion studies were conducted using three measures:

- 1. Advertising Critical:** This is the most conservative measure of travel behaviour for the period of interest. It counts those individuals who make travel plans to visit Canada as a result of seeing the advertising.
- 2. Positive Influence:** This method assumes these respondents were only thinking about going to Canada and made up their minds once they saw the material.
- 3. Market Potential:** This approach looks ahead to include those who had not yet made the travel decision at the time of the study, but may have been influenced by the material to visit Canada in the near future.

Canada Spring Advertising Campaign

| | |
|----------------------|------------|
| # of people targeted | 16,000,000 |
| # of people reached | 5,500,000 |

Canada's spring marketing efforts had the objective to switch the outbound travel habits of the Canadian traveller and entice them to travel within Canada. Features of the campaign encompassed a cross-section of media, including the distribution of USB keys profiling exciting Canadian travel experiences and containing Canadian imagery, online ads and forums, and radio and television spots.

| | Advertising Critical | Positive Influence | Market Potential |
|----------------------------|----------------------|--------------------|------------------|
| # of people converted | 59,544 | 234,329 | 453,314 |
| % of people converted | 1.08% | 4.26% | 8.24% |
| Projected tourism revenues | \$18.3 million | \$72.2 million | \$139.6 million |
| Return on investment ratio | 23:1 | 89:1 | 173:1 |

U.K. Spring Advertising Campaign

| | |
|----------------------|------------|
| # of people targeted | 10,219,000 |
| # of people reached | 1,124,000 |

The U.K.'s spring advertising campaign centred on a variety of media including newspaper inserts, radio and online advertisements, and featured segments on the U.K. Travel Channel. With the objectives of increasing exposure to Canadian content, piquing curiosity about Canada and driving understanding of the Canada experience.

| | Advertising Critical | Positive Influence | Market Potential |
|----------------------------|----------------------|--------------------|------------------|
| # of people converted | 7,600 | 47,300 | 56,800 |
| % of people converted | 0.68% | 4.21% | 5.05% |
| Projected tourism revenues | \$10.3 million | \$64.7 million | \$77.6 million |
| Return on investment ratio | 9:1 | 54:1 | 64:1 |

U.S. Spring/Summer Advertising Campaign

| | |
|----------------------|------------|
| # of people targeted | 27,077,559 |
| # of people reached | 3,953,324 |

The 2007 spring/summer advertising campaign focused on the three primary markets of Boston, Los Angeles and New York City. The campaign aimed to move awareness and consideration for Canada to the leisure destination of choice, and to capture and convert those travellers with a higher propensity to spend on a quality travel experience.

| | Advertising Critical | Positive Influence | Market Potential |
|----------------------------|----------------------|--------------------|------------------|
| # of people converted | 15,813 | 270,012 | 770,108 |
| % of people converted | 0.40% | 6.83% | 19.48% |
| Projected tourism revenues | \$7.6 million | \$129.6 million | \$369.7 million |
| Return on investment ratio | 2:1 | 33:1 | 94:1 |

Japan Summer Advertising Campaign

| | |
|----------------------|------------|
| # of people targeted | 10,100,000 |
| # of people reached | 2,121,000 |

The CTC's summer marketing efforts in Japan aimed to revitalize Canada's image. One of these efforts was through a non-traditional partnership with Taya, a Japanese beauty salon chain. Despite the campaign's success, Canada still faces fierce competition for Japanese tourists from other appealing destinations, including Europe, Australia and Hawaii. To increase visitation, Canada will need to leverage current levels of interest by creating a stronger profile in this market and compelling Japanese travellers to place Canada on their short lists of vacation destinations.

| | Advertising Critical | Positive Influence | Market Potential |
|----------------------------|----------------------|--------------------|------------------|
| # of people converted | 2,000 | 16,000 | 20,000 |
| % of people converted | 0.09% | 0.75% | 0.94% |
| Projected tourism revenues | \$2.7 million | \$21.7 million | \$27.1 million |
| Return on investment ratio | 17:1 | 136:1 | 170:1 |

5.7 Risk Management

The CTC conducts a risk assessment as part of its annual planning cycle, and uses the results of the assessment in the development of its five-year strategic plan. Stemming from the risk assessment is the CTC's risk mitigation strategy, which is intended to retain a focus on managing and addressing the organization's key risks on an ongoing basis. The Audit Committee performs an oversight function to ensure the effective implementation of the strategy, and reviews the progress of risk mitigation on a quarterly basis.

The 2007 risk assessment identified the most pressing risks facing the organization in terms of their likelihood of occurrence, their impact on the Commission's goals and objectives, and organizational ability to control and manage the risks. The greatest residual risks are identified in order below:

1. **Resourcing:** resources to deliver against the strategy
2. **Reliance on Government Funding:** changes in government funding levels
3. **Retention:** retention of key staff
4. **Competition:** competing for share of tourism revenue
5. **External Shock:** management of the impact of natural disasters (e.g. pandemics, environmental, mad cow) and other external shocks (e.g. air traffic disaster) on Canadian tourism spend
6. **Relevancy / Attribution - Performance Measurement:** measurement and attribution of performance to demonstrate influence on tourism in Canada
7. **Training / Development:** training programs to support personnel
8. **Recruiting:** recruiting the right people for the right jobs
9. **Protection of Brand Assets:** proper protection of the CTC brand
10. **Privacy:** treatment of confidential or sensitive information to third parties

part 6: financial statements

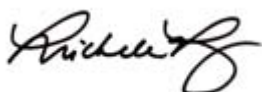
6.1 Management Responsibility Statement

The management of the Commission is responsible for the performance of the duties delegated to it by the Board of Directors. These include the preparation of an Annual Report together with audited financial statements. These statements, approved by the Board of Directors, were prepared in accordance with Canadian generally accepted accounting principles appropriate in the circumstances. Other financial and operational information appearing elsewhere in the Annual Report is consistent with that contained in the financial statements.

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

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

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



Michele McKenzie
President
and Chief Executive Officer



Karin Zabel
Vice-President Finance & Business Development
and Chief Financial Officer

February 22, 2008



AUDITOR'S REPORT

To the Minister of Industry

I have audited the balance sheet of the Canadian Tourism Commission as at December 31, 2007 and the statements of operations, comprehensive income and accumulated deficit and cash flows for the year then ended. These financial statements are the responsibility of the Commission's management. My responsibility is to express an opinion on these financial statements based on my audit.

I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I plan and perform an audit to obtain reasonable assurance whether the financial statements are free of material misstatement. An audit includes examining, on a test basis, evidence supporting the amounts and disclosures in the financial statements. An audit also includes assessing the accounting principles used and significant estimates made by management, as well as evaluating the overall financial statement presentation.

In my opinion, these financial statements present fairly, in all material respects, the financial position of the Commission as at December 31, 2007 and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles. As required by the *Financial Administration Act*, I report that, in my opinion, these principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Commission that have come to my notice during my audit of the financial statements have, in all significant respects, been in accordance with Part X of the *Financial Administration Act* and regulations, the *Canadian Tourism Commission Act*, and the by-laws of the Commission.

Andrew Lennox, CGA, CMA
Assistant Auditor General
for the Auditor General of Canada

Vancouver, Canada
February 22, 2008

6.3 Audited Financial Statements

6.3.1 Balance Sheet

Canadian Tourism Commission
Balance sheet
As at December 31
(in thousands)

| | 2007 | 2006 |
|------------------------------------------------|------------------|------------------|
| Assets | | |
| Current Assets | | |
| Cash | \$ 17,369 | \$ 19,746 |
| Accounts Receivable | | |
| Government of Canada | 736 | 2,424 |
| Partnership contributions | 2,280 | 1,807 |
| Other | 403 | 242 |
| Prepaid expenses and other assets | 2,507 | 3,105 |
| | <u>23,295</u> | <u>27,324</u> |
| Capital assets (Note 4) | 4,348 | 5,079 |
| | <u>\$ 27,643</u> | <u>\$ 32,403</u> |
| Liabilities | | |
| Current Liabilities | | |
| Accounts payable and accrued liabilities: | | |
| Trade | \$ 10,535 | \$ 15,841 |
| Employee compensation | 1,775 | 1,824 |
| Government of Canada | 83 | 757 |
| Deferred parliamentary appropriations (Note 3) | 7,859 | 5,734 |
| Deferred revenue | 1,156 | 1,280 |
| | <u>21,408</u> | <u>25,436</u> |
| Deferred capital funding (Note 5) | 4,416 | 5,148 |
| Accrued benefit liability (Note 6) | 3,338 | 3,245 |
| | <u>7,754</u> | <u>8,393</u> |
| Accumulated deficit (Note 7) | (1,519) | (1,426) |
| | <u>\$ 27,643</u> | <u>\$ 32,403</u> |

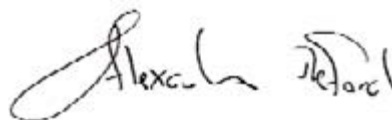
Commitments and contingencies (Notes 9 & 10)

The accompanying notes form an integral part of the financial statements

Approved on behalf of the Board of Directors:



Montie Brewer
Director



Alexander Reford
Director

6.3.2 Statement of Operations, Comprehensive Income and Accumulated Deficit

Canadian Tourism Commission

Statement of operations, comprehensive income and accumulated deficit

For year ended December 31

(in thousands)

| | 2007 | 2006 |
|-----------------------------------------------------------------|--------------------------|--------------------------|
| Revenue | | |
| Partnership contributions | \$ 10,196 | \$ 6,757 |
| Other | 785 | 636 |
| | <u>10,981</u> | <u>7,393</u> |
| Expenses | | |
| Marketing and sales (Note 8) | 69,844 | 75,472 |
| Corporate services | 13,487 | 14,579 |
| Strategy and planning | 1,293 | 446 |
| Amortization of capital assets | 1,571 | 1,437 |
| | <u>86,195</u> | <u>91,934</u> |
| Net cost of operations | (75,234) | (84,541) |
| Parliamentary appropriations (Note 3) | 73,570 | 84,411 |
| Amortization of deferred capital funding (Note 5) | 1,571 | 1,437 |
| | <u>75,141</u> | <u>85,848</u> |
| Net results of operations and comprehensive income for the year | <u>(93)</u> | <u>1,307</u> |
| Accumulated deficit, beginning of year | (1,426) | (2,733) |
| Accumulated deficit, end of year | <u><u>\$ (1,519)</u></u> | <u><u>\$ (1,426)</u></u> |

The accompanying notes form an integral part of the financial statements

6.3.3 Statement of Cash Flows

Canadian Tourism Commission
Statement of cash flows
For year ended December 31
(in thousands)

| | 2007 | 2006 |
|----------------------------------------------------------------------------------|------------------|------------------|
| Cash flows from / (used in) operating activities: | | |
| Cash paid to employees and suppliers | \$ (88,030) | \$ (99,203) |
| Parliamentary appropriations used to fund operating activities | 75,695 | 96,917 |
| Cash receipts from partners | 9,704 | 6,808 |
| Other income received | 765 | 636 |
| Cash flows from / (used in) operating activities | <u>(1,866)</u> | <u>5,158</u> |
| Cash flows (used in) investing activities: | | |
| Acquisition of capital assets (note 5) | (839) | (2,232) |
| Cash flows from financing activities: | | |
| Parliamentary appropriations used for the acquisition of capital assets (note 5) | 839 | 2,232 |
| Foreign exchange gain / (loss) on cash held in foreign currency | (511) | 547 |
| Increase / (decrease) in cash for the year | <u>(2,377)</u> | <u>5,705</u> |
| Cash, beginning of year | 19,746 | 14,041 |
| Cash, end of year | <u>\$ 17,369</u> | <u>\$ 19,746</u> |

The accompanying notes form an integral part of the financial statements

6.3.4 Notes to Financial Statements

Canadian Tourism Commission Notes to Financial Statements as at December 31, 2007

1. Authority and objectives

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

As stated in section 5 of the Act, the Commission's mandate is to:

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

2. Significant accounting policies

These financial statements are prepared in accordance with Canadian generally accepted accounting principles. A summary of significant policies follows:

a) Parliamentary appropriations

The Commission is mainly financed by the Government of Canada through parliamentary appropriations. Parliamentary appropriations used to fund operations are recognized as income in the year in which the related expenses are incurred. The Commission will have a deferred parliamentary appropriations balance at year-end when the appropriations received exceed expenses incurred. On the other hand, the Commission will have a parliamentary appropriations receivable balance when expenses incurred exceed parliamentary appropriations received.

Appropriations used for acquiring capital assets are recorded as deferred capital funding on the balance sheet and amortized on the same basis and over the same period as the related capital assets. Upon disposition of funded capital assets, the Commission recognizes in income all remaining deferred capital funding related to these capital assets.

As a result of the Commission's year-end (December 31) being different than the Government's (March 31), the Commission is funded by portions of appropriations from two Government fiscal years.

b) Partnership contributions

The Commission conducts marketing activities in partnership with a variety of Canadian and foreign organizations. Where the Commission assumes the financial risks of conducting a marketing activity, partnership contributions are recognized as income when the marketing activity takes place. Partnership contributions received for which the marketing activity has not yet taken place are shown as deferred revenue.

c) Other revenues

Other revenues consist of interest and miscellaneous revenue.

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

d) **Foreign currency translation**

Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the year-end exchange rates. Revenue and expense items are translated during the year at the exchange rate on the date of the transaction. Translation gains and losses are reported in expenses for the year under "Corporate services". The Commission does not hedge against foreign currency fluctuations.

e) **Capital assets**

Capital assets are recorded at cost less accumulated amortization and the amount of any write-downs. Capital assets are amortized on the straight-line basis over the estimated useful life of the assets as follows:

| Leasehold improvements | Remaining term of lease |
|------------------------|-------------------------|
| Office furniture | 5 years |
| Computer hardware | 3 years |
| Computer software | 5 years |
| Website | 3 years |

Capital assets transferred to the Commission as at January 2, 2001 are recorded at their historical cost, less accumulated amortization, in accordance with the above rates.

f) **Employee future benefits**

The Commission offers a number of funded and unfunded defined benefit pension plans, unfunded defined benefit plans (which include post-employment benefits and post-retirement benefits) as well as defined contribution pension plans that provide pension and other benefits to qualified employees. The pension plans include statutory plans and a supplemental plan. Other benefit plans include post-employment severance benefits and post-retirement health, dental and life insurance benefits. The defined benefit pension plans provide benefits based on years of service and average earnings at retirement. The Commission funds certain pension plans annually based on actuarially determined amounts needed to satisfy employee future benefit entitlements under current benefit regulations. Cost of living adjustments are automatically provided for retirees in accordance with the Consumer Price Index increases.

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

For the purposes of calculating the expected return on plan assets, those assets are valued at fair value.

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

Past service costs arising from plan amendments are deferred and amortized at the date of plan amendments on a straight-line basis over the expected average remaining service lifetime (EARS�) to full eligibility of active employees, which has been determined to be 10 years (10 in 2006) for the Supplementary Retirement Plan (SRP), 30 years (30 in 2006) for the Registered Retirement Plan (RPP) and 13 years (13 in 2006) for non-pension post-retirement benefits.

The excess of the net accumulated actuarial gain (loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the EARS� of active employees. This EARS� has been determined to be 15.9 years (14.5 in 2006) for the RPP, 15 years (15 in 2006) for the SRP, 16.4 years (15 in 2006) for the Pension Plan for Employees of the Canadian Tourism Commission in Germany, Japan, South Korea and China, 18 years (18 in 2006) for non-pension post-retirement benefits, and 9 years (9 in 2006) for severance benefits.

In the case where the benefit plans are impacted by both a curtailment and a settlement, the curtailment is taken into consideration first in calculating the accrued benefit obligations of the plans.

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

g) Accounting estimates

The preparation of financial statements in accordance with Canadian generally accepted accounting principles requires management to make estimates and assumptions that affect the reported amounts of assets and liabilities at the date of the financial statements and the amounts of income and expense during the reporting periods. Actual results could differ significantly from those estimates. The most significant estimates involve the determination of employee future benefits and the useful lives for amortization of capital assets.

h) Financial instruments

The Commission's financial instruments consist of cash held in a general bank account, accounts receivable, accounts payable and accrued liabilities, which are incurred in the normal course of business. It is management's opinion that the Commission is not exposed to significant interest or currency risk arising from these financial instruments. There is no concentration of accounts receivable and, therefore, there is no significant credit risk. The carrying amounts of accounts receivable, accounts payable and accrued liabilities approximate their fair value because of their short-term maturity, which also approximates amortized cost.

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

i) **Changes in accounting policies**

On January 1, 2007, the Commission adopted the Canadian Institute of Chartered Accountants ("CICA") Handbook Section 1530 "Comprehensive Income", Section 3855 "Financial Instruments - Recognition and Measurement" and Section 3861 "Financial Instruments - Disclosure and Presentation". The Commission is not required to restate prior period results.

Section 1530 introduces comprehensive income, which represents the change in equity from transactions and other events and circumstances from non-owner sources. Other comprehensive income ("OCI") comprises revenues, expenses, gains and losses that, in accordance with primary sources of GAAP, are recognized in comprehensive income, but excluded from net income. Upon adoption of Section 1530, the Commission revised its "Statement of operations and accumulated deficit" to include the newly required Statement of comprehensive income by creating a combined statement. The adoption of comprehensive income has been made in accordance with the applicable transitional provisions and no amounts have been reclassified to accumulated other comprehensive income. Currently, the Commission has no OCI.

Section 3861 establishes standards for disclosure and presentation of financial instruments and non-financial derivatives. Section 3855 describes when a financial asset, financial liability or non-financial derivative is to be recognized on the balance sheet, and the amount at which these items should be recorded. Under the new standards, financial instruments must be classified into one of the following classifications: held-for-trading, held-to-maturity, loans and receivables, available-for-sale and other financial liabilities.

All financial instruments are to be measured at fair value on initial recognition of the instrument, except for certain related party transactions. Subsequent measurement and the accounting for the changes in fair value will depend on their initial classification.

The Commission classified its accounts receivable as "loans and receivables" and its accounts payable and accrued liabilities as "other financial liabilities", which are both measured at amortized cost.

The adoption of these standards has had no material impact on the Commission's financial statements.

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

3. Parliamentary appropriations

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

| | 2007 | 2006 |
|--------------------------------------------------------------|----------------|-----------|
| | (In thousands) | |
| Amount provided for operating and capital expenditures: | | |
| Amounts voted in 2006/07 (2005/06) | | |
| Main estimates | \$ 76,526 | \$ 78,823 |
| Treasury Board Vote 15 | 8 | 1,001 |
| Special warrants | - | 19,325 |
| | 76,534 | 99,149 |
| Less: Portion recognized in calendar 2006 (2005) | (52,616) | (65,122) |
| | 23,918 | 34,027 |
| Amounts voted in 2007/08 (2006/07) | | |
| Main estimates | 76,577 | 76,526 |
| Supplementary estimates A | 5 | - |
| | 76,582 | 76,526 |
| Less: Portion to be recognized in calendar 2006 (2007) | (18,232) | (18,176) |
| Parliamentary appropriations deferred at year end | (7,859) | (5,734) |
| | 50,491 | 52,616 |
| | 74,408 | 66,643 |
| Amounts used to purchase capital assets | (639) | (2,232) |
| Parliamentary appropriations used for operations in the year | \$ 73,570 | \$ 64,411 |

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

4. Capital assets

| | Cost | Accumulated Amortization | December 31, 2007 Net Book Value | December 31, 2006 Net Book Value |
|------------------------|-----------|-----------------------------|----------------------------------------|----------------------------------------|
| <i>(in thousands)</i> | | | | |
| Leasehold improvements | \$ 3,410 | \$ 1,482 | \$ 1,928 | \$ 2,214 |
| Office furniture | 1,523 | 821 | 702 | 996 |
| Computer hardware | 1,408 | 1,183 | 225 | 167 |
| Computer software | 2,922 | 2,372 | 550 | 861 |
| Website | 1,535 | 592 | 943 | 841 |
| Total | \$ 10,798 | \$ 6,450 | \$ 4,348 | \$ 5,079 |

5. Deferred capital funding

Deferred capital funding represents the unamortized portion of parliamentary appropriations and other funding received to purchase capital assets.

Changes in the deferred funding balance are as follows:

| | 2007 | 2006 |
|------------------------------------------------------------------------|-----------------|-----------------|
| <i>(in thousands)</i> | | |
| Balance, beginning of the year | | |
| Parliamentary appropriations | \$ 4,690 | \$ 3,811 |
| Funding from related party | 458 | 542 |
| | <u>5,148</u> | <u>4,353</u> |
| Funding used in the current year for the acquisition of capital assets | | |
| Parliamentary appropriations | 839 | 2,232 |
| Amortization | | |
| Parliamentary appropriations | (1,487) | (1,353) |
| Funding from related party | (84) | (84) |
| | <u>(1,571)</u> | <u>(1,437)</u> |
| Balance, end of the year | | |
| Parliamentary appropriations | 4,042 | 4,690 |
| Funding from related party | 374 | 458 |
| | <u>\$ 4,416</u> | <u>\$ 5,148</u> |

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

6. Accrued benefit liability

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

| Employees Covered | Name of the Plan | Nature of the Plan | Contributors | Accounting Treatment |
|-------------------------------------|---------------------------------------------------------------------------------------------------------------|---------------------------------------------------------|----------------------------------|---------------------------|
| Canada | Registered Pension Plan for the Employees of the Canadian Tourism Commission – Defined Benefit component | Funded, Defined Benefit Plan | CTC and plan members | Defined Benefit Plan |
| | Registered Pension Plan for the Employees of the Canadian Tourism Commission – Defined Contribution component | Combination of Defined Contribution Plan and Group RRSP | CTC and plan members | Defined Contribution Plan |
| | Supplementary Retirement Plan for Certain Employees of the Canadian Tourism Commission | Partly funded, Defined Benefit Plan | CTC and plan members | Defined Benefit Plan |
| | Non-Pension Post-Retirement Benefit Plan for Canadian Employees | Unfunded, Defined Benefit Plan | CTC and plan members | Defined Benefit Plan |
| Germany, Japan, South Korea & China | Pension Plan for Employees of the CTC in Germany, Japan, South Korea & China | Unfunded, Defined Benefit Plan | CTC and the Government of Canada | Defined Benefit Plan |
| United States | Qualified Pension Plan for U.S. Citizen Employees Working in the U.S. | Funded Multi-employer Defined Benefit Plan | CTC | Defined Contribution Plan |
| | Registered Pension Plan for Canadian Citizen Employees Working in the U.S. | Funded Multi-employer Defined Benefit Plan | CTC | Defined Contribution Plan |
| United Kingdom | Canadian High Commission Locally Engaged Staff Pension Scheme | Funded Multi-employer Defined Benefit Plan | CTC | Defined Contribution Plan |
| Australia | Hospitality and Tourism Industry Defined Contribution Pension Arrangement | Defined Contribution Plan | CTC | Defined Contribution Plan |
| All Employees | Severance Benefits for Canadian and Locally Engaged Employees | Unfunded, Defined Benefit Plan | CTC | Defined Benefit Plan |

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

Defined contribution plans

The Commission has established a defined contribution pension plan for non-unionized employees in Canada, hired on or after August 1, 2005. On January 30, 2007, the Canadian unionized employees of the Commission agreed to participate in the defined contribution plan effective March 8, 2007. This decision impacts unionized employees hired on or after August 1, 2005. For service prior to March 8, 2007, the impacted members had a one-time option to either retain their accrued defined benefit pension in the plan, or to transfer the commuted value of such accrued benefits to the defined contribution plan. The total amounts to be transferred and date of transfer will not be finalized until 2008.

Employees in Australia participate in the Hospitality and Tourism Industry defined contribution pension arrangement, to which the Commission is required to contribute.

The total cost for the Commission's defined contribution pension plans is \$305,511 in 2007 (\$151,277 in 2006).

The Commission also participates in multi-employer defined benefit plans providing pension benefits to employees working in the United States and in the United Kingdom. These plans, to which contributions totaled \$285,625 in 2007 (\$252,534 in 2006), are accounted for as defined contribution plans.

Defined benefit plans

Canada

The Commission has a number of defined benefit plans in Canada, which provide post-retirement and post-employment benefits to its employees. Effective January 2, 2004, pension arrangements include a registered pension plan as well as a supplemental arrangement, which provides pension benefits in excess of statutory limits. The Commission provides pension benefits based on employees' years of service and average earnings at the time of retirement. The registered pension plan is funded by contributions from the Commission and from the members. In accordance with pension legislation, the Commission contributes amounts determined on an actuarial basis and has the ultimate responsibility for ensuring that the liabilities of the plan are adequately funded over time. The supplemental retirement plan liabilities arising on and after January 2, 2004 are funded on a pay-as-you-go basis.

Post-retirement benefits include health, dental and life insurance benefits. The cost of these benefits is paid for by the Commission and the retirees. These benefits are unfunded.

A severance benefits plan is provided for current employees. This plan is unfunded and the cost of the benefits is fully payable by the Commission.

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

Abroad

The Commission has a number of defined benefit plans for its locally engaged staff outside of Canada, which provide pension and severance benefits. The Commission provides retirement benefits based on employees' years of service and average earnings at the time of retirement. In the United States and in the United Kingdom, the plans are funded by contributions from the Commission. In accordance with pension legislation, the Commission contributes amounts determined on an actuarial basis to the plan and has the ultimate responsibility for ensuring that the liabilities of the plan (as they pertain to its employees) are adequately funded over time. In China, Germany, Japan and South Korea, the plan is unfunded. The Commission is only responsible for the service accruing on and after January 2, 2001.

Severance benefits are provided for current employees living abroad. The cost of the benefits is fully paid by the Commission. These plans are unfunded.

Measurement date and date of actuarial valuation:

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

The most recent actuarial valuation of the Canadian registered defined benefit pension plan for funding purposes was as of December 31, 2006, and the next required valuation will be as of December 31, 2007. The going concern financial position as at December 31, 2006 shows a funding excess of \$428,300 (unfunded liability of \$434,900 in 2006). The valuation also identified a solvency deficiency of \$2,594,400 (\$4,444,100 in 2006) and a solvency ratio of 86.9% (77.3% in 2006). Due to the solvency ratio being less than 100%, the Commission is required to make special payments of \$811,200 annually in 2008 and 2009, \$365,700 in 2010 and \$15,600 in 2011.

Accrued benefit obligation, plan assets, and funded status:

| Change in Accrued Benefit Obligation | Pension | | Other Benefit Plans | |
|-----------------------------------------------|---------------|---------------|---------------------|--------------|
| | 2007 | 2006 | 2007 | 2006 |
| Accrued benefit obligation, beginning of year | \$ 20,544,900 | \$ 20,637,200 | \$ 2,733,500 | \$ 2,456,000 |
| Current service cost | 789,500 | 656,600 | 355,900 | 187,800 |
| Interest cost | 1,080,700 | 1,061,500 | 154,800 | 127,800 |
| Employees' contributions | 211,000 | 264,300 | - | - |
| Benefits paid | (556,400) | (597,400) | (64,500) | (40,800) |
| Actuarial loss (gain) | (2,272,000) | (1,477,300) | (983,000) | 2,700 |
| Accrued benefit obligation, end of year | \$ 19,797,700 | \$ 20,544,900 | \$ 2,816,700 | \$ 2,733,500 |

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

The effect on the accrued benefit obligation at the end of the year of a one percentage point increase in the assumed health care cost trend rate would be \$191,900 (\$145,000 in 2006) and a one percentage point decrease would be \$144,250 (\$111,500 in 2006).

The accrued benefit obligation at the end of 2007 related to the Registered Pension Plan and the Pension Plan for Employees of the Canadian Tourism Commission in China, Germany, Japan and South Korea exceeds the plan assets. The plan assets for the Supplementary Retirement Plan exceed the accrued benefit obligation at the end of 2007. In 2006, the accrued benefit obligation exceeded plan assets for all plans.

The accrued benefit obligation and fair value of assets at year end are the following amounts in respect of plans that are either unfunded or not fully funded:

| | Pension | | Other Benefit Plans | |
|----------------------------------------|---------------|----------------|---------------------|----------------|
| | 2007 | 2006 | 2007 | 2006 |
| Accrued Benefit Obligation | \$ 19,193,700 | \$ 20,544,900 | \$ 2,816,700 | \$ 2,733,500 |
| Fair value of plan assets | 18,213,300 | 16,605,400 | - | - |
| Funded status – (deficit), end of year | \$ (980,400) | \$ (3,939,500) | \$ (2,816,700) | \$ (2,733,500) |

| Change in Plan Assets | Pension | | Other Benefit Plans | |
|----------------------------------------------------------------|---------------|---------------|---------------------|----------|
| | 2007 | 2006 | 2007 | 2006 |
| Fair value of plan assets, beginning of year | \$ 16,605,400 | \$ 15,738,200 | \$ - | \$ - |
| Actual return on plan assets net of actual investment expenses | 1,309,700 | (506,600) | - | - |
| Employer contributions | 1,846,300 | 1,706,900 | 64,500 | 40,800 |
| Employees' contributions | 211,000 | 264,300 | - | - |
| Benefits paid | (558,400) | (597,400) | (64,500) | (40,800) |
| Fair value of plan assets, end of year | \$ 19,416,000 | \$ 16,605,400 | \$ - | \$ - |

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

The Commission was required, by legislation, to exit the pension and benefit plans of the Government of Canada with respect to its Canadian employees as at January 1, 2004. New plans established replicate the plans and benefits previously provided by the Government. On November 16, 2004, the Commission signed a Pension Transfer Agreement with the Government of Canada that provided employees with a one time option of transferring their past service from the Public Service Pension Plan (PSPP) and the Retired Compensation Arrangement (RCA) to the new plans, or to leave them with the Government plans until retirement. With respect to members who elected to transfer past service, several transfers of assets were made from PSPP and RCA to the new plans. A partial transfer of \$5.5 million was made during 2005, \$5.0 million in 2006 and the final transfer of \$2.7 million was made in 2007. There are no outstanding amounts from the Government of Canada related to the Pension Transfer Agreement.

| Reconciliation of Funded Status to Accrued Benefit Asset (Liability) | Pension | | Other Benefit Plans | |
|-------------------------------------------------------------------------------------|--------------|----------------|---------------------|----------------|
| | 2007 | 2008 | 2007 | 2008 |
| (Deficit), end of year | \$ (381,700) | \$ (3,939,500) | \$ (2,816,700) | \$ (2,733,500) |
| Employer contributions during period from measurement date to fiscal year end | 98,400 | 885,800 | - | - |
| Unamortized past service costs | (267,500) | (312,300) | 79,600 | 88,200 |
| Unamortized net actuarial loss (gain) | 1,112,900 | 3,649,000 | (1,161,200) | (882,400) |
| Accrued benefit asset (liability) | \$ 562,100 | \$ 283,000 | \$ (3,898,300) | \$ (3,527,700) |

The cumulative excess of pension contributions over pension benefit cost is reported as accrued benefit asset. Other post-retirement and post-employment benefits are reported as an accrued benefit liability. The net of these two amounts (\$3.3 million) is reported as the *Accrued benefit liability* on the balance sheet.

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

Net benefit cost recognized in the period:

| Components of Net Periodic Benefit Cost | Pension | | Other Benefit Plans | |
|---------------------------------------------------------------------------------------------------|-------------|-------------|---------------------|------------|
| | 2007 | 2006 | 2007 | 2006 |
| Current service cost (employer portion) | \$ 789,500 | \$ 656,600 | \$ 355,900 | \$ 187,600 |
| Interest cost | 1,080,700 | 1,061,500 | 154,800 | 127,800 |
| Actual return on plan assets | (1,309,700) | 506,600 | - | - |
| Actuarial loss (gain) | (2,272,000) | (1,477,300) | (363,000) | 2,700 |
| Costs arising in the period | (1,711,500) | 747,400 | 147,700 | 318,300 |
| Differences between costs arising in the period and costs recognized in the period in respect of: | | | | |
| • Return on plan assets | 160,900 | (1,552,600) | - | - |
| • Actuarial loss (gain) | 2,375,200 | 1,588,200 | 278,800 | (99,700) |
| • Past service costs | (44,800) | (44,800) | 8,600 | - |
| • Plan amendments | - | - | - | 8,600 |
| Net periodic benefit cost recognized | \$ 779,800 | \$ 738,200 | \$ 435,100 | \$ 227,200 |

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

Significant actuarial assumptions used are as follows (weighted average):

| | Pension | | Other Benefit Plans | |
|--------------------------------------------------|---------|-------|---------------------|-------|
| | 2007 | 2006 | 2007 | 2006 |
| Accrued benefit obligation, end of year: | | | | |
| Discount rate | 5.60% | 5.20% | | |
| · Non-pension post retirement | | | 5.50% | 5.25% |
| · post employment severance | | | 5.60% | 5.00% |
| Rate of compensation increase | | | | |
| · Canadian | 4.00% | 4.00% | 4.00% | 4.00% |
| · Locally engaged | 4.50% | 4.50% | 4.75% | 4.00% |
| Net benefit cost, beginning of year: | | | | |
| Discount rate | 5.20% | 5.10% | | |
| · Non-pension post retirement, beginning of year | | | 5.25% | 5.25% |
| · Non-pension post retirement, end of year | | | 5.25% | 5.50% |
| · Post employment severance, beginning of year | | | 4.75% | 5.00% |
| · Post employment severance, end of year | | | 5.00% | 5.60% |
| Expected long-term rate of return on plan assets | 6.75% | 6.50% | n/a | n/a |
| Rate of compensation increase: | | | | |
| · Canadian | 4.00% | 4.50% | 4.00% | 4.00% |
| · Locally engaged | 4.50% | 4.50% | 4.75% | 4.00% |

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

Assumed health care cost trend rate:

| | Pension | | Other Benefit Plans | |
|---------------------------------|---------|------|---------------------|-------|
| | 2007 | 2006 | 2007 | 2006 |
| Initial health care trend rate | n/a | n/a | 8.60% | 9.35% |
| Ultimate health care trend rate | n/a | n/a | 5.00% | 4.80% |
| Year ultimate rate reached | n/a | n/a | 2015 | 2015 |

Total cash payments

Total cash payments for employee future benefits, consisting of cash contributed by the Commission to its funded and unfunded defined benefit pension plans, cash payments directly to beneficiaries for its unfunded other benefit plans, cash contributed to its defined contribution plans and cash contributed to its multi-employer defined benefit plan is \$1,246,944 (\$977,968 in 2006).

Locations without separate pension plans

The Commission contributes only to a national pension scheme in France and an insured pension plan in Mexico. There is no separate pension plan established by the CTC. Upon retirement, the national pension scheme or the insurer, and not the employer, is liable to pay the benefits. Therefore the only cost of the employer is its contribution, which is recognized as a cost in the year contributions are due.

7. Accumulated deficit

As indicated in Note 1, on January 2, 2001 the Canadian Tourism Commission became a Crown corporation and all assets and liabilities of the Commission as a special operating agency of the Department of Industry were transferred to the Commission. The net book value of the elements transferred was then credited to the accumulated deficit.

The accumulated deficit represents liabilities incurred by the Commission, net of deferred capital funding, that have not yet been funded through parliamentary appropriations. A significant component of this amount is for employee future benefits that will be funded only at the time the related benefits are paid by the Commission.

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

8. Marketing and sales expenses

The Commission carries out marketing and sales activities in a variety of countries around the world. These countries are supported by the Commission's Corporate Marketing and Sales units, located at headquarters, and are made up of E-Marketing, Brand, Research and Product Innovation and Enhancement. Total marketing and sales expenses are comprised of the following:

| | 2007 | 2006 |
|-----------------------------------------------------|-----------------------|------------------|
| | <i>(in thousands)</i> | |
| International (Europe, Latin America, Asia-Pacific) | \$ 26,804 | \$ 29,743 |
| U.S. | 26,062 | 29,215 |
| Corporate Marketing and Sales | 15,418 | 13,543 |
| Canada | 1,540 | 2,971 |
| | <u>\$ 69,844</u> | <u>\$ 75,472</u> |

9. Commitments

The Commission has entered into various agreements for marketing and consulting services and leases for office premises and equipment in Canada and abroad. The total commitments of the Commission as at December 31, 2007 are \$34.7 million (\$36.5 million in 2006).

The future minimum lease payments for office premises and equipment pursuant to these agreements are approximately as follows (in thousands):

| 2008 | 2009 | 2010 | 2011 | 2012 | Sub-total | 2013-2017 | Total |
|----------|----------|----------|----------|----------|-----------|-----------|-----------|
| \$ 2,122 | \$ 1,806 | \$ 1,661 | \$ 1,622 | \$ 1,054 | \$ 8,265 | \$ 2,100 | \$ 10,365 |

10. Contingencies

In the normal course of business, various claims and lawsuits have been brought against the Commission. In the opinion of management, losses, which may result from the settlement of the matters, are not determinable, and accordingly, no provision has been made in the accounts of the Commission. In the event management concludes that such losses were likely to be incurred and the costs were estimable, they would be charged to expenses.

Canadian Tourism Commission
Notes to Financial Statements as at December 31, 2007

11. **Related party transactions**

The Commission is related in terms of common ownership to all Government of Canada departments, agencies and Crown corporations and is primarily financed by the Parliament of Canada.

In the normal course of business and on normal trade terms applicable to all individuals and enterprises, the Commission incurred expenses totaling \$2.0 million (\$2.5 million in 2006) for services purchased from other government departments and agencies, and received partnership contributions and other amounts totaling \$1.4 million (\$1.4 million in 2006) from other departments and agencies. These transactions are recorded at the exchange amount, which approximates fair value.

12. **Head office relocation**

As a result of a decision made by the Government of Canada, the Commission relocated its head office from Ottawa to Vancouver effective December 5, 2005. For the year ending December 31, 2007, the Commission incurred costs of \$92,000 (\$4.0 million in 2006) related to the move.

13. **2010 Winter Olympic and Paralympic Games**

On October 18, 2007, the Treasury Board of Canada approved \$26 million of one-time funding to support the CTC in delivering programs related to the 2010 Winter Olympic and Paralympic Games. These funds will be utilized over a five year period, commencing in fiscal 2008. The Commission has requested \$2.7 million of this funding through 2007/08 Supplementary estimates (B), which is expected to be approved by Parliament before March 31, 2008.

14. **Comparative figures**

Certain comparative figures have been reclassified to conform to the presentation adopted in the current year.

part 7: honours & recognitions

7.1 2007 Awards

Professional Convention Management Association's (PCMA) Education Foundation Award

On June 13, Susan Iris, the CTC's Vice-President, U.S., was honoured at the PCMA's Education Foundation Dinner at the Washington Hilton & Towers in Washington, D.C. Each year the PCMA selects outstanding meetings and hospitality industry leaders to be recognized at this event, celebrating professional achievement in meeting planner, supplier partner and industry educator categories. Iris was named in the supplier partner category.

"Susan is rightly recognized as one of the industry's most prominent professionals, who has played a leadership role in transforming the selling of Canada into the American market. Through her efforts, vision, and expertise, we have realized many new business opportunities and long-term relationships." Barry Smith, President & CEO, Metro Toronto Convention Centre

Award of Excellence



Awarded annually, the CTC's Award of Excellence is about building on and sharing in the CTC's drive for excellence. The 2007 award went to Robin Thompson, Manager of Meeting & Convention Sales Development. Robin was recognized for her knowledge, and her ability to capture the

imagination of the CTC's partners and conceive of viable solutions that meet stakeholders' needs. Thompson is described as someone who embraces the CTC's values and delivers extraordinary client experiences.

2007 Team Appreciation Award

The U.S. MC&IT Sales team was honoured with the 2007 Team Appreciation Award. Despite having offices spread throughout the U.S. and across three time zones, in 2007 the team developed a specialized newsletter, produced four major in-Canada events and achieved a record year for partnership investment in the program, with partnership revenue averaging 3:1. The team was praised for setting the standard for destinations around the world through outstanding relationships skills, and focusing on driving performance through key partnerships and superior execution of business plans.

Chicago USB Campaign

In November 2007, the CTC was awarded a Silver International Program Award from the Canadian Marketing Association and a Silver Canadian e-Tourism Award from the Canadian e-Tourism Council for the 2006 Chicago USB (universal serial bus) Campaign. The Chicago Campaign used USBs to reach out to younger travellers using innovative tactics to position Canada as a compelling destination.

Website Development

In September, the CTC website (www.canada.travel) received the 2007 WebAward (Travel Standard of Excellence) for outstanding achievement in website development from the Web Marketing Association.

Marketing Magazine's Top Ten Marketing Organizations in Canada

In November, *Marketing Magazine* named the CTC one of the 2007 Top Ten Marketing Organizations in Canada for "displaying marketplace leadership, Canadian clout and influence" and "innovation and creativity."

"The Canadian Tourism Commission is out there rattling American perceptions about Canada, helping them see us as less a country filled with moose and maple syrup, and more like one where they can take a walk on the wild side." Eve Lazarus, *Marketing Magazine* (November 26, 2007)

Adrian Awards for Advertising, Public Relations and Web Marketing

In 2007, the CTC was awarded four Adrian Awards for Advertising, Public Relations and Web Marketing from the Hospitality Sales and Marketing Association International (HSMIA). The CTC received a Platinum Adrian Award for Best Tourism Marketing Campaign for the *Hotter than you think / Cooler than you think Campaign* in Mexico, a Gold Adrian Award for Bryant Park, a Silver Adrian Award for a feature in *The Out Traveler* magazine, and a Silver Adrian Award for *Media Expedition*.

Pure Canada



Pure Canada, the CTC's unique travel-lifestyle magazine, is an invitation to the reader to discover Canada and experience it in a whole new way. In 2007, *Pure Canada* received several high-profile awards, including the 2007 Gold Pearl Award for Best Overall

Design from the Custom Publishing Council in New York. It was also awarded several 2007 Publication Management Magnum Opus Awards from McMurry Inc. in conjunction with the Missouri School of Journalism, including a Silver Award for Best Overall Design (4+ Colours) and a Bronze Award for Best Feature Article ("Paradise on the Fly").

Pure Canada also received two 2007 Apex Awards for Publication Excellence sponsored by the Editors of *Writing that Works*, a division of Communications Concepts, Inc., including a Grand Award for Design & Illustration and an award for One-of-a-Kind Custom-Published Publication.

part 8: corporate governance

8.1 Board of Directors

A 26-member Board of Directors manages the business of the CTC, which operates in partnership with the public and private sectors. The Board of Directors provides strategic leadership and stewardship to the CTC, and approves the Corporate Plan and allocation of resources. See Appendix 2 for all members of the Board of Directors throughout 2007.



Board of Directors as at December 31, 2007

Front row, left to right: Liette Lacroix Kenniff, Montie Brewer, Gina Noordhof, Bruce Okabe, Fay Orr, Christiane Germain

Back row, left to right: Louise Pagé, Kelliann Dean, Rod A. Seiling, Chris Cahill, Michele McKenzie, Gordon MacInnis, Shaun Harbottle, Boyd Warner

Missing: Jean-Marc Eustache, Bob Ackles, Sandra White, Alexander Reford, Bhagwant S. Parmar, David Lindsay, Richard Dicerri

The Chair of the Board and the President & CEO are appointed by the Governor-in-Council. The remaining directors are appointed by the Minister of Industry with the approval of the Governor-in-Council. The Deputy Minister of Industry Canada is an ex-officio director. Appointments are made to reflect the private/public sector nature of the industry, the various regions of Canada and the composition of its population.

The President & CEO is accountable to the Board of Directors for the management and performance of the CTC. The Board is accountable to Parliament through the Minister of Industry. The primary vehicles for reporting to the Crown are the CTC's Annual Report and the five-year Corporate Plan.

In 2007, the CTC Board of Directors met three times in person in different regions of the country and two times by teleconference. The Executive Committee met three times in person and four times by teleconference.

Board self-assessment

The CTC continually strives to exceed stakeholder governance expectations by rigorously scrutinizing its performance in comparison to industry best practices. In 2007, the CTC conducted an annual survey of the Board of Directors, which included an assessment of Board committee performance, a peer-to-peer review and a skills inventory.

Board education

As in previous years, in 2007, new and current directors were invited to an orientation session regarding their roles and responsibilities, and an overview of the business of the corporation. All directors were also encouraged to attend Treasury Board of Canada sessions for directors.

Board members regularly received information on trends in corporate governance and other issues relevant to the corporation.

8.2 Senior Management Committee

President & CEO of the CTC is responsible and accountable for all operational activities of the organization. The following positions report directly to the President & CEO and form the CTC's Senior Management Committee (SMC):



Senior Management Committee

Left to right: Michele McKenzie, Chantal Péan, Karin Zabel, Greg Klassen, Andrew Clark

Senior Vice-President, Corporate Affairs and Corporate Secretary

is responsible and accountable for human resources, communications and public relations, legal services, and acts as Corporate Secretary. As Corporate Secretary, this officer reports on Board-related matters to the Chair of the Board of Directors.

Vice-President, Finance and Business Development and Chief Financial Officer is responsible and accountable for the Commission's finances, procurement, information technology, audit activities, risk management, business development and 2010 Winter Games, as well as providing executive support to the Audit Committee of the CTC's Board of Directors.

Vice-President, Marketing is responsible and accountable for the performance and results of marketing initiatives at the CTC. This senior executive leads the development of marketing plans, strategies and approaches to build and enhance the CTC's programs and capacity to extend Canada's tourism brand.

Vice-President, Sales is responsible and accountable for the management of the international sales staff, and is responsible for gathering in-market intelligence and developing new business opportunities and partnerships throughout the CTC's international markets.

Although not an official member of SMC, the **Executive Director, Planning & Evaluation** also reports directly to the President & CEO and is responsible for overall government relations, the development of all Corporate Plans and reports, and the development of performance measures for the CTC.

8.3 Staff

Overall Staff

In 2007, the CTC had 161 permanent positions. Ninety-six positions (60 percent) were located at the Commission's head office in Vancouver and were engaged in marketing, communication and research activities, as well as providing corporate and information services. The CTC also has a small corporate office in Ottawa with two positions.

International Staff

The CTC had 63 full-time international marketing and sales positions (39 percent) and operated international offices in the U.S., Mexico, the U.K., France, Germany, China, Japan, South Korea and Australia. The Commission maintained its strongest presence (26 positions) in various U.S. cities.



The CTC's U.S. in-market sales staff operates from 11 major U.S. cities. Offices are located in Washington, DC and Chicago, while the remainder of the staff work from home offices. The Meetings, Convention and Incentive Travel (MC&IT) group focuses on direct solicitation of associations, corporations, and incentive programs to develop new business opportunities and generate sales and marketing leads. The Leisure group targets tour operators, wholesalers and travel agency consortia through sales, partnerships, and education to drive incremental business for fully independent travel and group travellers.



appendix 1: reporting back on 2007-2011 planned activities

As part of the CTC's integrated planning cycle, each of the Commission's core functions and enabling units develop operational action plans in line with the recently updated strategic plan. These plans outline specific activities and initiatives that will be undertaken in order for the Commission to deliver on its strategic goal and objectives. The following table presents a crosswalk to highlight planned activities for each of the seven 2007-2011 priorities as outlined in the 2007-2011 Corporate Plan.

| 2007-2011 Planned Activities by Priority | | |
|------------------------------------------------------|-------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|----------------|
| Priority | Key Planned Activities | Status in 2007 |
| #1 - Develop one-to-one relationships with customers | Customize research based on product cluster or customer segments. | ongoing |
| | Integrate "experience product" into marketing initiatives and new campaign development. | ongoing |
| | Expand consumer based intelligence, analytical tools and services to support marketing, product and industry development. | ongoing |
| | Create more valuable online experiences that excite consumers to travel to Canada (lead generation) and create a data capture environment. | ongoing |
| | Turn customer data into intelligence so it can be leveraged to create targeted and personalized campaigns. | ongoing |
| | Market to the "customer" and target market segments based on research analysis. | ongoing |
| | Use CRM to identify, reach and communicate with target customers. | ongoing |
| | Create alliances with non-traditional partners to market Canada in non-traditional ways with partners who evoke the target customers' interests. | ongoing |
| #2 - Align market allocations to achieve highest ROI | Monitor, assess and analyze global market conditions. | ongoing |
| | Improve business intelligence that measures and targets Canada's competitive position, the export performance of the Canadian tourism sector and the CTC's Tier One markets. | ongoing |
| | Target marketing strategies to high-yield niche groups as well as high-yield demographic and geographic groups. | ongoing |
| | Work with industry to identify other high-yield niche markets and develop and market "experience" product targeted to these markets. | ongoing |
| | Explore expanding the MC&IT program to other (non-U.S.) international markets. | ongoing |
| #3 - Differentiate Canada | Align the CTC's marketing efforts behind the brand to ensure efficiency and impact for its marketing dollars. Globalize public and media relations activities to strengthen brand position and distribute content about Canadian tourism experiences. | ongoing |
| | Engage and align the industry behind the brand to ensure that consumers receive the most compelling messages to explore and experience Canada. | ongoing |
| | Incorporate brand message though focusing positioning of MC&IT destinations, facilities and services as a quality alternative to the U.S. (M&C) and overseas incentive competitors. | ongoing |
| | Work with industry to develop "experience product" targeted to high-yield niche markets. | ongoing |

| 2007-2011 Planned Activities by Priority | | |
|----------------------------------------------------------------|-----------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------------|------------------|
| Priority | Key Planned Activities | Status in 2007 |
| #4 - Leverage partner investment | Enhance and build partnerships with traditional and non-traditional partners that will launch and create exposure for experiential products. | N/A ⁴ |
| | Create and leverage existing alliances with non-traditional partners that have similar targets and a need for fresh new content. | |
| | Develop enhanced Canada specialist program linked and supported by in-market and Canadian industry partners. | |
| #5 - Leverage media exposure afforded by the 2010 Winter Games | Create new partnerships and business opportunities with Olympic sponsors and associated companies. | ongoing |
| | Leverage the Beijing 2008 Olympic Summer Games and London 2012 Olympic Summer Games to profile Canada as host of the 2010 Winter Games. | ongoing |
| #6 - Create Demand for Increased Air Access | Create alliances and programs with airline partners to increase access/capacity and ensure program sustainability. | N/A ⁴ |
| | Focus on new market development within Canada to introduce product, drive demand to new destinations, and add incremental visitation. | |
| | Develop shoulder season business and maximize the potential of high demand periods in specific target markets through both charter and scheduled air capacity. | |
| #7 - Organizational Excellence | Provide timely, accurate and relevant business intelligence and data (market and industry) to support strategic and effective business, marketing and investment decisions. | ongoing |
| | Use a solid technology infrastructure that allows for content management and data management on one global platform. | ongoing |
| | Invest in continuous learning and development. | ongoing |
| | Promote CTC's ethics and core values - innovation and respect - and ensure that they are fully integrated in the culture and behaviour. | ongoing |
| | Place strong focus on management of change. | ongoing |
| | Establish effective internal communication processes. | ongoing |
| | Promote integrated planning across the CTC to ensure that all planning activities (marketing, sales, finance and human resources) are driven by the strategic plan. | ongoing |
| | Develop and implement an evaluation framework for all CTC marketing programs and a performance measurement framework for all programs and business units. | ongoing |
| | Establish alliances and ensure key decision-makers realize the potential of Canada's tourism industry in Canada and around the world. | ongoing |
| | Continue to streamline financial and business processes, assess reporting needs and develop reports to assist in identifying risks/opportunities, and enhance internal controls. | ongoing |
| | Move to a centralized hosting service for all CTC web, data, and systems assets, and a single common repository for retrieval and repurposing of content to achieve cost savings, efficiencies and flexibility. | ongoing |
| | Provide support to business units and suppliers to ensure the CTC receives the best possible value for its money without sacrificing quality, accountability or effectiveness. | ongoing |

⁴ Although the CTC's 2007-2011 planning process identified "leveraging partner investment" and "creating increased demand for air access" as priorities, this year's planning process identified the former as integral to all CTC activities, and found the latter to be a core element of the CTC's business and inherent in its marketing approach. Therefore, in 2007, these two issues were removed as specific priorities in the 2008-2012 strategy.

appendix 2: board of directors, committees of the board and working committee chairs

Chair of the Board

The Honourable Charles Lapointe, P.C. (until December 2, 2007)
President & CEO
Tourisme Montréal

Chris Cahill (Interim Chair since December 3, 2007)
President & COO
Fairmont Hotels & Resorts

National Representatives

Montie Brewer
President & CEO
Air Canada

Chris Cahill
President & COO
Fairmont Hotels & Resorts

Jean-Marc Eustache
President & CEO
Transat A.T. Inc.

Christiane Germain
President & Owner
Germain Group

Daniel O. Jarvis (until March 4, 2007)
Chief Corporate Development Officer
Intrawest Corporation

Liette Lacroix Kenniff

Bob Ackles (since March 5, 2007)
President & CEO
B.C. Lions Football Club

Rod A. Seiling
Chairman
Ontario Racing Commission

Sandra White
Sandra White & Associates

Regional Representatives

Newfoundland & Labrador and Nova Scotia

Gina Noordhof
Owner
Norseman Restaurant and Gaia Art Gallery,
Newfoundland & Labrador

Kelliann Dean
Deputy Minister
Nova Scotia Department of Tourism, Culture &
Heritage

New Brunswick and Prince Edward Island

Gordon MacInnis
Owner & Operator
Cavendish Maples Cottages
Prince Edward Island

Brian Alexander (until September 10, 2007)
Deputy Minister
New Brunswick Department of Tourism & Parks

Québec

Alexander Reford
Director
Les Jardins de Métis Inc., Québec

Louise Pagé
Deputy Minister
Ministère du Tourisme du Québec

Ontario

Bhagwant S. Parmar
Owner & Operator
Travelodge Hotel, Days Inn Hotel and Quality Hotel
& Conference Centre and Spa Royal Brock
Brockville, Ontario

David Lindsay
Deputy Minister
Ontario Ministry of Tourism & Recreation

Manitoba and Saskatchewan

Deborah Greening (until March 4, 2007)
Owner & Operator
Land of the Loon Resort and Jacobson Bay
Outfitters, Saskatchewan

Shaun Harbottle (since March 5, 2007)
Owner & Manager
Crescent Beach Cottages, Manitoba

Alberta, Northwest Territories and Nunavut

Marilyn Backman Morton (until March 4, 2007)
Vice-President, Business Development
Mountain Park Lodges, Alberta

Boyd Warner (since March 5, 2007)
Owner & Operator
Bathurst Inlet Development
Yellowknife, Northwest Territories

Fay Orr (since April 30, 2007)
Deputy Minister
Alberta Ministry of Tourism, Parks, Recreation &
Culture

British Columbia and Yukon Territory

Nancy Huston (until October 3, 2007)
Co-owner, The Whitehorse General Store,
Midnight Gallery & Yukon Memories Yukon

Bruce Okabe
Deputy Minister
British Columbia Ministry of Tourism, Sport & the
Arts

Government of Canada

Richard Dicerni
Deputy Minister
Industry Canada

Committees of the Board

There are four standing committees of the CTC Board of Directors, established by the Canadian Tourism Commission Act:

- Executive Committee
- Governance and Nominating Committee
- Audit Committee
- Human Resources Committee

In addition to the four standing committees, there is also an Ad Hoc Small and Medium Enterprise Committee.

Working Committee Chairs

According to the CTC's corporate bylaws, the Board of Directors may from time to time create working committees composed of such persons, as it may deem necessary, to advise it on any matters pertaining to the affairs of the Commission. There are currently seven working committees. The majority of the committees are chaired by and comprised of tourism industry leaders and experts.

2007 CTC Working Committee Chairs**Europe/Latin America Marketing Committee**

Christena Keon Sirsly
Chief Strategic Officer
Via Rail Canada Inc.

Asia/Pacific Marketing Committee

Brian Richardson
Vice-President, Brand Marketing and
Communications
Fairmont Hotels & Resorts

Product Innovation and Enhancement Committee

Stan Cook Jr.
President
Wilderness Newfoundland Adventures

**Meetings, Conventions & Incentive Travel
Marketing Committee**

Scott Allison
Vice-President, Sales & Marketing
Marriott Hotels of Canada

Research Committee

Stephen Pearce
Vice-President, Leisure Travel & Destination
Management
Tourism Vancouver

U.S. Marketing Committee

Marc Rosenberg
Vice-President, Sales & Product Distribution
Air Canada

Canada Marketing Committee

Johanne Gallant
Director of Airport Commercial Development
Greater Moncton International Airport

**2007 In-Market Advisory Committee
Chairs**

United Kingdom

Bob Atkinson
General Passenger Sales Manager, U.K. - Ireland
Air Canada

France

Patrice Caradec
General Manager, Vacances Transat
Transat A.T. Inc.

Germany

Tilo Krause-Dünöw
Owner
CANUSA Touristik GmbH & Co. KG

Mexico

Cristina Vazquez
General Director of Mexico and Latin America
Air Canada

Japan

Tak Kitamura
Regional General Manager
Grand Circle Corp.

Australia

David Mulley
Director
Asia Pacific Travel Marketing

South Korea

Young Lee
General Manager
Air Canada

appendix 3: glossary of terms & acronyms

Glossary

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

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

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

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

Provincial Marketing Organization (PMO): A provincial entity involved in the business of increasing tourism to a province or improving its public image.

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

Tourism export revenue: Total international tourism revenue, calculated by subtracting domestic tourism revenue from total tourism revenue.

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

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

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

Acronyms

| | | | |
|-----------------------|---------------------------------------------------------|-------------------|---------------------------------------------------|
| ATC | Aboriginal Tourism Canada | NATJA | North American Travel Journalists Association |
| B2B | Business-to-Business | OTMPC .. | Ontario Tourism Marketing Partnership Corporation |
| BSC | Balanced Scorecard | PCMA | Professional Convention Management Association |
| CEO | Chief Executive Officer | PIE | Product Innovation & Enhancement |
| CITM | China International Travel Mart | PMO | Provincial Marketing Organization |
| CRM | Customer Relationship Management | PR | Public Relations |
| CSP | Canada Specialist Program | RCMP | Royal Canadian Mounted Police |
| CTC | Canadian Tourism Commission | RFP | Request for Proposals |
| DMO | Destination Marketing Organization | RIM | Return on Investment Model |
| EQ | Explorer Quotient | ROI | Return on Investment |
| FAM | Familiarization | RVC | Rendez-vous Canada |
| GDP | Gross Domestic Product | SMC | Senior Management Committee |
| GITF | Guangzhou International Travel Fair | SME | Small and Medium Enterprise |
| GTW | Global Tourism Watch | TAMS | Travel Activity and Motivation Study |
| HR | Human Resources | UNWTO .. | United Nations World Tourism Organization |
| HSMIAI | Hospitality Sales & Marketing Association International | USB | Universal Serial Bus |
| JDE | JD Edwards | WDCS | Whale and Dolphin Conservation Society |
| MC&IT | Meetings, Convention & Incentive Travel | | |
| MIM | Market Investment Model | | |
| MPA | Market Portfolio Analysis | | |
| MPI | Meeting Professionals International | | |
| MRIA | Marketing Research and Intelligence Association | | |



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