



Canadian Tourism
Commission

Commission canadienne
du tourisme

Driving tourism business through difficult times

2009 Annual Report

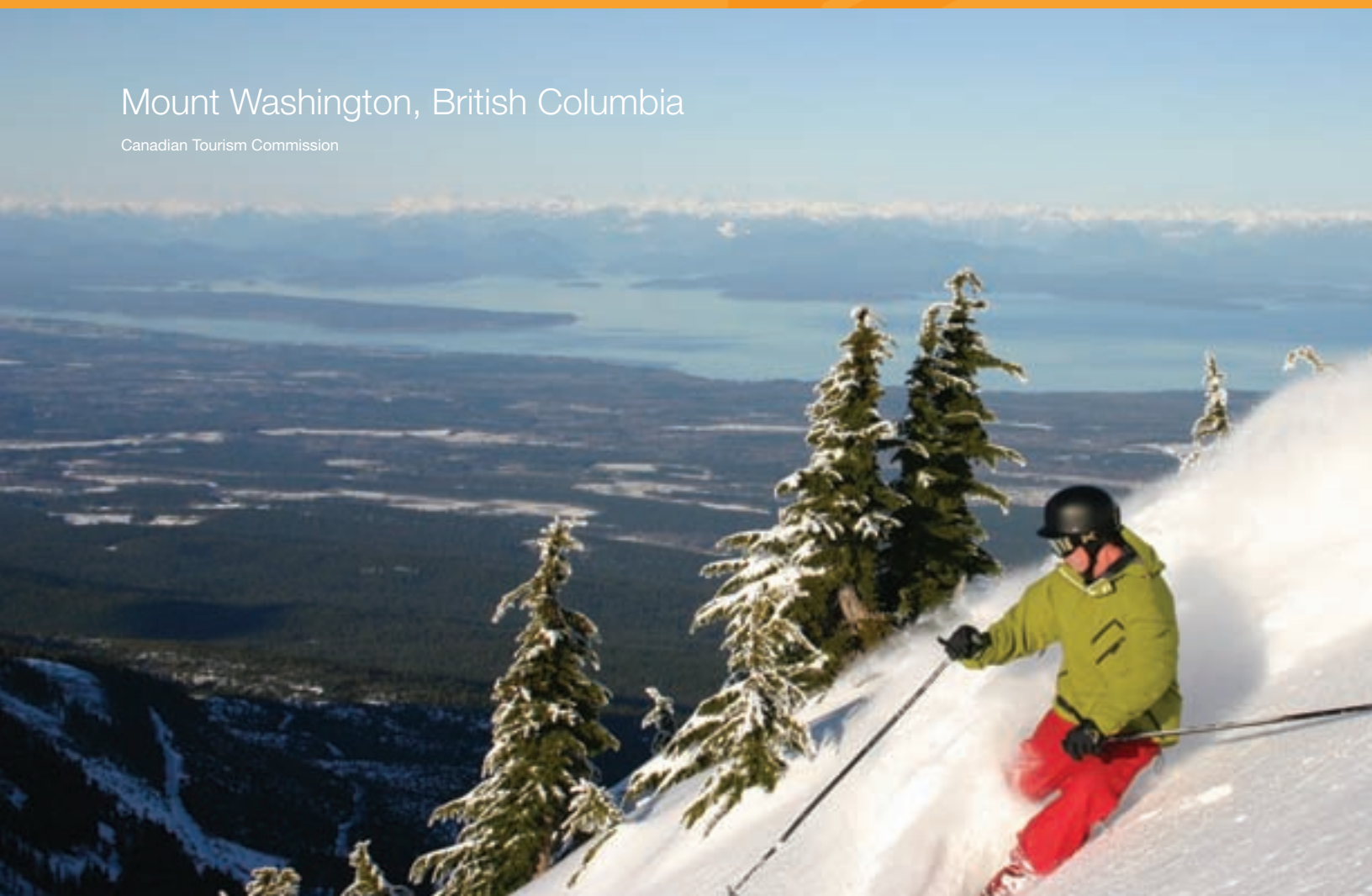
Canada

Our core values:

- Innovation
- Collaboration
- Respect

Mount Washington, British Columbia

Canadian Tourism Commission





Georgian Bay, Ontario

Canadian Tourism Commission



Churchill, Manitoba

Canadian Tourism Commission

Bay of Fundy, Nova Scotia

Nova Scotia Tourism, Five-Islands



Our goal:
Grow tourism
export revenues
for Canada.¹

¹ Tourism export revenues are defined as total international tourism revenue, calculated by subtracting domestic tourism revenue from total tourism revenue. However, the CTC considers its domestic program to be consistent with its goal to grow tourism export revenues because it acts as a method of import substitution by inspiring Canadian travellers who would otherwise travel outside the country to do their travelling within Canada.

Québec City, Quebec

Canadian Tourism Commission



Our vision:
Inspire the world
to explore Canada.

Cavendish, Prince Edward Island

Tourism PEI – John Sylvester



Acadian Peninsula, New Brunswick

Canadian Tourism Commission



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



Norstead Viking Village,
L'Anse-aux-Meadows, Newfoundland and Labrador

Canadian Tourism Commission



Athabasca Sand Dunes, Saskatchewan

Canadian Tourism Commission



Writing-on-Stone Provincial Park, Alberta

Travel Alberta

Dawson City, Yukon

Travel Yukon



Koluctoo Bay, Nunavut

Black Feather

Our brand promise:
Come to Canada
and create
extra-ordinary stories
all your own.



Inuvik, Northwest Territories

Terry Halifax

Our 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.

The CTC is Canada's national tourism marketing organization. A Crown corporation wholly owned by the Government of Canada, we lead the Canadian tourism industry in marketing Canada as a premier four-season tourism destination. Reporting to Parliament through the Minister of Industry, our legislative requirements are outlined in the *Canadian Tourism Commission Act* (further information in section on *Corporate governance*).

Through collaboration and partnerships with the private sector, as well as with the governments of Canada, the provinces and territories, we work with the tourism sector to maintain its competitiveness and position Canada as a destination where travellers can create “extra-ordinary” personal experiences.

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

2009 Key results

Industry indicators

Total tourism revenue	\$71.0 billion	↓ 5.0% from 2008
Total tourism export revenue	\$14.2 billion	↓ 10.0% from 2008
Total tourism domestic demand	\$56.7 billion	↓ 4.1% from 2008
Tourism's contribution to Canadian GDP	\$29.2 billion	↓ 3.6% from 2008
Government revenues generated by tourism	\$20.8 billion	↓ 5.0% from 2008
Total number of Canadians employed in tourism industry	652,000	↓ 1.6% from 2008
Average per person spend per night from CTC markets	\$114.60	↑ from \$110.20 in 2008
Tourist receipts from CTC markets	\$9.9 billion	↓ from \$10.2 billion in 2008

CTC measures

Canada's rank on <i>FutureBrand's Country Brand Index</i>	2 nd	— unchanged from 2008
Aided destination awareness*	33.5%	↓ from 35.3% in 2008
Aided brand awareness	43.9%	↓ from 46.4% in 2008
Positive Influence Campaign ROI* (core) ¹	101:1	↑ from 45:1 in 2008
Positive Influence Campaign ROI* (stimulus) ²	43:1	
Total partner contributions	\$132.9 million	↑ from \$95.8 million in 2008
Ratio of partner contributions to CTC annual appropriation*	1.26:1	↑ from 1.2:1 in 2008

* 2009 critical metrics.

1 Weighted by investment in campaigns (excludes 2009 fall campaigns as ROI numbers were not available by print time, but are not expected to impact results significantly due to size of investments).

2 Weighted by investment in campaigns (excludes Canada and U.S. fall campaigns as ROI numbers were not available by print time, but are not expected to impact results significantly due to size of investments).

Message from the Chair and President & CEO

This Annual Report tells the story of an innovative marketing organization working in partnership with Canada's tourism industry to drive results for Canada.

This 2009 Annual Report tells an incredible story about the work of Canada's national tourism marketing organization – the Canadian Tourism Commission (CTC). In the face of one of the most challenging years for our industry, the CTC led Canadian tourism partners in strong marketing which produced great results for Canadians.

There is no doubt that 2009 was one of the most challenging years for Canada's tourism industry in recent memory. With the combination of the continued global economic uncertainty, the H1N1 influenza pandemic, a dynamic policy environment, and fluctuating fuel prices and exchange rates, we saw a perfect storm of difficulties for tourism in Canada.

However, in the face of these market forces, we are proud to report the following results which are directly attributable to CTC marketing for 2009:

- \$1.2 billion of Canada's total \$14.2 billion from international source markets (8.5% of all international business);
- Another \$372.7 million in tourism revenue generated under the 2009 domestic advertising campaign *LOCALS KNOW*;
- 15,284 Canadian jobs in 2009 created or protected; and
- \$228.7 million in attributable federal taxation revenues.

Independent evaluation for 2009 shows a return on investment of 101:1 on marketing campaigns from A-based investment, and 43:1 from campaigns resourced from Budget 2009 as part of the Economic Action Plan. It is clear that as Canada's national tourism marketer, investments in CTC produce dividends.

In April 2008, the Minister of State (Small Business and Tourism) sent a mandate letter to the CTC Board of Directors, inviting the CTC to focus on the following priorities in its strategic planning for 2009-2013: explore new marketing opportunities in the United States; leverage the full potential of the 2010 Winter Games for Canada; advance Northern tourism; leverage new Web technologies; undertake a governance review on the current Board structure; develop high-quality corporate documents; and continue to refine performance measures for key activities and markets. We are pleased to confirm that we have made significant progress in each of these priority areas and our successes are presented in this Annual Report.

In order to be in the best position possible to leverage the Vancouver 2010 Olympic and Paralympic Winter Games for Canadians, we completed our preparations to leverage media exposure well in advance of the Games. We were ready. By December, we had supplied international media with thousands of stunning images, hours of high-definition footage, and hundreds of great travel stories about Canada. We worked with VANOC and created an International Torchbearer Program, bringing in athletes and celebrities from target markets, and bringing those countries and travellers even closer to Canada. We are proud to say that in comparison to other host countries, we broke new ground in pursuing tourism growth as a Games legacy. We look forward to reporting results on these initiatives.

We completed a comprehensive governance review in 2009 with the goal of creating a new, streamlined, effective governance framework for the organization. This step moves the CTC toward corporate governance best practice, with a strong strategy-focused organization, relevant to both government and industry.

Also of great significance this year was the announcement of Budget 2009 stimulus funding. The federal government had the confidence to invest \$40 million over two years in stimulus funding with the CTC because of our ability to demonstrate a strong return on investment. Within weeks of the budget announcement we were in the market, ensuring swift economic returns for Canadians. The success of our award-winning domestic LOCALS KNOW campaign, our entry into the emerging markets of India and Brazil, as well as our international meetings, conventions and incentive travel (MC&IT) activities, speak to an effective strategy of marketing into a downturn, and seizing market share.

Over the last year, as we worked to grow tourism export revenues for Canada and improve ourselves as an organization simultaneously, third parties began to notice the strength of our strategy to promote Canada as a tourism destination and to see that we are delivering positive results. In 2009, *FutureBrand's Country Brand Index* ranked Canada as the number-two tourism brand in the world for the second year in a row. In addition, *Marketing Magazine* named the CTC "Marketer of the Year" – the first time a Crown corporation or a West Coast-based business has been honoured with the top spot.

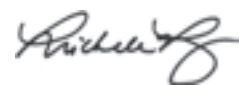
This Annual Report tells the story of an innovative marketing organization working in partnership with Canada's tourism industry to drive results for Canada. Through the CTC, Canada has the tools to compete. However, Canada risks losing market share rapidly as it goes head-to-head against destinations that have substantial tourism marketing budgets. We will need to work harder and smarter and to increase investment if we are to seize our fair share of the global tourism market.

We are proud of the incredible team of bright, innovative and creative people that have helped the CTC achieve so much this past year, including all of our management team and staff members, our Advisory Committee members, our Board of Directors, and our partners. Our hats are off to each and every one of them for their commitment and dedication to inspiring the world to explore all that Canada has to offer.

Keep exploring!



Steve Allan
Chair of the Board



Michele McKenzie
President & CEO

Our industry

Tourism activity in Canada represents approximately 2% of Canada's overall Gross Domestic Product (GDP), making tourism a significant economic sector. In fact, tourism's GDP value of approximately \$29.2 billion is similar in size to the agriculture, forestry, fishing and hunting sectors combined.

Source: CTC Preliminary Estimates

Industry overview

The Canadian tourism sector is widely varied. It ranges from small- and medium-sized 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.

The following indicators, based on CTC preliminary estimates, relate to the economic activity and performance of Canada's tourism industry as a whole in 2009:

2009 Industry indicators:

- Total tourism revenue was \$71.0 billion, a drop of 5.0% from \$74.7 billion in 2008.
- Total international tourism revenue was \$14.2 billion, a drop of 10.0% from 2008.
- Total domestic tourism revenue was \$56.7 billion, a drop of 4.1% from \$59.1 billion in 2008.
- Tourism's contribution to Canadian GDP was \$29.2 billion, a drop of 3.6% from \$30.3 billion in 2008.
- Government revenue generated by tourism was \$20.8 billion, a drop of 5.0% from \$21.9 billion in 2008.
- The total number of Canadians employed in the tourism industry was 652,000, a drop of 1.6% from 662,900 in 2008.

Source: CTC Preliminary Estimates

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. However, the global economic crisis, coupled with the uncertainties with the H1N1 flu pandemic, made 2009 one of the most challenging years for the tourism sector. Almost every region and country around the world experienced more than a 4.0% drop in international arrivals in 2009. According to the United Nations World Tourism Organization (UNWTO), international tourist arrivals were an estimated 880 million in 2009, a decrease of 4.3% from 920 million in 2008.

Overall, Canada was not spared in 2009, with its international tourist arrivals decreasing as well. Other than China, all other core international markets registered declines in 2009.

In 2009, international arrivals to Canada from CTC core markets decreased by 7.8% from 2008 levels. In addition, total receipts from these same markets fell to an estimated \$9.9 billion in 2009, a decrease of 7.3% from 2008, while average spend per person per night is estimated to have increased by 4.0% to \$114.60 from \$110.20 in 2008.

The fact that tourist receipts have increased over 15 times more than tourist arrivals reflects the success of our strategy to target high-yield consumers. Although Canada's performance from a yield perspective remains flat, evidence based on data produced by the UNWTO shows that Canada's calculated yield from tourist arrivals and receipts still registered the third largest gain in the 1996-2008 period (see table). Against its main competitors, Canada's yield over the 12 years increased by 157.8%, for an annual average gain of 8.2%, or an estimated 6.0% in constant terms. To emphasize the point: while the volume of travellers to Canada decreased 2.3% over 1996-2008, tourist receipts from travellers increased 35.9% over the same period. Canada's average spend per trip is lower than long-haul destinations such as Australia because of lower-yield U.S. overnight travel.

Average spend per trip (yield from tourist arrivals and receipts) (\$CDN)

	1996	2008	08/96
	\$	\$	%
Australia	1,554	4,702	202.5
China	315	821	160.6
Canada	365	941	157.8
France	333	747	124.3
U.K.	622	1,271	104.3
Germany	850	1,712	101.4
U.S.	1,099	2,023	84.1
Thailand	926	1,291	39.4

Source: UNWTO

Overall in 2009, Canadian tourism revenues of \$71.0 billion represent a drop of 5.0% from 2008 revenues. However, this decline masks two significant dynamics: domestic revenue representing \$56.7 billion was down only 4.1% since 2008, while at the same time international revenue representing \$14.2 billion was down 10.0% from 2008.

While the Canadian economy benefits from strong domestic tourism demand, better domestic performances 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 destinations. This growth in demand has come over the last five years as barriers to travel were reduced and air carriers (notably low-cost carriers) increased flights to formerly difficult-to-access destinations.

Competitor performance

Canada was not alone in experiencing losses in international tourist arrivals over the last year. As the following table illustrates, some of Canada's established international competitors continued to experience losses in 2009. While the U.S. experienced losses from all markets except Australia, Australia experienced declines from the U.K., Japan and South Korea, while the U.K. had setbacks from the U.S., Germany, Japan, China and Australia. This is consistent with the global trend of mature destinations losing business to emerging destinations.

2009 Estimated overnight trips by market (000s)

	Canada	09/08	U.S.	09/08	Australia	09/08	U.K.	09/08
		%		%		%		%
U.S. total	11,735	(6.1)	–	–	472	4.0	3,488	(7.0)
U.K.	711	(16.8)	3,889	(14.8)	659	(2.0)	–	–
France	408	(3.2)	1,204	(3.2)	92	8.0	3,501	3.0
Germany	310	(3.2)	1,677	(5.9)	161	–	3,186	(8.0)
Mexico	169	(36.6)	5,917	(5.0)	–	–	77	26.0
Japan	198	(28.4)	2,847	(12.4)	347	(24.0)	305	(8.0)
South Korea	138	(25.0)	697	(8.2)	174	(20.0)	–	–
China	161	0.6	669	(3.0)	367	3.0	183	(4.0)
Australia	204	(14.4)	708	2.6	–	–	937	(7.0)
Total core markets	14,033	(7.8)	17,417	(8.4)	2,272	(5.5)	11,677	(4.3)
Total international markets	15,568	(8.9)	46,967	(7.0)	5,530	(1.0)	34,420	2.0

Source: CTC Preliminary Estimates

Our strategy

In an era of economic uncertainty and increasing competition for the world's travellers, we worked through 2009 to adopt a targeted, focused approach to marketing so as to reposition Canada as a destination where travellers have access to extra-ordinary experiences.

The CTC's 2009-2013 Corporate Plan outlined the objectives, priorities and strategies for the five-year period and reaffirmed the strategic goal of growing tourism export revenues for Canada. In an era of economic uncertainty and increasing competition for the world's travellers, we worked through 2009 to execute a targeted, focused approach to marketing so as to position Canada as a destination where travellers have access to extra-ordinary experiences.

The framework of our 2009-2013 strategy shows the relationship of the various perspectives to corporate vision, mission, priorities, objectives and overall goal. In essence, the framework for the CTC's strategy can be summarized in that the overall goal is reached by achieving the four objectives, which, in turn, are accomplished through the implementation of each of the six priorities.

In addition, we envision a six-pronged approach to our objectives and priorities to ensure the strategy addresses six specific perspectives: the shareholder and stakeholder perspective; the budget/financial perspective; the customer perspective; the internal business process perspective; the learning and growth perspective; and the Olympic perspective. In this way, we consistently take the views of the shareholder, stakeholders and customers into consideration in the application of our strategies. At the same time, we consider how internal business processes and financial and budgetary realities affect the program. We routinely define lessons learned and look for opportunities to evolve and grow, including best practices for leveraging the 2010 Winter Games.

The following information in this section outlines the activities undertaken to advance our corporate objectives and priorities, and provides their respective key measures and results for 2009.

Why do we exist?	<h2>Goal</h2> <p>Grow tourism export revenues for Canada</p>
Where do we want to go?	<p>↑</p> <h2>Objectives</h2> <ul style="list-style-type: none"> • Convert high-yield customers • Focus on markets of highest return on investment • Lead industry in brand relevancy and consistency • Respond to changing market dynamics
What do we need to do to get there?	<p>↑</p> <h2>Priorities</h2> <ul style="list-style-type: none"> • Ensure consumer relevancy • Increase engagement with small and medium-sized enterprise (SME) community • Differentiate Canada • Leverage exposure of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada • Foster organizational excellence • Strengthen engagement with the shareholder
Vision	Inspire the world to explore Canada
Mission	Harness Canada's collective voice to grow export revenues
	<ul style="list-style-type: none"> • Shareholder & stakeholder perspective: "How do we engage government and industry partners?" • Budget financial perspective: "What do we need to accomplish financially?" • Customer perspective: "What inspires travellers to visit Canada?" • Internal business processes perspective: "At which internal business processes must we excel?" • Learning and growth: "How can we continue to improve and create value?" • Olympic perspective: "What needs to be accomplished to leverage the 2010 Games opportunity?"

Our objectives

By concentrating efforts on achieving four objectives in 2009, we worked to situate the CTC in the best position possible to fulfill the mandate for the benefit of Canada's tourism industry. Economic uncertainty and the H1N1 flu pandemic resulted in fewer global travellers in 2009, leading to Canadian tourism industry indicators that were largely negative over the previous year. Nevertheless, as outlined in our performance measure results, we had success in our core business of destination marketing and sales to generate tourism demand.

Convert high-yield customers

We deepened the relationship with high-yield consumers to influence their travel decisions and establish them as travel purchasers.

Industry indicators

	2008 Result	2009 Result
Tourism export revenues	\$15.7 billion	\$14.2 billion
Tourism GDP	2.0%	2.0%
International tourist arrivals (Statistics Canada figure)	16.9 million	15.8 million
International tourist arrivals (UNWTO ranking)	15 th	TBD June 2010
International tourist receipts (UNWTO ranking)	15 th	TBD June 2010
Tourism employment	662,900	652,000
Market share	16.0%	15.2%
Tourism domestic demand	\$59.1 billion	\$56.7 billion

CTC performance measures

	2008	2009	
	Result	Target	Result
MC&IT leads and prospects	845	975	1,003
Positive Influence Campaign ROI (core)	45:1	50:1	101:1
Positive Influence Campaign ROI (stimulus)	N/A	N/A	43:1
International intenders to domestic conversion rate	N/A	234,329	200,360

Focus on markets of highest return on investment

We concentrated on those global markets or consumer market segments with the highest potential for return on investment.

Industry indicators

	2008 Result	2009 Result
Average per person spend per night by CTC markets	\$110.20	\$114.60
Tourist receipts from CTC markets	\$10.2 billion	\$9.9 billion

CTC performance measures

	2009 Target	2009 Result
Market plans articulate investment in high-yield markets that have been identified by Research	Yes	Yes

Lead industry in brand relevancy and consistency

We harnessed Canada's collective voice and worked closely with industry to communicate the advantage of a strong, consistent global brand for Canada.

CTC performance measures

	2008 Result	2009 Target	2009 Result
Partner brand adoption	N/A	33.1%	57%
Partner and stakeholder satisfaction	N/A	80%	85%

Respond to changing market dynamics

We were nimble and focused on both short-term and long-term potentials for maximizing return on investment as markets matured and evolved.

CTC performance measures

	2008 Result	2009 Target	2009 Result
Relevance of business intelligence	N/A	Benchmark + 5%	79%
Reporting of strategy to identify high-yield markets	Yes	Yes	Yes
Canada's Unique Selling Propositions (USP) resonance	N/A	Benchmark + 2%	67%

Our priorities

By pursuing the following six key priorities for action, we worked to ensure the CTC would meet its objectives in 2009:

Ensure consumer relevancy

We developed and maintained relevant communication with targeted potential travellers and ensured that the marketing messaging they received was relevant and addressed their interests and expectations as consumers.

CTC performance measures

	2008	2009	
	Result	Target	Result
Total advertising awareness	30.5%	28.5%	26.6%
Unaided brand composite index	14.2%	14.4%	13.0%
Opt-ins to consumer database	161,433	N/A	166,967

Customer relationship management

Our E-Marketing team has continued to enhance the uses of its Customer Relationship Management (CRM) tool to collect, segment, and analyze data points related to travel preferences and lead generation forms. Using these tools, we developed and maintained relevant communication with targeted potential travellers and ensured the marketing messaging they received responded more accurately to their interests. Due to positive response to the brand and associated marketing campaigns, the consumer database now contains 1.48 million records; this represents a growth in net new consumer database records of 7.2% captured between 2008 and 2009. This growth should continue as e-campaigns become more targeted, increase in engagement, and lead conversion growth.

Explorer Quotient™ segmentation tool

Since it was first presented to industry in 2005, the *Explorer Quotient*™ (EQ) segmentation tool has gained popularity with much of Canada's tourism industry. EQ goes beyond demographic factors (e.g. age, income) to discover the values and motivations behind travel decisions. Using this powerful method, we divided consumers into nine "Explorer Types," from Free Spirit to Cultural Explorer to Authentic Experienter. We target consumers internationally based on these Explorer types. EQ is changing not only the way that we market and sell Canadian experiences in our 12 geographic markets, but also the visitor experience itself.

In 2009 we released our official plan for EQ, outlining the tool's importance at every point along the path-to-purchase. We also met the following key milestones for 2009:

- Integrated EQ intelligence into marketing plans and CRM efforts;
- Launched new generation consumer websites that host the EQ Quiz and match respondents with relevant content and experiences;
- Pilot tested the tool's ability to drive tour operator sales;
- Provided free tools for industry and partners to help them use EQ; and,
- Positioned the CTC to keep aligning Canada's tourism industry using EQ.

For information on EQ licensing opportunities and to download free tools, visit www.canada.travel/corporate.

Increase engagement with
small and medium-sized
enterprise (SME) community

We engaged the SME community in order to strengthen and leverage the backbone of Canada's tourism economy.

CTC performance measures

	2008	2009	
	Result	Target	Result
Penetration of CTC News to SMEs	8,733	50,000	10,679

As well as bringing international revenue into the country, tourism provides work for many thousands of Canadians. In 2009, Statistics Canada counted 177,911 tourism-related businesses in Canada. Although the majority of those businesses have fewer than 20 employees, tourism nevertheless accounts for 652,000 jobs. SMEs operate in communities large and small in every province and territory of Canada, and in many ways they are the economic backbone of the country. These businesses provide tourism services in a number of key areas – accommodation, food and beverage services, recreation and entertainment, transportation and travel services – and they deliver strong economic, social and cultural benefits to Canadians.

In 2009, we measured our performance in engaging SMEs by the number of businesses that subscribed to CTC News (10,679). The arbitrary stretch target of 50,000 subscribers was chosen to touch one-third of the tourism-related businesses in Canada.

Experiences toolkit

In 2009 we updated the information in the Experiences Toolkit with the latest market data, and continued our outreach program to SMEs and partners across Canada to help them position and market their products as experiences rather than commodities. In addition, the Toolkit reinforces a collective Canadian voice that presents exceptional and differentiated experiences in the marketplace; businesses that use the guide to align themselves with Canada's tourism brand enhance their product's international appeal. The free guide includes expert advice, from finding the best customers to positioning a product in the marketplace. By demonstrating the shift from product to experience, providing tips so SMEs can add value to their tourism business, and sharing examples of best practices from across Canada, the Toolkit helps to enable SMEs to add to their bottom-line and be more competitive in today's ever-changing marketplace.

Measure

	Result
Toolkits distributed in 2009	2,124



Silver Dart Lodge – Baddeck, Nova Scotia

Before 9/11, our Silver Dart Lodge and MacNeil House Suites in Baddeck, Nova Scotia, were full to capacity, largely thanks to a vibrant motor-coach trade. However, we've seen significant changes in the past few years. Most visitors now arrive in their own vehicle and on their own agenda.

Silver Dart Lodge now provides a full-service destination for individual travellers seeking those special "nooks and crannies" that might otherwise be overlooked. This change required a re-think of almost every component of the Lodge's operation. Most importantly, it required a shift in mindset.

We discovered the Canadian Tourism Commission's Brand Experience Toolkit in late 2008. It had some really interesting material that we then put to good use. We wanted to tap into some of the inspirational phrases from the toolkit, like "putting yourself in other people's shoes for a moment and seeing life through their eyes."

It became part of our extensive business planning process and, based on the advice that positive experiences equal memories, we steered our communication strategy towards three primary market types who were interested in geography, culture or personal exploration.

We started by retraining our staff, fortifying what they thought was important on familiarity tours. Through orientation and exposure, their emotional reactions to what they've seen are genuine—and that makes a big difference to the guests.

We also developed another experiential tourism product: the Cabot Trail Touring Guide. Its components were chosen based on their compatibility to the three CTC Explorer Quotient types we had identified as being most closely aligned: Authentic Experienter, Cultural Explorer and Free Spirit.

We may have only scratched the surface of experiential tourism in 2009, but we're moving in the right direction. In a year when industry sales were even at best, Silver Dart Lodge experienced noticeable growth in occupancy, market share, package sales, extra-night stays, referrals, comments-card scores and other key benchmarks. There is certainly sufficient evidence to suggest the CTC Toolkit has a major influence on our thinking and execution.

Wes Surrett
General Manager, Silver Dart Lodge



CTC performance measures

	2008	2009	
	Result	Target	Result
Aided destination awareness	35.3%	35.0%	33.5%
Unaided destination awareness	19.8%	21.0%	18.7%
Aided destination consideration	73.2%	77.0%	71.6%
Unaided destination consideration	13.1%	17.0%	11.9%
Top country brand	2 nd	4 th	2nd

Canada's tourism brand has become a leading storytelling tourism brand in the world where travellers bring home extra-ordinary stories all their own. The world is starting 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.

Differentiate Canada

We positioned Canada's tourism brand as a leading storytelling brand in the world where travellers create extra-ordinary stories all their own.

Canada's tourism brand

Since the launch of Canada's revitalized tourism brand "*Canada. Keep exploring*" in 2007, we have worked to bridge the world's nature-based perceptions of Canada and to present more diverse and real Canadian travel experiences in a personal, emotional, relevant and interactive context. Throughout 2009, we continued to expand our solid platform to share brand assets and create real potential to capture the imagination of travellers around the world. "*Keep Exploring*" has now 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.

Canada's tourism brand toolkit

Our Brand Team released the CTC's Brand Guidelines version 2.0 in 2009. Building on the CTC's inaugural brand standards guide, version 2.0 was updated to reflect the evolution of Canada's tourism brand, to strengthen its creative impact, and ultimately to ensure that Canada's brand is adopted consistently across all markets and in all corporate and marketing applications, including print advertising, publications, online, broadcast, events and tradeshow and merchandise.

The Brand Guidelines version 2.0 includes information regarding the proper use of brand elements such as logos, colours, typography, proprietary graphics and photography, as well as information regarding photography usage, colour, pattern and journal graphics, typography, and Federal Identity Program (FIP) logo integration. In addition, we expanded the brand essence section to include information on important elements that differentiate Canada's tourism brand, including:

- Our brand personality;
- Our Unique Selling Propositions (USPs); and
- Our new Explorer Quotient™ (EQ) Explorer Types.

Global platform strategy

In 2009, we continued to implement the Global Platform Strategy as part of our 10-year plan to inspire the world to explore Canada. We focused on global markets and consumer market segments with the highest potential for return on investment. By leveraging the Global Platform Strategy, Canada's tourism brand is aligned with the travel preferences identified by the EQ segmentation tool. As a result, marketing, sales and communications teams are able to advance perceptions of a Canadian travel experience and create a renewed sense of urgency to visit Canada. Impactful marketing campaigns speak directly to the "travel values" of the target customers. The Global Platform Strategy also delivers on operational efficiencies tied to reduced spending on creative, photography, copy and agency fees and increased production values tied to the development of EQ-relevant imagery and broadcast marketing, sales and media assets that bring Canada's travel experiences to life. This strategy continues to show positive signs of generating year-over-year improvement and has been well received by key stakeholders in the tourism industry (see conversion results beginning on page 34).

Still, the real benefits of this global approach will be realized as it is applied to leveraging the Vancouver 2010 Olympic and Paralympic Winter Games.

Northern tourism

Tourism in Canada's North represents an exciting new opportunity as an emerging industry and an important contributor to the overall economy in a developing region of Canada. In early 2008, Northern tourism was identified as a priority area by the Minister of State (Small Business and Tourism) in the mandate letter to the Chair of the CTC Board of Directors. As a result, we continued to work throughout 2008 and 2009 with federal and territorial partners to advance Northern tourism. Most significantly, we joined with our Northern partners – Nunavut Tourism, Northwest Territories Tourism and the Yukon Department of Tourism and Culture – to look at opportunities where all three Northern territories could participate in our programs as a single consortium, namely "Canada's North." On May 10, 2009, we and our three

Northern partners signed a Memorandum of Understanding (MOU) to confirm the ability of Canada's North to advance Northern tourism by joining our programs as a single entity equivalent to a provincial partner. Northern partners have been activating this new relationship through the National Asset Development Program and various tradeshows.

Aboriginal tourism

In 2009, we collaborated extensively with the Four Host First Nations (FHFN) to support the Aboriginal Pavilion for the 2010 Winter Games. The CTC developed programming content designed to showcase Aboriginal culture, heritage and tourism during the 2010 Winter Games. In collaboration with our 28 signature Aboriginal cultural tourism experiences (Significant 28) across Canada, we developed video and editorial content to be used on an interactive digital signage system in the Pavilion and Olympic media centres. We developed one-minute video vignettes for each experience in English and

French along with editorial content and still images. 2010 Winter Games visitors and media will be able to navigate through the touch-screen technology to get a glimpse of each of the 28 experiences.

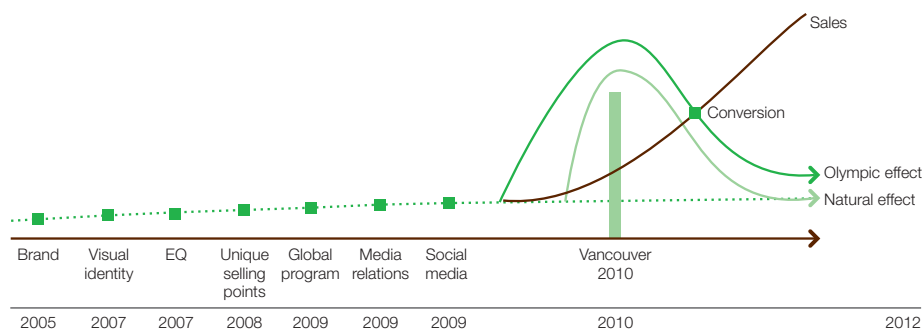
Spa tourism

Following a similar approach used for Aboriginal tourism, we undertook a national collaborative effort with the provinces and several spa sector associations to identify and develop brand-aligned spa marketing assets. Fifty-seven spas across Canada have been profiled and assembled into a new publication called the *Canadian Spa Experience*.

The publication is meant to provide our marketing, media and sales teams with content to support domestic or global marketing campaigns, in-market promotions, travel trade programming and media relations efforts. It will also be available to the general public via our consumer website. The *Canadian Spa Experience* will also be integrated into our 2010 Winter Games media relations efforts to garner global awareness of Canada as a spa destination.

Sustainable tourism

In 2009 we continued to promote Canada as a destination that offers high-quality, export-ready sustainable tourism experiences by leveraging an established list of 55 award-winning tourism operators who embrace sustainable practices. The list also contains 70 operators who have not yet won awards, but have made a clear commitment to sustainable practices in their business. In addition, the CTC has been actively involved on the Tourism Industry Association of Canada's (TIAC) Canadian Sustainable Tourism Advisory Council (CSTAC).



- **Brand** gave us a compelling and consistent vision of the Canadian travel experience;
- **Visual Identity** gave us a common look & feel to integrate into our communications;
- **EQ Explorer Quotient™** give us a shared global and market-specific understanding of our best target travelers and the ability to reach their hearts and minds;
- **Unique Selling Propositions** differentiate Canada with unique experiences and focus our product messages and content creation efforts;
- **Global Program** builds on all the above to present a consistent and compelling image of Canada to the world and makes us more efficient in our communications, content development distribution efforts
- **Media Relations**
- **Social Media**
- **Conversion**

Leverage exposure of Vancouver 2010 Olympic & Paralympic Winter Games for Canada

We highlighted Canada to the world by creating a tourism personality for Canada before the Games, and prepared to focus on media relations and Web communications during the Games and to work with partners to harvest the “afterglow” following the Games.

Over the last year, we continued our efforts to leverage Canada’s Games in three phases: brand building; leveraging media exposure; and harvesting the afterglow. 2009 was primarily devoted to building relationships and doing the groundwork on programs that will run in the pre-Olympic period and during the Games. The initiatives developed

through these efforts have been designed to promote Canada’s tourism brand in association with Canada’s Games and to maximize collaboration with key partners in the 2010 Olympic Games Tourism Strategy, including: our in-market teams; provincial and territorial marketing organizations; Foreign Affairs and International Trade Canada (DFAIT); the 2010 Federal Secretariat; and other government partners such as the Canada Border Services Agency (CBSA), Agriculture Canada, and the Vancouver 2010 Organizing Committee (VANOC).

The performance measures for this priority largely stem from the Treasury Board Submission for special funding that was developed in 2007. While the Submission had the best information available at the time, there has been significant change in the marketplace over the last two years. For example, while our strategy was to influence

media channels, today’s broadcasters are much more receptive to using free content submitted by marketing agencies. In addition, our marketing materials were ready earlier than expected in 2009 and there was more interest from media than anticipated. As a result, we exceeded a number of our targets, including Olympic partner contribution, audience reach and ad equivalency value.

We fell short of our target to host 3,000 media in Canada because of the integration of the media industry since 2007, which meant there were fewer media to host in Canada. However, because we adapted to have more online self-serve briefing material on our website, we were able to exceed our target of non-accredited media provided with briefings and packaged information.

2010 Olympic Mascot International Program

Under a non-commercial licensing agreement with VANOC, we partnered with DFAIT to sponsor appearances of the Olympic Mascots at travel, trade, embassy and consumer events in five of our key markets: Australia, China, Japan, South Korea and the U.S. The program, which ran from November 2008 through December 2009, drew upon the popularity of the mascot personalities to promote Canada’s tourism brand in association with the 2010 Winter Games. We presented the Olympic Mascots and Canada’s tourism brand to more than 350,000 individuals from the travel trade, media, government and consumers at 40 international appearances. Many thousands more were reached through broadcast, online and print coverage of the events and follow-up stories.

CTC performance measures

	2008	2009	
	Result	Target	Result
Unaided awareness of 2010 Winter Games host destination	17%	17.2%	24.8%
Impact of 2010 Winter Games on interest in visiting Canada	40.2%	40.8%	39.5%
Aided brand awareness	46.4%	57.0%	43.9%
Unaided brand awareness	14.2%	20.0%	13.0%
Olympic partner contribution	\$950,000	\$4 million	\$11.3 million
Audience reach on 2010 Winter Games and Canada tourism media	84.1 million	98 million	713.2 million
Ad equivalency value	\$6.5 million	\$4.5 million	\$83.3 million
Media hosted in Canada	1,257	3,000	2,019
Non-accredited media provided with briefings and packaged information	10,146	3,500	59,309
Associations / mentions of the CTC regarding 2010 Winter Games	N/A	40	909
Non-commercial licence agreement with VANOC	Yes	Yes	Yes
Partner agreements with VANOC	2	1	2
Partner agreements with international Olympic sponsors	0	2	2
Other partners engaged (not VANOC or Olympic sponsors)	11	4	25

National Asset Development Partner Program (NADP)

This \$4.2 million project, led by the CTC in partnership with all 13 provincial and territorial tourism marketing organizations, produced a robust inventory of fresh Canadian tourism stories and visual assets for use by media and tourism industry partners. Film crews travelled to all regions of Canada to capture authentic travel experiences. The investment by the CTC and our partners has produced more than 2,500 photos; 3,000 b-roll clips; 300 social media videos and 25 HD broadcast-ready features. Completed in 2009, the new inventory of digital assets is available to media and Canadian tourism partners through our searchable digital asset management system. Material is also posted on social media sites such as our Flickr and YouTube channels. We are converting more than 40 of the social-media clips into different languages for our French, German and Spanish YouTube channels.

"I just wanted to take a moment and provide you with some feedback on the product that has been installed at our two major Points of Entry... It looks absolutely SENSATIONAL!!! I have personally walked around and looked at it and must say it far exceeds any expectations that I had."

Kim R. Scoville,
District Director, Pacific Highway
Canada Border Services Agency
Pacific Region

Welcome to Canada Program

The *Welcome to Canada* program is a tourism-focused initiative led by the CTC in partnership with the Canada Border Services Agency (CBSA). By creating an entertaining and visually compelling backdrop to the CBSA control points, Canada now welcomes international visitors and returning Canadians with unique messaging and lively images of memorable and authentic Canadian experiences. Tourism B.C., Travel Alberta and the Ontario Tourism Marketing Partnership each joined the program to showcase Canada's vibrant personality to more than 23 million international travellers who will arrive at six newly branded airport and land crossings in the coming year. The new look, which has been completed at Macdonald-Cartier Ottawa, Pearson International Toronto, Edmonton International and Vancouver International Airports, plus the Port Douglas and Pacific Highway land crossings in B.C., will show visitors just how extraordinary Canada's regional experiences can be. This is a legacy program that, with the additional branding of other ports-of-entry in Canada and abroad, has the potential to reach 73 million international travellers each year.



Connecting with Canadians Program

We collaborated with VANOC to develop the *Connecting with Canadians* program to promote the 2010 Winter Games as Canada's Games and to show the breadth of Canada's tourism experiences through the eyes of Olympic and Paralympic athletes and their families. The program was designed to focus media attention on Olympic athletes from our key markets that travelled to Canada with their families during the summer and fall of 2009. The program was

supported by provincial and territorial tourism marketing partners who hosted the families with authentic Canadian travel experiences. Their visits were documented for tourism marketing and media use. The collection of b-roll video footage and still images includes complete story packages for broadcasters around the world to download for 2010 Winter Games coverage.



Olympic Torch Relay Media Program

The Olympic Torch Relay Media program is another CTC partnership initiative with VANOC to leverage the 2010 Winter Games to promote travel experiences in Canada. Fifteen torch relay spots were identified for a tourism-themed media outreach. We invited 15 international torchbearers to participate in the program to maximize international media coverage of the relay and spread the excitement and Olympic spirit around the world. The torchbearers were selected from our global markets and include Olympic athletes as well as entertainers and media celebrities. Their journeys through Canada will be broadcast and shared in their home countries during both the Vancouver 2010 Olympic Torch Relay and the 2010 Winter Games, all to inspire the world to travel to Canada.



Foster organizational excellence

We focused on becoming a “strategy-focused organization” with the right tools, people and resources in place to deliver.

CTC performance measures

	2008	2009	
	Result	Target	Result
Partner contribution	1.2:1	1:1	1.26:1
Variance to forecast	0.8%	1.0%	4.3%
Overhead costs	17.4%	18.0%	14.5%
Unqualified opinion on year-end audit	Yes	Yes	Yes
Extent that organizational values are embedded in culture	69%	65%	58.3%
Employee engagement	58.5%	65%	62.5%
Retention rate of employees in succession program	94%	90%	95.2%
Personal BSCs completed (executed)	87%	100%	95.1%
Access to appropriate training	56%	60%	54.5%
Training budget expended	89.9%	100%	97.5%

Strategy-focused organization

The CTC is now in year three of our journey towards becoming a stronger strategy-focused organization. We have adopted the Kaplan & Norton/Harvard Business School approach of organizational behaviour and management that is considered best practice for mission-driven organizations, including implementing the Balanced Scorecard performance management framework. We are now at a stage where individual units are adapting and leveraging this tool to optimize performance. We also developed and implemented a series of tools specific to the discipline of destination marketing that helps guide the planning process that complements our comprehensive strategic management framework, and both resources guide execution against our strategy. Our corporate strategy drives operational planning, resource allocation, target setting, marketing and sales briefing, and is the filter for all organizational decision making.

Regarding our performance measures for this priority, our variance to forecast was higher than our target of 1.0% largely because we strategically underspent funds associated with 2010 Winter Games activities in 2009 so that we could further leverage our conversion activities following the Games. While our employee engagement increased over the 2008 level, we are still below our long-term target.

Human resources

Our 2009 annual employee survey indicated a 4% increase in Employee Engagement, which was named one of our critical metrics for the 2010-2014 planning period. The rollout of the three-part Leadership Development and Succession programs continued in 2009 and a greater focus will be put on the engagement of the manager/supervisor levels moving forward.

In 2009 we implemented a new internal survey to ensure that our operations meet employees' needs so that they have the right tools and resources to do their jobs well and efficiently. The results of this survey will help in determining how our corporate services can be improved and, as a result, help to foster organizational excellence.

In addition to regular articles written by the President & CEO to engage staff on discussions relevant to our challenges, the vision of the organization and its priorities, the Chief People Officer has continued to write articles addressing CTC culture and values and how they impact employee engagement and the organization's performance.

In 2009, we implemented a new training program for all staff called "Get with the Program." The purpose of the program was to train our staff on policies and procedures that impact their day-to-day work. The program is also used to update staff on legal issues and other topics of importance that might be especially relevant at the time. The program has been very well received by staff. Each "Get with the Program" session is held at three different times to ensure that staff from all of our global offices have a convenient time to participate. By improving understanding of our policies and regulations, we can ensure compliance.

In May 2009, the CTC renewed its Collective Agreement with the Professional Institute of the Public Service of Canada (PIPSC) until June 2011. In June 2009, the CTC and the Union put in place a Joint Consultation Committee to discuss issues of mutual interest.

The job classification system review that began in 2008 has been temporarily delayed due to the Government of Canada's *Expenditure Restraint Act*, which placed restrictions on the project by not allowing the implementation of new rates of pay before 2011. In 2010, the CTC will continue to work on this project in order to be ready to implement the new classification system in 2011.

Information technology

During the year, the CTC completed the transition from three web hosting providers to one. This involved the migration of the customer relationship management infrastructure and 30 websites, including our newly designed consumer, corporate and media websites, onto the new hosting platform, a consolidated, more robust infrastructure. This critical project was timed to support the anticipated increase in on-line demand from the 2010 Winter Games Strategy. Immediately after the transition, an internal audit was performed on the new Web Infrastructure, to assess security, performance, and availability, providing sufficient time to rectify any high risk deficiencies prior to the Games. A key learning from the audit was to identify key metrics for web performance, including web site response time and maximum concurrent user targets. Additional benefits of the migration include substantial savings in long-term Web hosting fees, estimated at \$2 million over three years.

Systems review

In 2009, we embarked on a comprehensive systems review. Our employees have expressed, through surveys, that the current systems could be improved to support their needs. Also, some of the current systems are nearing the end of their useful life cycles. External specialists were engaged to examine the "as is" state and to develop recommendations of a "to be" state that would more effectively and efficiently support all employees in delivering against the strategy. The report was delivered in 2009 and next steps will resume after the 2010 Winter Games. Although not a significant expenditure to-date (\$50,000 of consulting fees were incurred in 2009), this project is a key initiative to support organizational excellence going forward.

Procurement

We successfully launched and completed several major procurement initiatives in 2009 in support of the stimulus initiative from Budget 2009, including: the identification and selection of General Sales Agencies (GSA) for India and Brazil, and in Europe to assist with the expansion of our Meetings, Conventions & Incentive Travel (MC&IT) program in Europe; the modification of an existing contractual arrangement to allow for GSA support with SME tourism partners for their participation in our domestic LOCALS KNOW campaign; and the negotiations of a lower fee structure for marketing and communication service in support of the Canada Program campaigns. In addition, facility lease arrangements were concluded for our offices in Beijing, Arlington and Chicago.

In support of our ongoing commitment to organizational excellence, Vancouver-based staff were introduced and provided training on a records classification system.

Strengthen engagement
with the shareholder

We engaged the shareholder in order to enhance the perception of the CTC as a value-adding corporation that coordinates activities and generates demand to benefit Canada’s tourism industry.

CTC performance measures

		2008	2009	
		Result	Target	Result
Compliance with <i>Official Languages Act</i>	Exemplary (A)		Good (B)	Exemplary (A)
Government shareholder engagement	N/A		70%	88.9%

Government relations &
corporate communications

The CTC has a number of government and private-sector “stakeholders” and one “shareholder” (that is, the federal government). In 2009, we worked to enhance the shareholder’s perception of the CTC as a value-adding corporation that provides crucial insight and coordinates activities to grow tourism export revenues for the Canadian economy. Specifically, we increased our focus on government relations, monitored and responded to all opportunities for governmental support, and established, built and maintained relationships with key government officials and policy-makers. We facilitated open communication with federal departments and monitored public policy as well as parliamentary, political and media issues that could impact the CTC. We engaged with ministers and senior officials to provide briefings or information on our activities and programs, plans and priorities, research, issues management, and insights into Canada’s tourism industry. Finally, we met with industry organizations, including the Chamber of Commerce, the Canadian Federation of Independent Business, the Public Policy Forum, and the Business Development Bank of Canada.

Federal Identity Program

As a Part I, Schedule III Crown corporation we are subject to the Federal Identity Program (FIP). In adherence to this program, we employ our FIP Action Plan to guide us in ensuring appropriate and consistent usage of FIP identifiers.

Official languages

We are committed to both official languages having equality of status and equal rights and privileges within the Commission. We provide services and communicate with our stakeholders, suppliers and partners in their preferred official language from both our offices in Vancouver and Ottawa. We ensure that our corporate culture promotes the effective use of both official languages in the workplace. We are also committed to involving the English and French linguistic minority tourism business communities in Canada, to ensure fair access to our tourism support services.

The Office of the Commissioner of Official Languages (OCOL) released the 2008-2009 report cards in May 2009, focusing on the performance of 15 separate employers, including the CTC. The CTC was the only institution subject to a report card in 2008-2009 to earn a rating of “Exemplary” or “A.” The OCOL took particular note of our ongoing efforts to consider the interests of official language communities in minority situations in our tourism strategies for the 2010 Winter Games in Vancouver, and in the longer term. The CTC’s 2008-2009 report card can be found at: www.ocol-clo.gc.ca/html/ctc_cct_08_09_e.php.

Our mandate

We interpret our mandate as generating wealth for Canadians by stimulating demand for Canada's visitor economy.

We do this through effective tourism marketing and promotions supported by aligned market research.

The following section provides key examples of how we delivered on our mandate in 2009 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 our marketing and sales activities, each example highlights specific results. Determining the impacts of our efforts allows us to identify best practices for the future.

Leveraging partnerships

Partnership contributions

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

In 2009, partnership contributions totalled \$132.9 million (compared to \$95.8 million in 2008), resulting in an overall 1.26:1.0 ratio of partner contributions to our annual appropriation. This result is impressive during a year of decline and contraction in the visitor economy and demonstrates that our programs were relevant to partners.

There are four types of CTC partnership arrangements:

- **CTC-led marketing or sales campaigns:** Arrangements whereby we directly sell advertising opportunities to our partners. For example: when partners buy advertising space in CTC publications, or partners buy space at CTC-led events. During 2009, partners invested \$15.0 million in these campaigns.
- **Partner-led marketing or sales campaigns:** Arrangements whereby partners take the lead in managing campaigns and sell advertising opportunities to us. Partnership investments in these types of initiatives totalled \$25.9 million in 2009.
- **Parallel partnerships:** Arrangements whereby we run parallel advertising with our partners. These partnerships are based on signed agreements through which we and our partners work together to define the campaign strategy. Typically, we begin the campaign by exposing the market to Canada-focused messages. After a set period of time, the partner enters the market with specific destination messaging and leverages the momentum already established. Partnership contributions to parallel partnership initiatives in 2009 totalled \$60.0 million.
- **In-kind partner contributions:** In-kind partner contributions are arrangements whereby partners contribute to our marketing or sales campaigns with goods or services rather than financial contributions. For example: when partners contribute to CTC-organized media familiarization (FAM) trips by covering transportation or accommodation costs, etc., or partners invite us to advertise in publications or at events without cost. In-kind contributions in 2009 were valued at \$32.1 million.

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\$105.8 million	2009 CTC budget allocation (including Olympic and Stimulus funding)
\$132.9 million	2009 partnership contributions
\$238.7 million	Total 2009 investments toward CTC activities

Sustaining the industry

CTC events & tradeshow

Designed to promote business-to-business networking where Canadian tourism SMEs can meet buyers of product and/or pitch themselves to media, the following events and tradeshow were led by the CTC in 2009:

- *GoMedia Canada Marketplace (Canada)*
- *Rendez-vous Canada (Canada)*
- *GoMedia Marketplace (Mexico)*
- *Conozca Canadá (Mexico)*
- *Canada Media Marketplace (U.S.)*
- *Showcase Canada (Japan, China and South Korea)*
- *Canada Corroboree Road-Show (Australia)*
- *Spotlight Canada (U.K.)*

Innovative industry communications

CTC Media Centre website

Our CTC Media Centre website was re-launched in summer 2009 as an interactive, Web-2.0, one-stop-online-shop for international media looking for Canada travel info and resources. The website features video footage (b-roll), photos, Canada facts and background, story starters, frequently asked questions, a map, contacts, events info, media releases, a Twitter feed, and links to CTC research and corporate information.

"Story Ideas" are media story starters: short Canada travel news dispatches designed to inspire media to produce their own stories. The "CTC News" reports daily on CTC research, corporate news, projects and initiatives. Users can subscribe to Story Ideas and CTC News via RSS or e-mail alert, follow us on Twitter, and comment on, bookmark and share our content.

The interactive format reflects our strategy of staying relevant to our stakeholders, namely small and medium-sized Canadian tourism businesses, the industry in general, government partners, and tourism destination marketing colleagues. For more information, visit www.canada.travel/media.

Visiting Journalist Program

The Visiting Journalist Program (VJP) is an initiative that, through partnership with the provinces and territories, provides travel support for Canadian media who profile Canadian travel experiences. In 2009, the program assisted in supporting 119 online, print and broadcast journalists from around the country to share their experiences in Canada's awe-inspiring places. The 2009 VJP increased its emphasis on social media and offered continuous support to independent travel writers and freelancers, which generated pan-Canadian coverage in numerous traditional travel publications. Overall, the program increased media and public awareness of the CTC's importance to Canada's tourism industry by building relationships with partners and traditional media and social media.

Social Media

In 2009 we enhanced our social media production efforts. Building from foundational work started in 2008, we took a strategic approach to developing content, distributing it through existing platforms and marketing programs, and acting on opportunities to continue to build Canada's tourism brand within the social media community. As a result, we achieved many successes, including the fact that our social media program was listed as a key contributor to our winning *Marketing Magazine's* Marketer of the Year award in 2009.

While there were many activities and highlights, six notable social media programs were undertaken during 2009 that contributed to this success: Welcome Obama to Canada, Locals Know, Facebook fanpage, Twitter feeds, Consumer Website, and the National Asset Development Program. Combined, these programs generated over 860,000 content views, over 25,000 hours of brand engagement, and more than 3,000 comments. Social media has afforded Canada's tourism brand a cost-effective, globally-accessible platform that supports our mandate by providing inspiring content and the ability to engage travellers in two-way conversations. In this way, social media can be of great benefit to both the traveller and CTC for years to come.

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 market-specific and global strategy and runs in all of our core markets. Ultimately, CSP educates travel agents and tour operators' sales and reservations teams regarding Canada product. Based on varying market needs, participating travel agents are offered a range of information and support to increase their ability to sell Canada as a destination. The CSP is a primary platform for engagement of agents as part of the 2010 Winter Games Afterglow Strategy.

CTC performance measures

	2008	2009	
	Result	Target	Result
Total number of agents who completed the first level of CSP accreditation	3,121	5,500	4,389

Marketing Canada
to the world: A strong return
on investment

As part of our performance management framework, we track and evaluate the success of our marketing efforts through third-party-administered advertising tracking and conversion studies. In 2009, we conducted studies of our marketing campaigns in Canada, the U.S., the U.K., Germany, France, Mexico, Australia, South Korea and Japan. We were unable to conduct studies in India or Brazil because we began market-entry activities in those markets in the spring of 2009, and in China because we were not permitted to conduct direct-to-consumer campaigns.

We calculate “conversion” using what is known as “Positive Influence Campaign ROI”. This calculation values tourist receipts generated by CTC’s core marketing campaigns per dollar spent to execute the campaign by

counting the number of travellers who were not planning a trip to Canada, but booked or took a trip after being exposed to the campaign, as well as travellers who were considering travelling to Canada but had not yet booked a trip prior to being exposed to the campaign, and were positively influenced to visit or book a trip to Canada upon seeing the advertisement.

Overall, the third-party-administered¹ advertising tracking and conversion studies revealed that our measured campaigns generated an estimated \$1.66 billion in tourism revenue for Canada’s economy and contributed to the maintenance and/or creation of an estimated 15,284 jobs for the Canadian tourism industry. For every dollar invested in CTC stimulus campaigns, \$43 was generated in tourism export revenues (ROI 43:1)². Likewise, for every dollar invested in CTC core campaigns, \$101 was generated in tourism export revenues (ROI 101:1)³.

Overall campaign performance metrics (from ad-tracking studies)

	2009 Results
Positive Influence Campaign ROI (core)	101:1
Positive Influence Campaign ROI (stimulus)	43:1
Attributable tourism export revenue	\$1.66 billion
Attributable jobs created and/or maintained	15,284
Attributable federal tax revenue	\$228.7 million

1 Advertising tracking and conversion studies were administered by Insignia Research.
2 Weighted by investment in campaigns (excludes 2009 fall campaigns as ROI numbers were not available by print time, but are not expected to impact results significantly due to size of investments).
3 Weighted by investment in campaigns (excludes Canada and U.S. fall campaigns as ROI numbers were not available by print time, but are not expected to impact results significantly due to size of investments).

Canada

LOCALS KNOW summer campaign

To encourage Canadians to spend their travel dollars at home, in June 2009 we launched LOCALS KNOW, a national, integrated advertising program (print, magazine, TV and online) to boost domestic tourism. The Domestic Advertising Program funded by federal stimulus (\$20 million over two years) was designed to benefit small and medium-size businesses (SMEs).

The objective of the summer domestic campaign was to persuade outbound travellers to explore Canada, and stimulate Canada's economy by encouraging Canadians to travel within their own country and spend money on tourism-related experiences/attractions. Results of the 2009 domestic summer campaign indicate that the campaign converted 9.67% of travellers

(or an estimated 1.3 million Canadian travellers). Of those converted by the campaign, 15% (or 200,360) diverted their trips from a foreign destination to a Canadian vacation. This contributed to \$199.9 million in savings from foregone outbound expenditures, with the revenue "switched" back to Canada amounting to \$49.6 million (travel expenditures within Canada). This represents a sizeable impact on Canada's trade balance and moves the CTC closer to its target of 234,000 diverted trips for the 2009 fiscal year. It is expected that the target will be reached with the results of the domestic 2009 fall campaign, when available.

The summer campaign generated an estimated \$372.7 million in tourism revenue from converted travellers. It has contributed to the maintenance and/or creation of 3,422 jobs for the Canadian tourism industry. Despite a sizeable advertising expenditure (\$6.6 million), the ROI per dollar invested by the CTC and our partners was substantial at 56:1; this means that every \$1 spent on the summer campaign generated \$56 in direct tourism expenditure.

In addition to generating positive outcomes for the Canadian tourism industry, the LOCALS KNOW summer campaign was also ranked by *Forbes.com* among the world's top ten travel campaigns of all time.

LOCALS KNOW summer campaign performance metrics

2009 Results

Aided destination awareness	69%
Positive Influence Campaign ROI (summer campaign only)	56:1
Attributable tourism export revenue	\$372.7 million
Attributable jobs created and/or maintained	3,422
Attributable federal tax revenue	\$48.4 million
International intenders to domestic conversion rate	200,360



United States

United States core spring/summer campaign

Launched in April 2009, the U.S. spring/summer consumer campaign aimed to entice travellers with evocative messages designed to position Canada as authentic, intriguing and full of distinct travel experiences. The multimedia campaign included print, online and social media components and targeted three key U.S. markets: New York, California and Boston. The campaign reached an estimated 62% of U.S. travellers and had a very positive impact. A full 72% of surveyed travellers indicated that they were more likely to visit Canada as a result of exposure. The campaign generated an estimated \$320.0 million in tourism revenue from 602,728 converted travellers and contributed to the maintenance and/or creation of an estimated 2,939 jobs for the Canadian tourism industry. For every dollar invested in the campaign by the CTC and our partners, \$34 was generated in tourism export revenues (ROI 34:1).



United States summer stimulus campaign

The U.S. summer stimulus campaign was funded by the federal stimulus (approximately \$7 million over two years) in order to spur immediate incremental visitation from outbound U.S. Leisure travellers from a new U.S. market: Chicago. Our print, TV and online U.S. stimulus ads reached 65% of travellers in Chicago and converted an estimated 82,010 travellers (above the 26,000 target), generating an estimated \$43.5 million in tourism revenue. This contributed to the maintenance and/or creation of an estimated 400 jobs for the Canadian tourism industry. From an investment perspective, we achieved a positive ROI of 14:1.



U.S. summer stimulus campaign performance metrics

	2009 Results
Aided destination awareness	40%
Positive Influence Campaign ROI (summer stimulus campaign)	14:1
Attributable tourism export revenue	\$43.5 million
Attributable jobs created and/or maintained	400
Attributable federal tax revenue	\$6.1 million

U.S. core spring/summer campaign performance metrics

	2009 Results
Aided destination awareness	40%
Positive Influence Campaign ROI (core spring/summer campaign)	34:1
Attributable tourism export revenue	\$320.0 million
Attributable jobs created and/or maintained	2,939
Attributable federal tax revenue	\$44.7 million

United Kingdom

United Kingdom spring campaign

The U.K.'s 2009 spring marketing campaign included online banners, search-word advertisements, London Underground posters, and featured a 12-page supplement, "Discovering Canada," in Saturday's edition of *The Times* newspaper. All initiatives were done in partnership with Canadian provinces and U.K. tour operators. The Atlantic Canada Tourism Partnership, Travel Alberta and Yukon Tourism & Culture partnered in the 2009 spring campaign.

The campaign reached an estimated 53% of all U.K. travellers and over half (53%) of those who saw the ads sought further information on travel to Canada. The campaign generated an estimated \$255.7 million in tourism revenue from 180,715 converted travellers and contributed to the maintenance and/or creation of 2,348 jobs for the Canadian tourism industry. For every dollar invested in the campaign, the revenue generated was: \$357 (ROI 357:1).



U.K. spring campaign performance metrics

2009 Results	
Aided destination awareness	25%
Positive Influence Campaign ROI	357:1
Attributable tourism export revenue	\$255.7 million
Attributable jobs created and/or maintained	2,348
Attributable federal tax revenue	\$35.7 million

Germany

Germany spring campaign

We partnered with Canadian provincial marketing organizations and German tour operators for Germany's 2009 spring marketing campaign. The campaign included online banners, search-word advertisements, and transit posters in the cities of Munich, Frankfurt and Hamburg. Campaign ads reached an estimated 48% of all German overseas travellers and an estimated 67% of those who saw the ads sought further information on travel to Canada.

The campaign generated an estimated \$134.7 million in tourism revenue from 91,117 converted travellers and contributed to the maintenance and/or creation of 1,237 jobs for the Canadian tourism industry. For every dollar invested in the campaign by the CTC and its partners, the revenue generated was \$180 (180:1 ROI).

Germany spring campaign performance metrics

2009 Results	
Aided destination awareness	34%
Positive Influence Campaign ROI	180:1
Attributable tourism export revenue	\$134.7 million
Attributable jobs created and/or maintained	1,237
Attributable federal tax revenue	\$18.8 million



France

France spring campaign

In partnership with Canadian provinces and French tour operators, our 2009 spring marketing campaign included online banners, search-word advertisements and transit system posters in Paris. The Atlantic Canada Tourism Partnership and Travel Alberta partnered in the 2009 spring campaign. Campaign ads reached an estimated 58% of French overseas travellers and an estimated 69% of those who recalled the ads indicated that they were “much more” to “somewhat more” likely to visit Canada as a result.

The campaign generated an estimated \$184.9 million in tourism revenue from 138,304 converted travellers and contributed to the maintenance and/or creation of 1,698 jobs for the Canadian tourism industry. For every dollar invested in the campaign by the CTC and its partners, the campaign generated \$259 in export tourism revenues (ROI 259:1).



Mexico

Mexico spring campaign

Our 2009 Mexico consumer campaign encompassed TV, online and print advertising as well as a social media component. The primary objective of Mexico's spring advertising campaign was to heighten brand awareness for Canada as a tourism destination among high-yield travellers and keep Canada positioned as an authentic, interesting, and unique destination.

Our ads reached an exceptionally high percentage of Mexican travellers at 83%. The vast majority of those who saw the ads were motivated by them, resulting in a 4.60% conversion rate. The campaign generated an estimated \$146.6 million in tourism revenue from 103,629 converted Mexican travellers. This contributed to the maintenance and/or creation of 1,347 jobs for the Canadian tourism industry. For every dollar invested in the campaign, the revenue generated was \$338 (ROI 338:1).

It should be noted that the spring campaign ran before the outbreak of H1N1 and new visa requirements for Mexicans entering Canada. Those two additional challenges in 2009 had significant effects on the subsequent fall campaign and visitation from Mexican travellers.



Mexico spring campaign performance metrics

	2009 Results
Aided destination awareness	44%
Positive Influence Campaign ROI	338:1
Attributable tourism export revenue	\$146.6 million
Attributable jobs created and/or maintained	1,347
Attributable federal tax revenue	\$20.5 million

France spring campaign performance metrics

	2009 Results
Aided destination awareness	36%
Positive Influence Campaign ROI	259:1
Attributable tourism export revenue	\$184.9 million
Attributable jobs created and/or maintained	1,698
Attributable federal tax revenue	\$25.8 million

Australia

Australia summer campaign

Australia's 2009 summer marketing campaign included print, out of home, and online advertisements. Campaign ads reached an estimated 37% of the Australian travel market and an estimated 58% of those who saw the ads sought further information on travel to Canada.

The campaign generated an estimated \$62.3 million in tourism revenue from 38,417 converted travellers and contributed to the maintenance and/or creation of an estimated 572 jobs for the Canadian tourism industry. For every dollar invested in the campaign by the CTC and its partners, the campaign generated \$402 in export tourism revenues (ROI 402:1).



Australia summer campaign performance metrics

2009 Results	
Aided destination awareness	23%
Positive Influence Campaign ROI	402:1
Attributable tourism export revenue	\$62.3 million
Attributable jobs created and/or maintained	572
Attributable federal tax revenue	\$8.7 million

Japan

Japan Canada awareness (recovery) campaign

In 2009, outbound traffic from Japan to the U.S. and Canada was challenged as the sinking global economy and the H1N1 flu took a toll on travel demand. In order to offset the significant impact of H1N1 on consumer bookings, we initiated the Canada Awareness (Recovery) Campaign that featured three 1/3-page ads in Japan's #1 daily national newspaper, the *Asahi Shimbun*. The campaign coincided with the Imperial Visit to Canada that took place in the first two weeks of July. Despite a very small advertising budget, the campaign demonstrated strong results with ads reaching 45% of the Japanese total overseas travel market. As many as 64% of travellers were aware of the

Emperor's trip to Canada, with 37% recalling press that positioned Canada as a great place to travel.

The campaign generated an estimated \$104.8 million in tourism revenue from an estimated 76,158 converted travellers and contributed to the maintenance and/or creation of an estimated 962 jobs for the Canadian tourism industry. The excellent campaign recall in Japan with a small advertising budget (\$130,286) resulted in a sizeable ROI of 804:1.



Japan Canada awareness (recovery) campaign performance metrics

2009 Results	
Aided destination awareness	13%
Positive Influence Campaign ROI	804:1
Attributable tourism export revenue	\$104.8 million
Attributable jobs created and/or maintained	962
Attributable federal tax revenue	\$14.6 million



China

2010 Winter Games

Two Chinese Olympic Torch Relay runners travelled to Canada in summer for pre-shooting, joined by Chinese media. In the “Connecting with Canadians” program, we sent the Chinese curling team (four females and their Canadian coach) to Ontario. China’s biggest website, www.sina.com, followed the trip and promoted the 2010 Winter Games. We promoted key provincial products, our new Chinese consumer website and our EQ tool. We also hosted two receptions with Foreign Affairs and International Trade Canada to celebrate the one-year and 100-day countdowns to the 2010 Winter Games, targeting media, trade, high officials and Olympic athletes.

Meetings, incentive travel, and exhibitions

With government stimulus funds from Budget 2009, we generated a series of events and projects to increase meetings, incentive, conventions and exhibition travel (MICE) traffic to Canada. This included: familiarization (FAM) tours for corporate clients and MICE agencies; editorial and advertorial in key business magazines; product brochures; and high-end annual receptions in key cities. We also helped procure visas for MICE groups in cooperation with the Canadian Embassy.

South Korea

South Korea World’s Best campaign

Launched in 2009, the “World’s Best” campaign reflects South Korean travellers’ strong interest in visiting destinations that are considered among the world’s best. Created in cooperation with partners in B.C., Alberta and Ontario, the campaign promoted iconic, seasonal destinations throughout Canada such as the Thousand Islands, Niagara Falls and the Rideau Canal. Despite a small media budget (\$116,000), an estimated 50% of South Korean long-haul travellers saw the ad campaign. The campaign generated an estimated \$39.1 million in tourism revenue from 24,472 converted travellers and contributed to the maintenance and/or creation of 359 jobs for the Canadian tourism industry. For every dollar invested in the campaign by the CTC and its partners, the revenue generated was \$337 (ROI 337:1).

China activities performance metrics

	2009 Results
Aided destination awareness	47%

South Korea World’s Best campaign performance metrics

	2009 Results
Aided destination awareness	20%
Positive Influence Campaign ROI	337:1
Attributable tourism export revenue	\$39.1 million
Attributable jobs created and/or maintained	359
Attributable federal tax revenue	\$5.5 million



India

New Delhi market launch

The official launch of our presence in New Delhi was on August 18th with two events: a press lunch in conjunction with Buzz Travel Marketing India for 50-plus media at The Imperial hotel, followed by an evening reception at the same venue with some 250 reps from the leading industry agents, airlines and tour operators to network and engage. Joseph Caron, Canadian High Commissioner to India, delivered opening remarks.

Mumbai market launch

The official launch of our presence in Mumbai was on November 18th with a large turnout of major travel-industry representatives. However, two days earlier, we garnered massive media exposure when Bollywood megastar Akshay Kumar joined Canadian Prime Minister Stephen Harper at a travel-trade lunch. The photos of the pair with the Olympic Torch, which Kumar carried on December 17th in Toronto were shown around India and North America.

Brazil

Brazil market launch

During one week in São Paulo, we had Canada Ski days with local industry partners, a press event with a record turnout, and the launch party itself. With 200 in attendance, it was a *Who's Who* of the travel industry.



Highlights of 2009 research

In 2009, we continued to invest in a comprehensive research program as part of our mandate to provide information about tourism as a whole. Our research activities tracked the industry's performance, market trends, profiles and shifts in Canada's key markets. The goal is to provide a "Centre of Excellence" where industry and governments can obtain leading information on the tourism sector.

Advanced Path-to-Purchase Model

In 2009 we updated the "Path-to-Purchase Model" originally developed in 2008 to track Canada's tourism brand performance at every stage of consumer purchase. The analysis enables us to compare the brand in all markets, identify the points at which the brand suffers declines in conversion, and focus marketing activities to address the weak links in the chain. In 2009 we refreshed the results of the Path-to-Purchase in our core markets to measure progress made in moving prospects along the path, and to identify the key drivers that effectively move prospective travellers through each stage

and the barriers/roadblocks that prevent them from advancing. This study served also to identify the best intervention points to influence the drivers and roadblocks through which channels and with what messaging.

According to the latest study, conducted in November-December 2009, we observed positive shifts along the path-to-purchase in five markets: U.S., U.K., France, Germany and South Korea. All five markets had a higher percentage of travellers creating a "vacation movie" (step 4) and "planning itinerary" (step 5) than in 2008.

	US	Mexico	UK	France	Germany	Japan	South Korea	China	Australia	
Market potential	138.3M	8.5M	27.5M	23.1M	26.2M	21.3M	13.3M	2.8M	6.9M	
Step 1										
✓ Hear about the destination	100%	100%	100%	100%	100%	100%	100%	100%	100%	Brand Building
Step 2										
✓ On priority list A destination that they think about going to in the future	81.6%	81.4%	82.6%	85.9%	81.1%	80.3%	83.7%	89.8%	81.9%	
Step 3										
✓ On seriously considering list	72.0M	5.0M	12.0M	10.0M	13.0M	7.0M	7.0M	2.0M	3.0M	Barriers*: 39M potential new customers
✓ Seriously considering in the next 2 years	52.1%	62.6%	42.6%	45.5%	50.7%	31.1%	54.7%	68.7%	37.6%	
Step 4										
✓ Creating a "vacation movie" Starting to gather info—friends, internet, articles, brochures	37.0M	3.0M	5.0M	5.0M	6.0M	3.0M	3.0M	1.0M	1.0M	
Step 5										Tactics Conversion
✓ Detailed itinerary planning	17.0M	0.9M	1.7M	1.1M	2.0M	0.7M	1.1M	0.4M	0.2M	
✓ Planning the details of an itinerary to Canada	12.2%	10.9%	6.1%	4.7%	7.5%	3.5%	7.9%	15.9%	3.6%	
Step 6										
✓ Finalizing trip arrangements In the process of working out travel arrangements	4.2%	3.2%	2.0%	1.3%	2.9%	0.7%	1.5%	2.7%	0.8%	
Step 7										
✓ Purchase	1.4%	0.9%	1.0%	0.6%	0.5%	0.1%	0.2%	1.1%	0.3%	
✓ Booked a trip to Canada										
2009 Overnight trips	10.0M	0.178M	0.714M	0.406M	0.309M	0.198M	0.138M	0.160M	0.205M	
Arrivals to planning ratio	59.0%	19.0%	43.0%	37.0%	16.0%	27.0%	13.0%	36.0%	83.0%	

* The bottleneck between step 4 & 5 shows that 39M people are close to booking a trip, but further action is needed

Mexico was negatively impacted at “seriously considering” (step 3) and beyond, largely due to the fact that 40% of Mexicans claimed the visa requirement was a barrier in coming to Canada.

Japan and Australia were most impacted at the “seriously considering” step; however, the impacts were not as great at steps 4 and 5 (i.e. Japanese and Australians still created vacation movies and planned itineraries).

China was most impacted at steps 3 and 4 (seriously considering and creating movie); however, Chinese travellers continued to show quite positive interest in visiting Canada.

Research indicators & products

In 2009, CTC-Research maintained investments in the two core surveys undertaken by Statistics Canada in 2008: the *International Travel Survey* and *Travel Survey of Residents of Canada*. We 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*.

Our publications included *Tourism Snapshot*, a monthly update on our key markets, and *Tourism Snapshot Year-In-Review*, an update on tourism performance data in our key markets. In 2009, the Conference Board of Canada continued to produce for us the *Tourism Intelligence Bulletin*, a bimonthly report providing travel trends, and the *Short-Term Competitive Outlook*, a quarterly report providing an outlook on Canada’s price competitiveness. A new quarterly product, *Travel Characteristics of CTC’s Core Markets*, was introduced to focus on the tourism receipts and average spend of visitors to Canada.

Brazil consumer & travel trade research

Recognizing the growing and evolving demand from Brazil and our limited in-depth knowledge of Brazilian travel habits, it was imperative to learn more about the characteristics, motivations and perceptions of the Brazilian market. To this end, we undertook a consumer and travel trade study in 2009 that provided us with valuable market intelligence on long-haul travellers and key target segments for Canada. The information will be used to guide tourism strategies and marketing activities. A full project summary will be available online: www.corporate.canada.travel/docs/research_and_statistics/market_knowledge.

Global Tourism Watch – year three

2009 was the third year of the Global Tourism Watch (GTW), our annual monitoring survey in all of our core markets. The GTW is largely used to determine how Canada’s tourism brand is coming to life and has served to track awareness of the new brand identity and Canada’s competitive position relative to the general vacation experiences sought by travellers. The GTW has allowed us to monitor and better understand annual changes in travellers’ perceptions of Canada versus key competitors, as well as consumers’ travel behaviours and values, and has enabled us to identify barriers to visiting Canada. The GTW produced valuable intelligence for our Balanced Scorecard, as well as our new Return on Investment Model (RIM).

Our awards

In 2009, the CTC was awarded the prestigious Marketer of the Year for 2009 by Marketing Magazine. The award comes as we continue to champion Canada's tourism industry to showcase Canada to the world through the 2010 Winter Games.

Our corporate awards

FutureBrand's Country Brand Index

In 2009, *FutureBrand's Country Brand Index* (CBI) ranked Canada as the world's second most powerful country brand for the second year in a row. The CBI examines how countries are branded and ranked according to key criteria, and identifies emerging global trends in travel and tourism. Canada has progressed from 12th place in 2006, to 6th place in 2007, and now held 2nd place for the last two years. This rise in our ranking demonstrates the salience of Canada's revitalized tourism brand and the role of our consumer website in differentiating Canada in the global tourism marketplace.

"Canada continues to do an exceptional job with its branding. Using all the country has to offer, it promotes the experience of adventure, friendly people, diverse culture and beautiful landscapes."

FutureBrand's Country Brand Index 2009

2009 Top Country Brand Rankings

- 01 USA
- 02 Canada
- 03 Australia
- 04 New Zealand
- 05 France
- 06 Italy
- 07 Japan
- 08 UK
- 09 Germany
- 10 Spain



Marketer of the Year

In 2009, the CTC was awarded the prestigious Marketer of the Year for 2009 by *Marketing Magazine*. The award comes as we continue to champion Canada's tourism industry to showcase Canada to the world through the 2010 Winter Games.

This is the first time a Crown corporation or a West Coast-based organization has been honoured with the top spot. The CTC was one of only three "home-grown" Canadian corporations in *Marketing Magazine's* list of Top 10 Marketers and faced stiff competition from large international subsidiaries and household names like Kraft and Cadbury.

"Three years after ditching moose and mountains for a more adventurous marketing strategy, the Canadian Tourism Commission has hit its stride. In the year leading up to the Olympics, CTC launched a ground-breaking social media campaign and positioned Canada as a fun and yes, exotic, destination."

Eve Lazarus,
Marketing Magazine



2008 Annual Report

In 2009, the CTC's 2008 Annual Report received a silver for best overall annual report and bronze for best agency report (Americas region) from the League of American Communications Professionals (LACP). Established in 2001, the LACP was created as a forum within the public relations industry to facilitate discussion of best-in-class practices within the profession while also recognizing those who demonstrate exemplary communications capabilities. This year's LACP Annual Report Competition drew a record number of submissions with over 3,500 entries from a broad range of industries and organizations from some 20 countries.



Our marketing awards

LOCALS KNOW campaign (Canada)

The CTC's 2009 LOCALS KNOW broadcast, print and Web campaign spotlighted little-known, yet enticing places across Canada. Canadians could post their own secret favourites and photos on the campaign website. Forbes.com named LOCALS KNOW one of the world's top travel marketing campaigns of all time.

Globus Award 2009 (Germany)

The CTC won the bronze medal as part of the Globus Award Survey 2009. This survey was carried out among 700 German travel agencies who voted for the national tourism organizations (NTOs) with the best travel trade service. Our success is particularly remarkable since we were able to do better than many NTOs (European and Middle East/Asian ones in particular) with considerably larger budgets.

Dream Destination (Germany)

Globetrotter Ausrüstung, Europe's largest wholesaler for outdoor clothing and equipment, announces one "dream destination" per winter and summer season. Canada was announced as Globetrotter's "dream destination" for winter 2009-2010.

World Traveler

Media Group Award (China)

Canada was chosen for the Top MICE Destination award by World Traveler Media Group in 2009. The World Traveler Media Group is a leading Chinese communications group based in Shanghai with print, TV and online distribution channels with coverage throughout China. The award was presented to the CTC in December at a travel awards ceremony attended by approximately 230 leading travel industry representatives.

Pure Canada Magazine

Pure Canada, our unique travel-lifestyle magazine, is an invitation to the reader to discover Canada and experience it in a whole new way. In 2009, *Pure Canada* received several high-profile awards:

- **2009 Communicator Awards:** Award of Distinction, Cover Design and Award of Distinction, Photography;
- **North America Travel Journalist Association:** First Place, Destination Travel: Domestic (Magazine), and two Merit Awards for Overall Best Travel Magazine;
- **Pearl Awards:** Silver for Design, Best Overall; Bronze for Editorial, Best Overall;
- **Magnum Opus Sliver Awards:** Best Use of Color Photography and Best Use as an Integrated Marketing Tool.



Mexican Influencer Campaign (Mexico)

The CTC-Mexico's Influencer Campaign collected two awards this year: Silver (Consumer Services) from the Canadian Marketing Association (its highest possible designation) and Silver (Integrated Market Campaign for Consumers) at the Hospitality, Sales & Marketing Association International's Adrian Awards (honouring excellence in travel marketing).



Willy Scharnow Award (Germany)

During the ITB tradeshow in March 2009, we received an award from the renowned Willy Scharnow foundation for our Canada Explorer Program, which educated 1,204 German travel agents on Canadian experiences. The annual Willy Scharnow Award recognizes innovative and sustained projects and outstanding training programs for travel trade staff. The Explorer Program is an excellent tool to recruit participants for our Canada Specialist Program, with currently close to 800 members. In 2009, the Canada Specialists carried out marketing activities at a total value of over \$1 million.



MD&A

2009 was a highly challenging year for Canada's tourism industry. However, we continued to deliver solid results to drive tourism business: our campaigns produced over \$1.66 billion in tourism export revenues for Canada, created and/or maintained approximately 15,284 Canadian jobs, and contributed some \$228.7 million to federal government tax revenues.

The following management discussion & analysis (MD&A) should be read in conjunction with the financial statements and notes included in this annual report.

Context for 2009 MD&A

2009 was highly unusual year for the CTC. In the year leading up to the 2010 Winter Games, we saw the greatest level of investment of the \$26 million over five years in special funding for our 2010 Games Strategy. In addition, we were also entrusted with stimulus funds announced in Budget 2009. These infusions of special funds masked ongoing core business drivers against our base core funding, namely cost pressures in the form of fixed costs, compensation and pension pressures. Our overhead results benefitted from a large amount of staff vacancies as existing employees were re-assigned to positions to deliver the new stimulus programs, thereby driving labour costs down as a percentage. We also benefitted from foreign exchange fluctuations in 2009 as the relative strength of the Canadian dollar provided for some relief in international transactions. In spite of this temporary good news, our management is preparing for fiscal 2011 when special funding will be complete and cost pressures will once again severely strain our ability to deliver against our mandate.

Important accounting estimates

The CTC's significant accounting policies are described in Note 1 of the financial statements. The preparation of financial statements in conformity with Canadian generally accepted accounting principles (GAAP) requires management to make estimates and assumptions. The most significant estimates involve the determination of the accrued benefit liability.

Adoption of accounting standards

The CTC adopted Canadian Institute of Chartered Accountants (CICA) Handbook Section 3064 "Goodwill and Intangible Assets" and Section 3110 "Asset Retirement Obligation."

Section 3064 "Goodwill and Intangible assets" establishes standards for the recognition, measurement, and disclosure of goodwill and intangible assets. Computer software and website costs are reclassified from capital assets into intangible assets. This new section has been applied prospectively.

Status of transition to public sector accounting standards

On February 13, 2008, the Canadian Accounting Standards Board (AcSB) confirmed the adoption of IFRS in place of Canadian GAAP for publicly accountable enterprises. The new requirements are effective for reporting periods beginning on or after January 1, 2011. Subsequently in October, 2009, the Canadian Public Sector Accounting Board (PSAB) approved an amendment to the scope of public sector accounting standards. The amendment confirms that the existing category of government business-type organizations (GBTOs), in which the CTC is currently classified, will cease to exist, resulting in re-categorization as either government not-for-profit organizations (GNFPOs) or other government organizations (OGOs). We have completed our analysis concluding that the CTC is most appropriately categorized as an OGO and that the needs of the financial statement users are best achieved if prepared in accordance with public sector standards. We have shared this analysis with representatives from the Office of the Comptroller General and the Office of the Auditor General.

We are currently evaluating the impact of the transition to PSAB standards on our financial statements. We will perform our detailed diagnostic, assessment and implementation activities with the support of an external advisor. Changes to standards will continue to be monitored throughout the implementation phase.

Discussion & analysis of financial results

a) Government funding

As a federal Crown corporation, we receive an annual appropriation from our shareholder, the Government of Canada. We rely on this appropriation to fund the majority of our operating and capital costs.

Appropriations provided to the CTC do not parallel financial reporting according to Canadian GAAP since appropriations are primarily based on cash flow requirements. Consequently, items recognized in the Statement of operations, comprehensive income and accumulated deficit and the Statement of cash flows are not necessarily the same as those provided through appropriations from Parliament.

We will have a deferred parliamentary appropriations balance at year-end when the appropriations received exceed expenses incurred. On the other hand, we will have a parliamentary appropriations receivable balance when expenses incurred exceed parliamentary appropriations received. Deferred or receivable appropriation balances reflect timing differences between realized expenditures and cash appropriation receipts. We do not have the authority to exceed approved appropriations.

Also, as we have a different fiscal year-end from the Government of Canada, appropriations used by us in a fiscal year are drawn from two fiscal periods of the government. For the year ended December 31, 2009, we drew down appropriations approved from government fiscal periods 2008/09 and 2009/10 (refer to Note 8). Under GAAP, appropriations are recognized in our financial statements as expenses are incurred. For the year ended December 31, 2009, this amounted to \$96.6 million. For capital assets, appropriations are recognized on the same basis of amortization as the underlying assets. This amount was \$2.6 million for the 2009 fiscal period. Thus, the total amount of

appropriations recognized for the year on our financial statements was \$99.2 million.

Our base appropriations were as high as \$98.7 million in 2001, the first year of our existence as a Crown corporation, and have declined significantly since that time. Annual base appropriations (excluding one-time funding) were \$76.1 million in 2008/09, down \$500,000 from 2007/08 due to funding cuts. Base funding for 2009/10 (\$77.4 million) includes \$1.6 million for one-time compensation adjustments related to the signing of the collective bargaining agreement for Canadian-based staff, \$803,000 of which is retroactive to previous years. This compensation funding was only recently approved in December 2009. Appropriations for 2009/10 also reflect a \$230,000 funding cut. Additional cuts are forthcoming as part of across-the-board efficiency reductions to the operating budgets of all appropriated organizations, including Crown corporations: \$421,000 in 2010/11 and \$649,000 in 2011/12 on an ongoing basis.

Also, as part of Budget 2010, the federal government announced strategic review savings from the CTC of \$0.9 million in 2010/11, \$4.2 million in 2011/12 and on-going. These savings will be realized through realigning activities in order to focus efforts on more productive markets and will translate into reductions to core funding in the respective years. Budget 2010 also included additional cost containment measures, which state that we will not be funded for salary increases resulting from collective agreements for the years 2010/11, 2011/12 and 2012/13 and are expected to find efficiencies within our operating vote to fund these increases; this equates to \$1.0 million annually for the CTC.

In 2009, we received one-time funding in support of two major initiatives: 2010 Olympic Games Strategy and Budget 2009 Economic Action Plan (Stimulus).

On October 18, 2007, the Treasury Board of Canada approved \$26 million of one-time funding to support us in delivering programs related to the 2010 Winter Games. These funds are expected to be utilized over a five-year period, commencing in fiscal 2008. To date, we have requested and received \$16.0 million (\$9.7 million in 2009). The remaining amounts will be requested through Main Estimates appropriations over the remaining three government fiscal years (2009/10 to 2011/12).

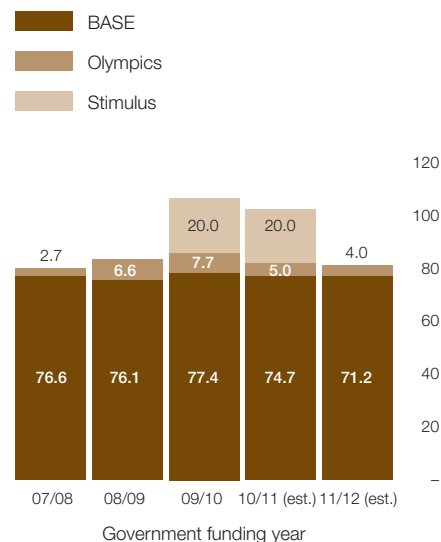
Budget 2009 provided us with \$40 million of one-time funding over two years, 2009-10 and 2010-11, as part of the greater stimulus package which formed Canada's Economic Action Plan. This funding is to be directed to a domestic advertising program and to priority international markets, including two new emerging markets, India and Brazil. We are respecting the spirit and intent of the stimulus funding, to drive immediate returns for Canada, by executing our plans within the 2009 and 2010 calendar years. All of our stimulus programs will be completely implemented by December 31, 2010, a full three months in advance of the government fiscal year. The CTC drew \$20 million of funding in fiscal 2009 to support Stimulus activities.

b) Partnership revenues

As we are an organization committed to partnering with industry, our programs are largely funded by partnership agreements. In some cases, the programs are led and managed by partners; in these situations funds would be paid to the partner for our share of the program costs. In other instances, we manage the programs and the partners pay their share of the costs to us; these are recorded as revenue and reported as partnership contributions in our statement of operations.

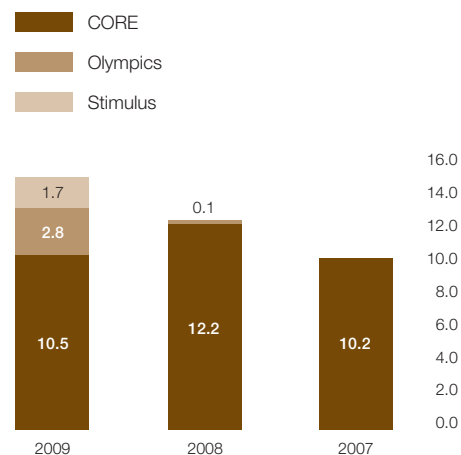
Available parliamentary appropriations

In millions of CAD



Partnership revenues

In millions of CAD



In 2009, we recognized \$15.0 million of these types of partnership contributions, up from \$12.4 million in 2008. The increase is largely attributable to new partnering opportunities generated from the 2010 Winter Games \$2.8 million and Stimulus \$1.7 million. Our core partnering revenues dropped by \$1.7 million versus the prior year. CTC-Japan's 2009 national campaign was cancelled due largely to fears surrounding the H1N1 flu pandemic. Rather, we replaced the national campaign with a smaller campaign to leverage the Emperor's visit to Canada in July 2009 and bought into campaigns led by other partners in Japan, resulting in a \$1 million decline in revenues. We also discontinued our lead role for Canada Day London, which brought in \$700,000 in 2008, due to the low return of investment yielded in previous years.

We recognized \$2.8 million of partner revenue from 2010 Winter Games initiatives, mainly from the National Asset Development Program (NADP) and the "Welcome to Canada" partnership with the Canada Border Services Agency (CSBA).

Stimulus activities generated \$1.7 million of partner revenues, mainly from the highly successful domestic program.

c) Other revenues

Other revenues consist mainly of commodity tax recoveries and interest revenue. Due to drops in the prime rate, interest revenues have significantly declined from \$513,000 in 2008 to \$161,000 in 2009. The average interest rate earned in our main bank account dropped by 2.3% from last year.

We engage various commodity tax recovery service providers who successfully recovered \$384,000 in commodity taxes related to prior years for Canada and Japan. These recoveries have been recognized as Other Revenues.

d) Expenditures

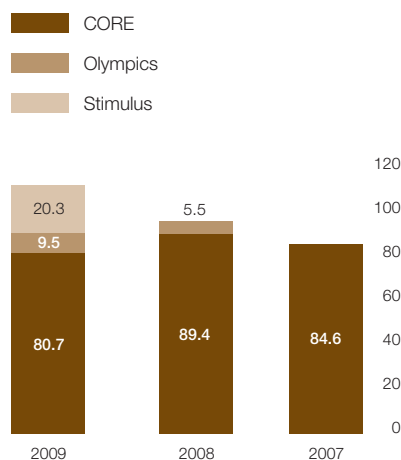
Total expenditures have changed significantly year-over-year due to the impact of one-time funded initiatives related to the 2010 Winter Games and Stimulus (refer to chart below). Overall expenditures (excluding amortization) were \$110.5 million in 2009, made up of \$80.7 million core, \$9.5 million 2010 Winter Games and \$20.3 million Stimulus spending. Total expenditures are up \$15.6 million from 2008 (\$89.4 million core and \$5.5 million 2010 Winter Games).

Overall core expenditures are down \$8.7 million versus prior year. We strive to dedicate the maximum amount of resources to programs and take a zero-budget approach to compensation and operating costs.

Core program spending is down \$7.1 million compared to 2008. Available budget for programs were \$3.8 million lower in 2009 due mainly to two factors: the 2008 budget included the benefit of \$3.3 million surplus carryover from 2007 (there was a nominal core surplus carryover from 2008) and the impact of the \$536,000 funding cut was taken against the 2009 budget. Additionally, as partnership revenues dropped \$1.7 million year-over-year, program spend declined correspondingly. We did not participate in the American Express campaign in 2009 to avoid potential conflict with the Olympic official supplier, VISA; this made up \$1.0 million of program spend in 2008. Also, the "Overseas Out of Home Campaign" was cut in 2009, contributing \$800,000 to the drop in spend.

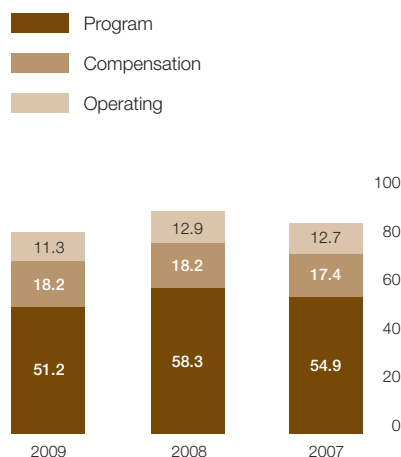
Total expenditures

In millions of CAD



Total core expenditures

In millions of CAD



Compensation costs

Although the numbers of approved core headcount remained steady, the CTC experienced significant internal staff movement during the year as existing staff took on new term positions created to support 2010 Winter Games and stimulus programs, thereby creating other vacancies which were subsequently filled with other internal candidates or external hires. These positions went vacant throughout parts of the year. Overall compensation costs for core staff held steady at \$18.2 million year-over-year, as additional costs related to annual wage increases and slightly more expensive U.S. dollar and Japanese Yen (based on the annual average exchange rates) were offset by vacancies noted above and lower retirement/termination costs compared to 2008.

In 2008, our People Development Unit initiated a joint project with the Professional Institute of the Public Service of Canada (PIPSC) to evaluate and classify all CTC positions, with the goal to have one common classification system for all employees, "the CTC Job Evaluation System." We had intended to implement the new rates of pay in 2009 based on the new job classifications; however, we have had put this on hold due to the restrictions posed by Part 10 of Bill C-10, the *Expenditure Restraint Act*, announced by the federal government in early 2009, which sets all increases to rates of pay of unionized and non-unionized employees in the federal public sector until 2010/11. In the interim, we continue to work with PIPSC on other areas of this project and will be ready for implementation in 2011.

On May 20, 2009, a new collective agreement with PIPSC was ratified. The agreement provided for a 1.5% salary increase for Canadian-based unionized staff, retroactive to June 21, 2008. We paid out \$70,000 in retroactive pay adjustments. The agreement expires June 30, 2011.

Pension plans

We offer a number of pension plans to our employees. Details of these pension plans are provided in Note 10 of the financial statements. The defined benefit pension plan for Canadian employees currently creates significant financial risk to the CTC.

As at January 1, 2004, we were required, by legislation, to exit the pension and benefit plans of the Government of Canada and to establish our own plan. The new pension plan, established on January 2, 2004, replicated the plans and benefits previously provided by the Government of Canada: a defined benefit registered pension plan as well as a supplemental arrangement, which provides pension benefits in excess of statutory limits. Annual reporting requirements include (but are not limited to) filing of actuarial reports prepared in accordance with the standards of practice adopted by the Canadian Institute of Actuaries. The first actuarial valuation was prepared as at May 1, 2005 and reported both an unfunded liability on a going concern basis and a solvency deficiency. Subsequent valuations have been performed since that time with varying results (refer to table). The most recent actuarial valuation (as at Dec 31, 2008) indicates that the deficit situation has worsened considerably, due mainly to the significant decline in asset values, as was evidenced across global markets.

We are required to make special payments over the five years following the effective date of the valuation to fund the growing concern unfunded liabilities and solvency deficiencies represent. Over the period of May 1, 2005 to December 31, 2008, we made special payments of \$3.5 million. We do not receive any additional funding for these special payments and must fund this out of our base appropriations, creating a considerable strain on funds available to dedicate to marketing and sales efforts.

On June 12, 2009, the federal Minister of Finance announced the *Solvency Funding Relief Regulations, 2009* ("the Regulations"). Under the Regulations, minimum special payments for 2009 can be calculated on the basis that the solvency deficiency emerging in 2008 is amortized over a 10-year period. We opted for this relief, which reduced the annual special payment for 2009 from \$1.6 million to \$1.3 million.

For 2010, we intend to continue to amortize the solvency deficiency emerging in 2008 over a 10-year period, in accordance with Part 2 of the Regulations. A resolution of the CTC Board of Directors was passed on August 25, 2009, authorizing the 10-year special payment schedule; this will help reduce the annual special payment in 2010 from over \$1.1 million to \$0.9 million.

Effective date of valuation	Going Concern basis	Solvency basis	Solvency ratio	Wind-Up basis
May 1, 2005	\$819,100 unfunded liability	\$3,570,600 deficiency	78.0%	\$3,570,600 deficiency
December 31, 2005	\$434,900 unfunded liability	\$942,900 deficiency	77.0%	\$4,444,100 deficiency
December 31, 2006	\$428,300 funding excess	\$0	86.9%	\$2,594,400 deficiency
December 31, 2007	\$978,400 funding excess	\$798,900 deficiency	87.2%	\$2,687,100 deficiency
December 31, 2008	\$839,500 funding excess	\$3,945,700 deficiency	77.9%	\$4,468,600 deficiency

Although these special payments are not specifically visible on the Statement of Operations as the reported pension expense is actuarially determined under GAAP, it is a substantial cash drain. We have taken steps to mitigate the financial risk by establishing a defined contribution pension plan for Canadian excluded employees hired on or after August 1, 2005 and for Canadian unionized employees hired on or after August 1, 2005 effective March 8, 2007. Despite these efforts, a number of employees remain in the Canadian defined benefit plan (e.g. grandfathered employees, deferred pensioners, pensioners and survivors) and the obligation will continue for the rest of their lives.

Operating costs

Core operating costs have declined by \$1.6 million versus 2008. Contributing significantly to this decline is the impact of foreign exchange. Our functional currency is the Canadian dollar, but it regularly transacts in multiple foreign currencies as it operates internationally. As a result, we are exposed to fluctuations in foreign exchange rates. Transactions involving foreign currencies are translated into Canadian dollar equivalents using rates of exchange in effect at the time of those transactions. Gains and losses resulting from foreign currency transactions are reported on the Statement of Operations as "Corporate Services" and are considered an Operating expense. Monetary assets and liabilities denominated in foreign currencies are translated into Canadian dollars at the rate of exchange in effect at year-end, with any resulting translation gain or loss being included in the Statement of Operations as "Corporate Services" and are considered an Operating expense.

The U.S. dollar and Japanese yen have both fluctuated dramatically since the fall of 2008, the start of the global recession. As a result, we have experienced significant swings in foreign exchange gain/loss on transactions, from a loss in 2008 of \$728,000 to a gain in 2009 of \$516,000. On the other hand, we

have experienced the opposite impact from translation gains/losses from \$176,000 of gains in 2008 to \$244,000 in losses during the year.

Core travel costs are down \$742,000 (36%) versus last year (down \$584,000 (29%) including Stimulus and 2010 Winter Games). As part of the targeted cost savings initiatives, we eliminated business class airfares for travel within North America, reduced the numbers of staff travelling and reduced the overall number of trips taken.

Professional services are lower in 2009 by \$650,000 for the following reasons: conversion studies were formerly classified as professional services and are now shown as program spend 2009 (causing a \$368,000 reduction to professional services); the decrease of \$176,000 is due to fewer temps/contractors in 2009; and the \$115,000 in legal fees not expended in 2009 is due to completion of collective bargaining.

Rent costs are up \$417,000 over the prior year due to a combination of factors: rate increases (e.g. 50% in U.K., 10% in Arlington); unfavourable foreign exchange rates in the U.S. and Japan; and moving to a larger space in China.

Web maintenance costs increased by \$243,000 in 2009. One-time consulting fees of \$768,000 were incurred to complete the Web migration project. This was offset by part-year savings in Web hosting costs of \$532,000. Going forward, Web maintenance costs will be reduced by \$670,000 annually compared to the previous supplier.

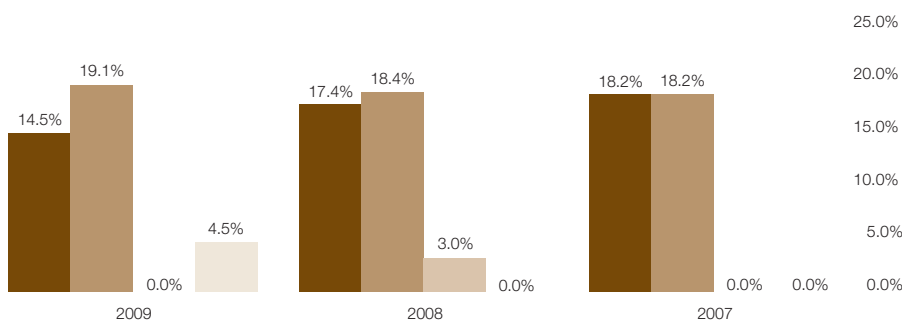
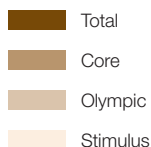
Employee relocation costs were \$120,000 lower than in 2008. Additionally, we realized \$102,000 of bad debt recovery in 2009.

Overheads

We track our overhead percentage (defined as non-marketing and sales compensation and operating costs divided by total parliamentary appropriations plus partnership revenues) as a key metric, with a target to maintain less than 18%. This metric appears on the corporate balanced scorecard (page 56) and personal balanced scorecards of management personnel.

The total overhead percentage is 14.5% in 2009, and has declined over the past few years. The decline is due largely to the advantage of one-time funding, as we execute these initiatives with minimal overhead resources. Despite cost-savings initiatives, such as changes to travel

Overhead %



practices, the core overhead percentage has crept up to 19%, over the targeted 18%, and will continue to be a challenge in the future as one-time funding ceases and fixed operating costs continue to rise.

2010 Winter Games

In 2009, we incurred \$8.3 million in program spend and \$1.2 million for compensation to support the 2010 Winter Games Strategy, up from \$4.8 million of program spend and \$0.3 million of compensation in 2008. Some key initiatives included: the National Asset Development Program (\$2.3 million); Torch Relay (\$731,000); Connecting with Canadians (\$428,000); Welcome to Canada partnership with Canada Border Services Agency (\$378,000); media and public relations activities such as development of assets and stories (\$904,000); building relationships with key 2010 media and tourism partners (\$752,000); and broadcast asset distribution (\$158,000).

Economic Stimulus

We began our Stimulus initiatives in April 2009, and incurred \$18.7 million in 2009 in program expenditures on the following: LOCALS KNOW summer domestic campaign (\$10.4 million); U.S. summer campaign (\$5.6 million); International MC&IT (\$965,000); expansion of existing emerging markets Mexico (\$606,000) and China (\$238,000); and entering new emerging markets India (\$470,000) and Brazil (\$401,000). Term positions were created and filled to support the Stimulus initiatives, resulting in \$995,000 of compensation costs. Also, \$606,000 of operating costs were incurred for travel, recruiting, professional services, and general office costs.

Capital and intangible asset additions

Additions totalled \$3.3 million in 2009, up \$1.1 million versus 2008 (\$2.2 million). We expended \$414,000 related to stimulus: \$190,000 in renovations and furniture to modify existing headquarters' office space to accommodate additional staff; \$33,000 for hardware; and \$191,000 for the domestic LOCALSKNOW and international MC&IT websites. We applied CICA handbook section 3110 "Asset Retirement Obligation," and, as a result, recognized \$843,000 of future decommissioning costs for leased office space, the most significant of which was for the current headquarters in Vancouver and the former headquarters in Ottawa (currently subleased). The remaining additions were: \$1.7 million of Web development costs for the new consumer, media and corporate websites; \$185,000 in hardware for new Web-hosting infrastructure; and \$55,000 in renovations to the newly-leased office space in China

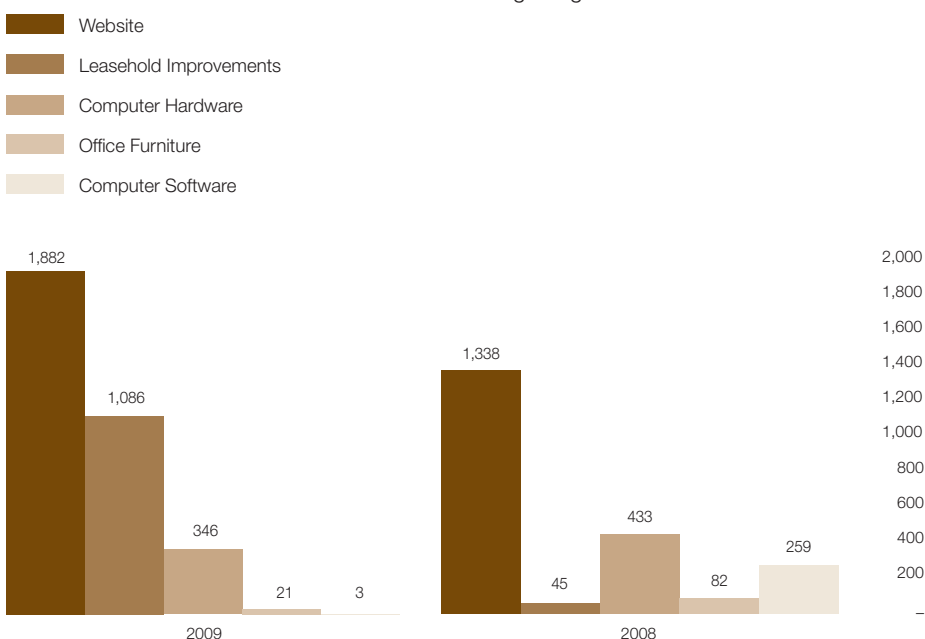
e) Financial outlook

Looking ahead, 2010 will be a significant and pivotal year for the CTC. At the culmination of the 2010 Winter Games, our strategy will shift to conversion. 2010 also marks the second and last year of Stimulus initiatives and funding. Major projects planned in 2010 include the implementation of systems review recommendations, the transition project to adopt PSAB financial reporting standards, and the on-going implementation of internal audit recommendations for human resources.

We will also be faced with the challenges posed by the recently announced additional funding reductions and cost containment measures in Budget 2010 and will be taking appropriate measures to achieve the savings identified in the strategic review. These funding reductions, along with on-going inflationary effects on fixed costs, will put pressure on the level of investment available for programs. We continue to pursue cost-saving initiatives and will take advantage of pension plan deficit funding relief measures. Towards the end of 2010, we expect significant internal movement of staff as staffing levels contract back to our core complement. Also, we will be preparing to resume the job classification project and impending collective bargaining in 2011.

Capital and intangible additions

In thousands of CAD



Corporate plan discussion

As part of our 2010-2014 planning process that took place in 2009, we made several strategic decisions that will affect our corporate objectives and priorities in 2010 and beyond. By concentrating our efforts on the following three objectives, we will be in the best position possible to achieve our mandate for the benefit of Canada's tourism industry:

- **Focus on markets of highest return on investment and convert high-yield customers**
 - Concentrate on those geographic markets or customer market segments with the highest potential for return on investment.
 - Deepen the relationship with high-yield customers to influence their travel decisions and establish them as travel purchasers.
 - **Lead industry in brand alignment and consistency**
 - Harness Canada's collective voice and work closely with industry to communicate the advantage of a strong, consistent global brand for Canada.
 - Lead industry and government in tourism marketing.
 - Ensure brand alignment and relevancy.
 - **Respond to changing market dynamics**
 - Be nimble and focus on both short-term and long-term potentials for maximizing return on investment as markets mature and evolve.
- In addition, the following six key priorities for action form the framework for how we will achieve our three objectives in the 2010-2014 period:
- **Ensure customer relevancy and differentiate Canada**
 - Develop and maintain relevant communication with targeted potential travellers and ensure that the marketing messaging they receive is relevant and addresses their interests and expectations as customers.
 - Position Canada's tourism brand as a leading storytelling brand in the world where travellers create extra-ordinary stories all their own.
 - **Increase engagement with the small and medium-sized enterprise (SME) community**
 - Engage the SME community in order to strengthen and leverage the backbone of Canada's visitor economy.
 - **Leverage exposure and best practices of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada**
 - Highlight Canada to the world by creating a tourism personality for Canada before the Games, focus on media relations and Web communications during the Games, and work with partners to harvest the "afterglow" following the Games.
 - **Foster organizational excellence**
 - Focus on becoming a "strategy-focused organization" with the right tools, people and resources in place to deliver.
 - **Maintain positive and collaborative relationship with the shareholder**
 - Engage the shareholder in order to enhance the perception of the CTC as a value-adding corporation that provides crucial insight and coordinates activities to benefit Canada's tourism industry.
 - **Leverage stimulus investment to benefit the Canadian tourism industry**
 - Leverage the opportunity of this two-year window by achieving the greatest possible outcomes for the tourism industry during challenging economic times and ensure Canada's tourism industry is well-positioned for the future economic recovery.
 - Focus on providing an immediate economic benefit to Canada's tourism industry while demonstrating long-term potential for return on investment.
 - Increase awareness of visitor economy through domestic marketing and enhancing the CTC's relevance for SMEs.

Performance measurement & evaluation

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

Balanced Scorecard

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

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

2009 CTC critical metrics

	2008	2009	
	Result	Target	Result
Aided destination awareness	35.3%	35%	33.5%
Positive Influence Campaign ROI (core) ¹	45:1	50:1	101:1
Positive Influence Campaign ROI (stimulus) ²	N/A	N/A	43:1
Partner contributions	1.2:1	1:1	1.26:1

1. Weighted by investment in campaigns (excludes 2009 fall campaigns as ROI numbers were not available by print time, but are not expected to impact results significantly due to size of investments).
2. Weighted by investment in campaigns (excludes Canada and U.S. fall campaigns as ROI numbers were not available by print time, but are not expected to impact results significantly due to size of investments).

We measure organizational performance in relation to the external environment, but we also monitor and adapt to the tourism economy. Therefore, the Scorecard contains a mixture of CTC performance measures and tourism industry indicators. For 2009, the three most critical measures to achieving our goal of growing tourism export revenues for Canada were as follows:

- Aided destination awareness;
- Positive Influence Campaign return on investment (ROI); and
- Partner contributions.

Despite facing challenges such as the global financial crisis and the H1N1 flu pandemic, which impacted worldwide visitor numbers in 2009, the CTC was able to generate positive results against two out of our three key critical metrics.

The overall aided awareness of Canada as a travel destination declined slightly from 35.3% in 2008 to 33.5% in 2009. This decline largely stems from volatile economic conditions in the U.S., the U.K. and Germany, which contributed to the decline in destination awareness in those markets.

We were able to achieve strong results for our marketing efforts as expressed through the performance measure of campaign ROI. By marketing strongly into an economic downturn, we were able to have a greater impact with less competition and achieve a wider audience reach. As has been mentioned in the section on *Marketing Canada to the world: A strong return on investment*, for every dollar invested in our core campaigns, \$101 was generated in tourism export revenues (ROI 101:1). Likewise, our stimulus campaigns generated an ROI of 43:1.

Finally, our partnership contributions totalled \$132.9 million in 2009 (compared to \$95.8 million in 2008), resulting in an overall ratio of partner contributions to our annual appropriation of 1.26:1.0. Notwithstanding a year of decline and contraction in the visitor economy, our partnership ratio result exceeded the 1:1 target and demonstrates the relevance of our programs to partners.

Perspective	Objective or Priority	Measure or Indicator	Unit of measure	2008 Result	2009	
					Target	Result
1.0 Shareholder and Stakeholder	1.1 Convert high-yield customers	1.1 a Tourism export revenues	\$	15.7 billion		14.2 billion
		1.1 b Tourism GDP	%	2.0		2.0
		1.1 c International tourist arrivals (a)	#	16.9 million		15.8 million
		1.1 d International tourist arrivals (b)	Ranking	15		TBD June 2010
		1.1 e International tourist receipts	Ranking	15		TBD June 2010
		1.1 f Tourism employment	#	662,900		652,000
		1.1 g Market share	%	16.0		15.2
		1.1 h Tourism domestic demand	\$	59.1 billion		56.7 billion
	1.2 Strengthen engagement with shareholder	1.2 a Compliance with <i>Official Languages Act</i>	Grade	Exemplary (A)	Good (B)	Exemplary (A)
		1.2 b Government shareholder engagement	%	–	70	89
2.0 Customer	1.3 Lead industry in brand relevancy and consistency	1.3 a Partner brand adoption	%	–	33	57
		1.3 b Partner and stakeholder satisfaction	%	–	80	85
	1.4 Increase engagement with SME community	1.4 a Penetration of CTC News to SMEs	#	8,733	50,000	10,679
	2.1 Differentiate Canada	2.1 a AIDED DESTINATION AWARENESS	%	35.3	35.0	33.5
		2.1 b Unaided destination awareness	%	19.8	21.0	18.7
		2.1 c Aided destination consideration	%	73.2	77.0	71.6
		2.1 d Unaided destination consideration	%	13.1	17.0	11.9
		2.1 e Top country brand	Ranking	2	4	2
		2.1 f Canada's brand value	Ranking	4	4	Removed
	2.2 Convert high-yield customers	2.2 a Consumer contact information provided to partners (leads) through CRM system	#	136,995	200,000	139,346
		2.2 b MC&IT leads and prospects	#	845	975 (Global)	1,003
		2.2 c POSITIVE INFLUENCE CAMPAIGN ROI (CORE)	Ratio	45:1	50 : 1	101 : 1
		2.2 d Advertising Critical Campaign ROI (core)	Ratio	6:1	11.1 : 1	23 : 1
		2.2 e International intenders to domestic conversion rate	#	–	234,329	200,360
3.0 Budget / Financial	3.1 Organizational Excellence	3.1 a PARTNER CONTRIBUTION	Ratio	1.2:1	1:1 (fip)	1.26 : 1
		3.1 b Variance to forecast	%	0.8	1.0	4.3
		3.1 c Overhead costs	%	17.4	18.0	14.5
		3.1 d Unqualified opinion on year-end audit	Yes/No	Yes	Yes	Yes

LEGEND

Brown text = CTC performance measures

BOLD CAPS = 2009 CTC Critical Metric

Black text = industry performance indicators

Shaded area = CTC does not set targets for industry performance indicators

While the CTC contributes to the achievement of broader tourism industry outcomes, such as increases in tourism revenue and employment, the efforts of other provincial/territorial and destination marketing organization, as well as tourism SMEs, also have an impact on the performance of the tourism sector. Given that it is difficult to link the results in the tourism sector directly to the efforts of the CTC, the CTC does not set targets for industry performance indicators.

Perspective	Objective or Priority		Measure or Indicator	Unit of measure	2008 Result	2009	
						Target	Result
4.0 Internal Business Processes	Theme: Executing the brand						
	4.1 Consumer relevancy	4.1 a	Total advertising awareness	%	30.5	28.5	26.6
		4.1 b	Unaided brand composite index	%	14.2	14.4	13.0
		4.1 c	Opt-ins to consumer database	#	161,433	TBD	166,967
	Theme: Targeted marketing						
	4.2 Focus on markets of highest return on investment	4.2 a	Market plans articulate investment in high-yield markets which have been identified by Research	Yes/No	Yes	Yes	Yes
		4.2 b	Average per person spend / night by CTC markets	\$	110.20		114.60
		4.2 c	Tourist receipts from CTC markets	\$	10.2 billion		9.9 billion
	4.3 Respond to changing market dynamics	4.3 a	Relevance of business intelligence	%	Unavailable	Benchmark + 5%	79
		4.3 b	Reporting of strategy to identify high-yield markets	Yes/No	Yes	Yes	Yes
		4.3 c	Canada's USP resonance	%	Unavailable	Benchmark + 2%	67
	4.4 Engage and educate travel trade	4.4 a	Agents having successfully completed Explorer Level of CSP	#	3,121	5,500	4,389
5.0 Learning and Growth	Theme: Organizational excellence						
	5.1 Integrate organizational values into corporate culture	5.1 a	Extent that organizational values are embedded in culture	%	69.0	65	58.3
		5.1 b	Employee engagement	%	58.5	65	62.5
		5.1 c	Retention rate of employees in succession program	%	94.0	90	95.2
	5.2 Promote learning and growth	5.2 a	Personal Balanced Scorecards completed (executed)	%	87	100	95.1
		5.2 b	Access to appropriate training	%	56.0	60	54.5
		5.2 c	Training budget expended	%	89.9	100	97.5

Perspective	Objective or Priority	Measure or Indicator	Unit of measure	2008 Result	2009		
					Target	Result	
6.0 Olympic Perspective	Theme: Leverage exposure of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada						
	6.1 Enhance brand impact	6.1 a	Unaided awareness of 2010 Winter Games host destination	%	17.0	17.2	24.8
		6.1 b	Impact of 2010 Winter Games on interest in visiting Canada	%	40.2	40.8	39.5
	6.2 Refresh tourism brand positioning	6.2 a	Aided brand awareness	%	46.4	57	43.9
		6.2 b	Unaided brand awareness	%	14.2	20	13.0
	6.3 Leverage partner funding	6.3 a	Olympic partner contribution	\$	0.92 million	4 million	11.3 million
	6.4 Maximize media ROI	6.4 a	Audience reach on 2010 Winter Games and Canada tourism media	#	84.1 million	98 million	713.2 million
		6.4 b	Ad equivalency value	\$	8.2 million	4.5 million	83.3 million
		6.4 c	Media hosted in Canada	#	1,257	3,000	2,019
		6.4 d	Accredited media provided with briefings and packaged information	#	–	–	–
		6.4 e	Non-accredited media provided with briefings and packaged information	#	10,146	3,500	59,309
	6.5 Manage corporate reputation	6.5 a	Associations/mentions of CTC regarding 2010 Winter Games	#	–	40	909
	6.6 Strengthen and expand partner relationships	6.6 a	Non-commercial license agreement with VANOC	Yes/No	Yes	Yes	Yes
		6.6 b	Partner agreements with VANOC	#	2	1	2
		6.6 c	Partner agreements with international Olympic sponsors	#	0	2	2
		6.6 d	Other partners engaged (not VANOC or Olympic sponsors)	#	11	4	25

NOTES

Measure	Comment
1.1 a – Tourism Export Revenues 1.1 b – Tourism GDP 1.1 f – Tourism Employment 1.1 g – Market share 1.1 h – Tourism Domestic Demand 4.2 b – Average per person spend / night by CTC markets 4.2 c – Tourist receipts from CTC markets 5.2 a – Personal Balanced Scorecards completed (executed)	2009 results are CTC preliminary estimates
1.1 c – International tourist arrivals (a)	2009 result based on preliminary ITS Frontier Counts
2.2 c – Positive Influence Campaign ROI and 2.2 d – Advertising Critical Campaign ROI	2008 results do not include Canadian marketing; results were revised in 2009.
6.4 b – Ad equivalency value and 6.4 c – Media hosted in Canada	2008 results re-stated due to reporting error.
6.4 d – Accredited media provided with briefings and packaged information	Media were not accredited until very late 2009/early 2010, so this measure will be counted just for 2010.

Enterprise risk assessment

As part of our strategic management process, we conduct an annual enterprise risk assessment (ERA) and use the results in the development of our five-year strategic plan and risk-mitigation strategy. The Board of Director's Audit & Pension Committee oversees the effective implementation of the strategy and reviews the progress of risk mitigation on a quarterly basis. The process identified Resourcing, Competition, Board Governance and Corporate Reputation as extreme residual risks; these risks are being actively managed as described in the Residual Risk Map (next page).

Internal audit

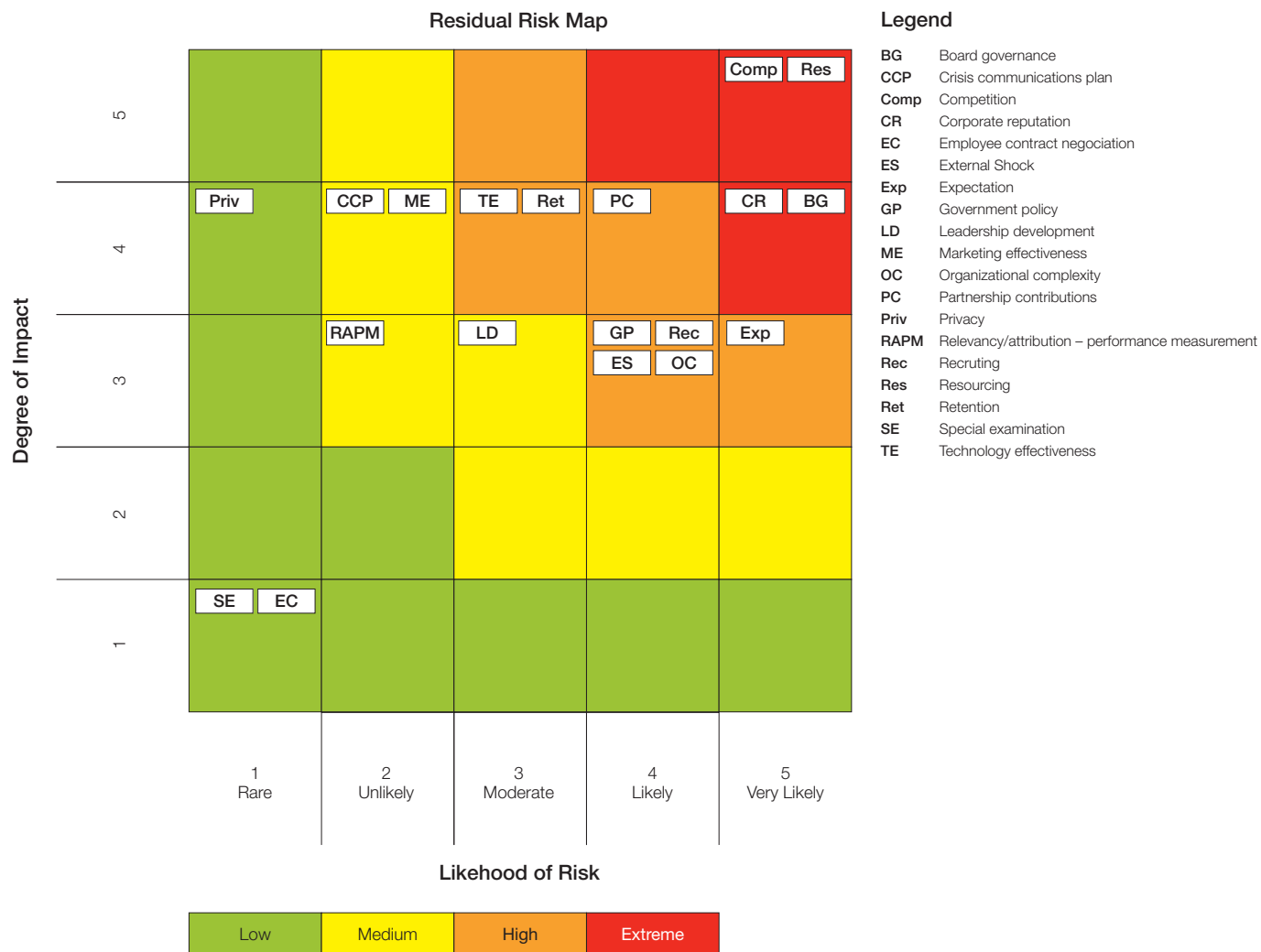
We engage an external firm to carry out our Internal Audit function. The Internal Auditors act independently and report directly to the Audit & Pension Committee of the Board of Directors. The development of our annual internal audit program is risk-based and incorporates the results of the annual enterprise risk assessment and input from the Board of Directors and key management personnel. In 2009, we underwent three internal audits in the following areas:

- Expense report audit in a foreign office;
- Human Resources; and
- Website Assessment of Security, Performance, and Availability.

Management has developed targeted action plans to address the internal audit recommendations. The action plans are in varying stages of implementation based on the level of assigned risk and priority.

Special examination

Budget Implementation Act 2009 amended Part X of the Financial Administration Act, thereby extending the frequency of Special Examinations from every five to 10 years. The next Special Examination for the CTC will take place in 2014.



Risk	2008 rating	2009 rating	Change	2009 mitigation activities
Resourcing: Maintain adequate resources to deliver against the strategy			No change	Identify efficiencies; reduce overhead costs; consult with partners to ensure maximum alignment of resources.
Competition: Compete effectively for international tourism revenue			No change	Execute marketing strategy focusing on differentiation and diversification; continue to identify new market potential.
Board governance: Leverage best governance practices as established by the Board of Directors			↑	Completed governance review; submitted report to shareholder; commenced implementation and management of change; briefing of industry and stakeholders has commenced.
Corporate reputation: Continue positive relationship with shareholder			No change	Maintain presence of government relations in Ottawa with federal organizations.

Financial statements

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.

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.

The image shows two handwritten signatures in black ink. The signature on the left is for Michele McKenzie, and the signature on the right is for Lena Bullock. Both signatures are fluid and cursive.

Michele McKenzie
President & CEO

Lena Bullock
Chief Financial Officer

March 4, 2010

Auditor's Report

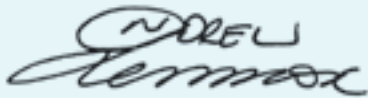
To the Minister of Industry

I have audited the balance sheet of the Canadian Tourism Commission as at December 31, 2009 and the statements of operations, comprehensive income and accumulated surplus 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 statement. 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, 2009 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 19, 2010, except as to Note 18 which is as of March 4, 2010

Balance sheet

As at December 31
(in thousands)

	2009	2008
Assets		
Current Assets		
Cash (Note 5)	\$ 21,790	\$ 23,168
Accounts receivable (Note 5)		
Government of Canada	912	532
Partnership contributions	2,288	1,575
Other	592	522
Prepaid expenses and other assets	3,002	2,665
	28,584	28,462
Non-current Assets		
Property and equipment (Note 6)	2,758	2,604
Intangible assets (Note 7)	2,556	2,006
	5,314	4,610
	\$ 33,898	\$ 33,072
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 5)		
Trade	\$ 10,400	\$ 16,274
Employee compensation	1,996	2,248
Government of Canada	36	1,000
Deferred parliamentary appropriations (Note 8)	11,742	5,855
Deferred revenue	2,528	1,205
Accrued benefit liability (Note 10)	–	354
	26,702	26,936
Non-current Liabilities		
Deferred capital funding (Note 9)	5,384	4,678
Accrued benefit liability (Note 10)	865	2,134
	6,249	6,812
Accumulated surplus/(deficit)	947	(676)
	\$ 33,898	\$ 33,072

Commitments and Contingencies (Notes 14 & 17)

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

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

Approved on behalf of the Board of Directors



Steve Allan
Director



Kosta Tomazos
Director

Statement of operations, comprehensive income and accumulated deficit

For the year ended December 31
(in thousands)

	2009	2008
Revenue		
Partnership contributions	\$ 14,973	\$ 12,366
Other	557	570
	15,530	12,936
Expenses		
Marketing and sales (Note 11)	96,422	81,402
Corporate services	12,814	11,985
Strategy and planning	1,259	1,436
Amortization of property and equipment	1,291	809
Amortization of intangible assets	1,334	1,086
	113,120	96,718
Net cost of operations before funding from the Government of Canada	(97,590)	(83,782)
Parliamentary appropriations (Note 8)	96,588	82,730
Amortization of deferred capital funding (Note 9)	2,625	1,895
	99,213	84,625
Net results of operations and comprehensive income for the year	1,623	843
Accumulated deficit, beginning of year	(676)	(1,519)
Accumulated surplus/(deficit), end of year	\$ 947	\$ (676)

Certain comparative figures have been reclassified to conform with the presentation adopted in the current year.
The accompanying notes form an integral part of the financial statements.

Statement of cash flows

For the year ended December 31
(in thousands)

	2009	2008
Operating activities:		
Cash paid to employees and suppliers	\$ (118,993)	\$ (88,897)
Parliamentary appropriations used to fund operating activities	102,475	80,726
Cash receipts from partners	14,830	13,225
Other income received	557	570
Cash flows (used in)/provided by operating activities	(1,131)	5,624
Investing activities:		
Acquisition of property and equipment (Note 6)	(1,453)	(560)
Acquisition of intangible assets (Note 7)	(1,885)	(1,597)
Cash flows used in investing activities	(3,338)	(2,157)
Financing activities:		
Parliamentary appropriations used for the acquisition of property, equipment and intangible assets (Note 8)	3,338	2,157
Cash flows provided by financing activities	3,338	2,157
Foreign exchange (loss)/gain on cash held in foreign currency	(247)	175
Net (decrease)/increase in cash during the year	(1,378)	5,799
Cash, beginning of year	23,168	17,369
Cash, end of year	\$ 21,790	\$ 23,168

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

Notes to audited financial statements

Note 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 the territories.

Note 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. Deferred or receivable appropriation balances reflect timing differences between realized expenditures and cash appropriation receipts. The Commission does not have the authority to exceed approved appropriations.

Appropriations used for acquiring property, equipment and intangible 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 assets. Upon disposition of funded property and equipment, the Commission recognizes in income all remaining deferred capital funding related to those assets.

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

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, contributions received from a partnering organization are recognized in income when the related marketing activity takes place. Partnership contributions received for which the related marketing activity has not yet taken place are recognized as deferred revenue in the balance sheet.

c) Other revenues

Other revenues consist of interest and other miscellaneous revenues.

d) Foreign currency translation

Monetary assets and monetary liabilities denominated in foreign currencies are translated into Canadian dollars at the applicable year-end exchange rate. Non monetary assets and non monetary liabilities denominated in foreign currencies were translated into Canadian dollars at historical exchange rates. Revenue and expense items are translated during the year at the exchange rate in effect on the date of the transaction. Amortization expense of property, equipment and intangible assets are translated at historical rates to which the assets relate. Translation gains and losses are reported in expenses for the year under "Corporate services". The Commission does not hedge against the risk of foreign currency fluctuations.

e) Property and equipment

Property and equipment are recorded at cost less accumulated amortization and the amount of any write-downs or disposals. Property and equipment are amortized on a straight-line basis over the estimated useful life of the assets (with the half-year rule applied on new additions) as follows:

Leasehold improvements	Remaining term of lease
Office furniture	5 years
Computer hardware	3 years

f) Intangible assets

Intangible assets acquired or developed during the period are recorded at cost less accumulated amortization and the amount of any write-downs or disposals. Intangible assets are amortized on a straight-line basis over the estimated useful life of the assets (with the half-year rule applied on new additions) as follows:

Computer software	5 years
Website	3 years

g) Deferred revenue

Deferred revenue consists of deferred revenues from partnering organizations, decommissioning costs and deferred leasehold improvements.

h) Employee future benefits

The Commission offers a number of funded and unfunded defined benefit pension plans, other unfunded defined benefit plans (which include post-employment benefits and post-retirement benefits), as well as defined contribution pension plans that provide pension and other benefits to qualifying 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 pensionable 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 Consumer Price Index increases.

The costs and obligations of the defined benefit plans are actuarially determined using the projected benefit method prorated on service that incorporates management's best estimates of the rate of employee turnover, the average retirement age, the average cost of claims per person, future salary and benefit levels, expected return on plan assets, future medical costs, and other actuarial factors. For the purposes of calculating the expected return on plan assets, those assets are valued at fair value.

Past service costs arising from plan amendments are deferred and amortized at the date of the plan amendment on a straight-line basis over the expected average remaining service lifetime ("EARS") to full eligibility of active employees, which for 2009 has been determined to be 14 years (15 years in 2008) for the Supplementary Retirement Plan ("SRP"), 15 years (16 years in 2008) for the Registered Retirement Plan ("RPP") and 7 years (9 years in 2008) 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 EARSLS of active employees. For 2009, this EARSLS has been determined to be 15.9 years (15.9 years in 2008) for the RPP, 15 years (15 years in 2008) for the SRP, 16.4 years (16.4 years in 2008) for the Pension Plan for Employees of the Canadian Tourism Commission in Germany, Japan, South Korea and China, 18 years (18 years in 2008) for non-pension post-retirement benefits, and 9 years (9 years in 2008) 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's gross earnings. Contributions may change over time depending on the experience of the plans since the Commission is required under present legislation to make adjustments for the rate of contributions to cover any actuarial deficiencies of these plans. Contributions represent the total pension obligations of the Commission for these employees and are charged to operations during the year in which the services are rendered.

i) Measurement uncertainty

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, the useful lives for amortization of property, equipment and intangible assets and the fair value of financial instruments. Management estimates that amortized cost, based on the effective interest method, is a reasonable indicator of fair value. As such, the carrying amounts of accounts receivable, accounts payable and accrued liabilities, are considered by management to approximate their fair values because of their short term to maturity.

j) Financial instruments

The Commission's financial instruments consist of cash held in a general bank account, accounts receivable, accounts payable and accrued liabilities, all of which are incurred in the normal course of business.

Financial instruments are classified into one of the following classifications: held for trading, held to maturity, loans and receivables, available for sale or other financial liabilities.

All financial instruments are 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 depend on their initial classification. The Commission classifies its cash held in a general bank account as "held for trading" which is measured at fair value, and its accounts receivable as "loans and receivables" and accounts payable and accrued liabilities as "other financial liabilities", which are both measured at amortized cost.

k) Capital Management

The Commission is a Crown corporation which is mainly financed by the Government of Canada through parliamentary appropriations. The Commission is subject to financial management and accountability provisions of the *Financial Administration Act*, which imposes restrictions in relation to borrowing, acquisition of securities, issuing guarantees and indemnities and the use of derivatives. The Commission did not have any externally imposed capital requirements during 2009.

The Commission's capital is its equity, which comprises accumulated funds and other reserves. As a result, the Commission does not maintain a capital account on its balance sheet. The Commission currently has an accumulated surplus balance as an indicator of the Commission's equity position. This represents a balance that is expected to reverse in future periods.

The Commission manages its equity as a by-product of prudently managing its revenues, expenses, assets, liabilities and general financial dealings to ensure the Commission effectively achieves its objective and purpose.

Note 3

Adoption of accounting standards

On January 1, 2009, the Commission adopted the Canadian Institute of Chartered Accountants ("CICA") Section 3064 "Goodwill and Intangible Assets". This new section was applied prospectively.

In February 2008, the CICA issued Section 3064 "Goodwill and Intangible Assets" which provides guidance on the recognition, measurement, presentation and disclosure for goodwill and intangible assets, other than the initial recognition of goodwill or intangible assets acquired in a business combination. The standard is effective for fiscal years beginning on or after October 1, 2008, and requires retrospective application to prior period financial statements. The Commission has adopted this new standard effective for its year ended December 31, 2009. As a result of the retrospective adoption of Section 3064, the Commission has reclassified \$2,556,000 (2008: \$2,006,000) from Property and equipment to Intangible assets on the balance sheet.

In June 2009, the Canadian Institute of Chartered Accountants (CICA) amended Handbook section 3862, "Financial Instruments – Disclosures. The purpose of the amendments is to improve disclosure on fair value measurements and liquidity risk related to financial instruments.

Liquidity risk disclosure was also enhanced with the inclusion of a maturity analysis for derivative and non-derivative financial liabilities.

The amendments, which only impact disclosure requirements, are effective for annual financial statements for fiscal years ending after September 30, 2009, with early adoption permitted. To provide relief for financial statement preparers, the CICA decided that comparative information for the new disclosures was not required in the first year of application.

This new standard has not had an impact on the Commission's financial statements for the year ended December 31, 2009.

Note 4

Future accounting changes

In September 2009, the CICA's Public Sector Accounting Board (PSAB) approved an amendment to the Introduction to the Public Sector Accounting (PSA) Handbook together with consequential amendments to other sections of the PSA Handbook. The amendment confirms the direction previously provided to government business enterprises as self-sustaining commercial organizations to adhere to the standards for publicly accountable enterprises in the private sector (i.e. International Financial Reporting Standards (IFRS)), and eliminates the category "government business-type organizations" resulting in recategorization as either government not-for-profit organizations or other government organizations (OGOs). Effectively, OGOs have a choice between adopting IFRS or Public Sector Accounting Standards (PSAS) and must determine the most appropriate source of GAAP based on their needs and objectives in selecting between IFRS and PSAS.

In 2009, the Commission prepared an analysis which concludes that it meets the OGO criteria as defined in the revised Introduction to the PSA Handbook and intends to change its basis of accounting to Public Sector Accounting Standards. OGOs adopting the standards issued by the Public Sector Accounting Board must do so no later than for fiscal periods beginning on or after January 1, 2011.

The Commission has undertaken a project to ensure compliance with Public Sector Accounting Standards by the adoption date. The Commission's PSAS project plan is comprised of three stages: detailed diagnostic, assessment and implementation. During 2009, the Commission commenced the detailed diagnostic stage and is currently assessing what impact the adoption of the new standards will have on the Commission's financial reporting.

Note 5

Financial instruments

Credit risk

Credit risk is the risk of financial loss to the Commission if a partner or other party fails to meet its contractual obligations. The Commission, in the normal course of business, is exposed to credit risk on its accounts receivable. The Commission generally grants 30 day credit terms to its partners and other specific terms for its other accounts receivable.

Accounts receivable are presented net of applicable allowance for doubtful accounts, which is established based on the specific credit risk associated with the partner based on management's judgment and prior experience working with the partner. Allowances for doubtful accounts totaled \$16,500 as at December 31, 2009 (\$150,000 as at December 31, 2008).

The Commission's maximum exposure to credit risk at December 31, 2009 was \$3,792,000 (\$2,629,000 as at December 31, 2008).

The aging of accounts receivable as at December 31, 2009 was as follows:

(in thousands)	Government	Partnership Contributions	Other	Total
Within terms	\$ 912	\$ 1,939	\$ 592	\$ 3,443
Beyond terms	–	349	–	349
	\$ 912	\$ 2,288	\$ 592	\$ 3,792

Liquidity risk

Liquidity risk is the risk that the Commission will not be able to meet its financial obligations as they fall due. The Commission's approach to managing its liquidity risk is to ensure, as far as possible, that it will always have sufficient cash balances to meet liabilities when they come due. To achieve this, the Commission actively monitors, forecasts and manages its cash flows, including its parliamentary appropriations.

The aging of non-derivative financial liabilities as at December 31, 2009 was as follows:

(in thousands)	< 30 Days	31-60 Days	61-90 Days	> 90 Days	Total
Accounts Payable - Trade	10,391	2	1	6	10,400
Government of Canada	36	-	-	-	36
Employee Compensation	1,996	-	-	-	1,996
	12,423	2	1	6	12,432

Currency risk

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

The undernoted accounts are comprised of the following currencies as at December 31, 2009:

Currency (in thousands)	Cash		Accounts receivable		Accounts payable and accrued liabilities	
	Currency units	Canadian equivalent	Currency units	Canadian equivalent	Currency units	Canadian equivalent
Australian Dollars	177	\$ 166	199	\$ 187	358	335
Canadian Dollars	19,739	19,739	2,891	2,891	8,387	8,387
Chinese Yuan	30	5	–	–	2,220	341
Euros	326	490	9	13	244	367
Great Britain Pounds	313	523	353	590	292	488
Japanese Yen	7,407	85	331	4	46,720	531
Mexican Pesos	191	15	–	–	936	75
South Korean Won	22,885	21	5,938	5	255,374	237
United States Dollars	711	746	99	102	1,592	1,671
Total Canadian equivalent		\$ 21,790		\$ 3,792		\$ 12,432
Comprised of:						
Government of Canada				912		36
Trade and partnership				2,288		10,400
Other				592		–
Employee compensation				–		1,996
Total		\$ 21,790		\$ 3,792		\$ 12,432

At December 31, 2009, if the above foreign currencies had strengthened (or weakened) by 10 percent against the Canadian dollar, with all other variables held constant, the net cost of operations would have increased by approximately \$274,000 (\$415,000 in 2008). However, the net results of operations and comprehensive income would remain unchanged and deferred parliamentary appropriations on the balance sheet would have decreased by \$274,000 (\$415,000 in 2008).

Interest rate risk

Interest rate risk is the risk that the fair value or future cash flows of a financial instrument will fluctuate due to changes in market interest rates. As at December 31, 2009, the Commission is not exposed to significant interest rate risk.

Fair value

As at December 31, 2009, the carrying amounts of cash, accounts receivable, accounts payable and accrued liabilities are considered by management to approximate their fair values because of their short term to maturity.

Note 6

Property and equipment

(in thousands)	Cost	Accumulated Amortization	December 31, 2009 Net book value	December 31, 2008 Net book value
Leasehold improvements	\$ 4,535	\$ 2,604	\$ 1,931	\$ 1,630
Office furniture	1,620	1,321	299	514
Computer hardware	2,055	1,527	528	460
Total	\$ 8,210	\$ 5,452	\$ 2,758	\$ 2,604

The Commission recognized an asset retirement obligation as a result of legal obligations to restore leased office space back to their original state. Asset retirement obligations are measured initially at fair value, based on management's best estimates, with the resulting amount capitalized into the carrying amount of the related asset. The capitalized asset retirement cost is included in leasehold improvements and amortized on the same basis as the related asset. The amortization expense is included in determining the net cost of operations. The following table summarizes the changes in the asset retirement obligation during the year ended December 31.

(in thousands)	2009	2008
Asset retirement obligation, beginning of year	–	–
Obligations incurred	843	–
Asset retirement obligation, end of year	843	–

Note 7

Intangible assets

(in thousands)	Cost	Accumulated Amortization	December 31, 2009 Net book value	December 31, 2008 Net book value
Computer software	\$ 3,184	\$ 2,954	\$ 230	\$ 458
Website	4,755	2,429	2,326	1,548
Total	\$ 7,939	\$ 5,383	\$ 2,556	\$ 2,006

Note 8

Parliamentary appropriations

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

(in thousands)	2009	2008
Amount provided for operating and capital expenditures:		
Amounts voted in 2008/09 (2007/08)		
Main estimates	\$ 82,646	\$ 76,577
Supplementary estimates A	–	5
Supplementary estimates B	10	2,700
	82,656	79,282
Less: Portion recognized in calendar 2008 (2007)	(56,096)	(50,491)
2008/09 (2007/08) portions recognized in 2009 (2008)	26,560	28,791
Amounts voted in 2009/10 (2008/09)		
Main estimates	83,526	82,646
Supplementary estimates B	4	10
Treasury Board Vote 15	1,572	–
Treasury Board Vote 35	20,000	–
	105,102	82,656
Less: Portion to be recognized in calendar 2010 (2009)	(19,994)	(20,705)
Parliamentary appropriations deferred at year-end	(11,742)	(5,855)
2009/10 (2008/09) portions recognized in 2009 (2008)	73,366	56,096
	99,926	84,887
Amounts used to purchase property, equipment and intangible assets	(3,338)	(2,157)
Parliamentary appropriations used for operations in the year	\$ 96,588	\$ 82,730

Note 9

Deferred capital funding

Deferred capital funding represents the unamortized portion of parliamentary appropriations and other funding received to purchase property, equipment and intangible asset.

Changes in the deferred capital funding balance during the year ended December 31 were as follows:

(in thousands)	2009	2008
Balance, beginning of year		
Parliamentary appropriations	\$ 4,388	\$ 4,042
Funding from related party	290	374
	4,678	4,416
Funding received in the current year for the acquisition of property, equipment and intangible assets		
Parliamentary appropriations	3,338	2,157
Disposal of property and equipment	(7)	–
	3,331	2,157
Amortization		
Parliamentary appropriations	(2,541)	(1,811)
Funding from related party	(84)	(84)
	(2,625)	(1,895)
Balance, end of year		
Parliamentary appropriations	5,178	4,388
Funding from related party	206	290
	\$ 5,384	\$ 4,678

Note 10

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
China, Germany, Japan and South Korea	Pension Plan for Employees of the CTC in China, Germany, Japan and South Korea	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	Superannuation 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

Defined contribution plans

The Commission established a defined contribution pension plan for non-unionized employees in Canada, hired on or after August 1, 2005. On January 30, 2007, the Canadian unionized employees of the Commission agreed to participate in the defined contribution plan effective March 8, 2007. This decision impacted unionized employees hired on or after August 1, 2005. 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 commuted value was paid out for the vested employees. The employee contributions, with interest, were paid out for the non-vested employees; the remaining portion of the commuted value will be paid out on their vesting dates. For the year ended December 31, 2009, no transfers were made (\$561,700 of transfers were made in 2008) to cover the transfer deficiency.

Employees in Australia participate in the superannuation defined contribution pension arrangement, to which the Commission is required to contribute.

The total cost for the Commission's defined contribution pension plans was \$474,811 in 2009 (\$360,210 in 2008).

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 \$277,521 in 2009 (\$240,829 in 2008), 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.

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 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.

All employees

Severance benefits are provided for all current employees in Canada, China, Germany, Japan, South Korea, United States, United Kingdom and Australia. The cost of the benefits is fully paid by the Commission. These plans are unfunded.

Measurement date and date of actuarial valuation:

The most recent actuarial valuation of the Canadian registered defined benefit pension plan for funding purposes was at December 31, 2008, and the next required valuation will be as at December 31, 2009 which is currently expected to be completed in mid-2010. The going concern financial position based on the most recent actuarial valuation showed a funding deficit of \$839,500 (excess of \$978,400 for 2008). The valuation also identified a solvency ratio of 77.9% (87.2% for 2008).

Under normal circumstances, the Commission would be required to make special payments over the five years following the effective date of the valuation to eliminate any unfunded liability and any solvency shortfall.

However, on June 12, 2009, the Federal Minister of Finance announced the coming into force of the new Solvency Funding Relief Regulations, 2009. Under these regulations, minimum special payments for the year 2009 were calculated on the basis that the solvency shortfall emerging in 2008 is amortized over 10 years thereby reducing the minimum required payments in 2009 from \$1.6 million to \$1.3 million. CTC has applied for funding relief as an Agent Crown corporation to continue to amortize the solvency deficiency over the 10 year schedule. Future special payments are estimated to be \$927,600 in 2010, \$533,200 in 2011, \$512,400 in 2012 and \$333,800 in 2013.

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.

Accrued Benefit obligation, plan assets, and funded status:

Change in Accrued Benefit Obligation (in thousands)	Pension Plans		Other Benefit Plans	
	2009	2008	2009	2008
Accrued benefit obligation, beginning of year	\$ 17,235	\$ 19,798	\$ 2,720	\$ 2,817
Current service cost (employer portion)	536	613	254	310
Interest cost	1,163	1,107	190	171
Employees' contributions	142	117	–	–
Benefits paid	(1,084)	(1,125)	(554)	(89)
Actuarial gain	(616)	(3,580)	(541)	(489)
Plan amendments ¹	–	305	–	–
Accrued benefit obligation, end of year	\$ 17,376	\$ 17,235	\$ 2,069	\$ 2,720

1. The RPP was amended in 2008 to match three plan changes made to the PSSA Plan effective May 28, 2008 as follows: the members' required contributions to the RPP have been increased according to the 6-year graded schedule, the RPP Supplemental Pension multiplier was changed from 0.7% to 0.625%, and lastly, the multiplier for the offset to the Lifetime Pension was also changed from 0.7% to 0.625%.

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 an increase of \$153,800 (\$170,900 in 2008), and a one percentage point decrease would be a decrease of \$120,800 (\$129,000 in 2008). The effect on the service cost plus interest costs at the end of the year of a one percentage point increase in assumed health care cost trend rate would be an increase of \$44,800 (\$64,000 in 2008), and a one percentage point decrease would be a decrease of \$32,200 (\$44,800 in 2008).

The plan assets at the end of 2009 and 2008 related to the Registered Pension Plan and the Supplementary Retirement Plan exceed the accrued benefit obligation. The accrued benefit obligation for the Pension Plan for Employees of the CTC in China, Germany, Japan and South Korea exceed the plan assets at the end of 2009 and 2008.

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:

(in thousands)	Pension Plans		Other Benefit Plans	
	2009	2008	2009	2008
Accrued benefit obligation	\$ 509	\$ 745	\$ 2,069	\$ 2,720
Fair value of plan assets	–	–	–	–
Funded status – deficit, end of year	\$ (509)	\$ (745)	\$ (2,069)	\$ (2,720)

Detailed Pension Plan information

(in thousands)	2009	2008
Defined benefit component of the Registered Pension Plan for the Employees of the Canadian Tourism Commission		
Accrued benefit obligation	\$ (16,099)	\$ (15,758)
Fair value of plan assets	18,731	16,403
Surplus	\$ 2,632	\$ 645
Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the Canadian Tourism Commission		
Accrued benefit obligation	\$ (768)	\$ (732)
Fair value of plan assets	1,111	1,123
Surplus	\$ 343	\$ 391
Pension Plan for Employees of the CTC in China, Germany, Japan and South Korea		
Accrued benefit obligation	\$ (509)	\$ (745)
Fair value of plan assets	–	–
Deficit	\$ (509)	\$ (745)

Change in Plan Assets	Pension Plans		Other Benefit Plans	
(in thousands)	2009	2008	2009	2008
Fair value of plan assets, beginning of year	\$ 17,526	\$ 19,416	\$ –	\$ –
Actual return on (decrease of) plan assets, net of actual investment expenses	1,227	(1,901)	–	–
Employer contributions	2,031	1,019	554	89
Employees' contributions	142	117	–	–
Benefits paid	(1,084)	(1,125)	(554)	(89)
Fair value of plan assets, end of year	\$ 19,842	\$ 17,526	\$ –	\$ –

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

	2009	2008
Equity Securities	61%	54%
Debt Securities	36%	42%
Receivable from the Government of Canada	3%	4%
Total	100%	100%

Reconciliation of Funded Status to Accrued Benefit Asset/(Liability)		Pension Plans		Other Benefit Plans	
(in thousands)		2009	2008	2009	2008
Funded status – surplus/(deficit), end of year		\$ 2,466	\$ 291	\$ (2,069)	\$ (2,720)
Employer contributions during period from measurement date to fiscal year end		431	593	–	–
Unamortized past service costs		100	74	63	71
Unamortized net actuarial losses/(gains)		98	742	(1,948)	(1,539)
Accrued benefit asset/(liability)		3,095	1,700	(3,954)	(4,188)
Less current portion		–	–	–	(354)
Accrued benefit asset/(liability)		\$ 3,095	\$ 1,700	\$ (3,954)	\$ (3,834)

Accrued Benefit Asset/(Liability)		2009		2008	
(in thousands)					
Registered Pension Plan for the Employees of the Canadian Tourism Commission		\$ 4,262	\$ 2,952		
Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the Canadian Tourism Commission		(156)	(143)		
Pension Plan for Employees of the CTC in China, Germany, Japan and South Korea		(1,011)	(1,109)		
Deficit		\$ 3,095	\$ 1,700		

The cumulative excess of pension contributions over pension benefit cost is reported as an accrued benefit asset. Other post-retirement and post-employment benefits are reported as an accrued benefit liability. The net of these two amounts \$865,000 (\$2,487,900 in 2008) is reported on the balance sheet as Accrued benefit liability.

Net benefit cost recognized in the period:

Components of Net Periodic Benefit Cost	Pension Plans		Other Benefit Plans	
	2009	2008	2009	2008
Current service cost (employer portion)	\$ 536	\$ 613	\$ 254	\$ 310
Interest cost	1,163	1,107	190	171
Actual (return on)/decrease of plan assets, net of actual investment expenses	(1,227)	1,901	–	–
Actuarial gains	(616)	(3,580)	(541)	(489)
Plan amendments ¹	–	305	–	–
Costs arising in the period	(144)	346	(97)	(8)
Differences between costs arising in the period and costs recognized in the period in respect of:				
Decrease of/(return on) plan assets	51	(3,179)	–	–
Actuarial losses	593	3,550	408	124
Past service costs ¹	(26)	(342)	9	9
Net periodic benefit cost recognized	\$ 474	\$ 375	\$ 320	\$ 125

1. Refer to footnote 1 on page 78 on the Accrued benefit obligation, plan assets and funded status table.

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

	Pension Plans		Other Benefit Plans	
	2009	2008	2009	2008
Accrued benefit obligation				
Discount rate	6.60%	6.75%		
Non-pension post retirement			7.50%	6.85%
Post employment severance			6.40%	6.50%
Rate of compensation increase				
Canadian	3.50%	4.00%	4.00%	4.00%
Locally engaged	4.50%	4.50%	4.50%	4.75%
Net benefit cost				
Discount rate	6.75%	5.60%		
Non-pension post-retirement			6.85%	5.50%
Post-employment severance			6.50%	5.60%
Expected long-term rate of return on plan assets	6.75%	6.75%		
Rate of compensation increase				
Canadian	4.00%	4.00%	4.00%	4.00%
Locally engaged	4.50%	4.50%	4.50%	4.75%

Assumed health care cost trend rate:

	Pension Plans		Other Benefit Plans	
	2009	2008	2009	2008
Accrued benefit obligation				
Initial health care trend rate	N/A	N/A	6.96%	7.85%
Ultimate health care trend rate	N/A	N/A	4.48%	4.80%
Year ultimate rate reached	N/A	N/A	2029	2015
Net benefit cost				
Initial health care trend rate	N/A	N/A	6.59%	8.35%
Ultimate health care trend rate	N/A	N/A	4.66%	4.80%
Year ultimate rate reached	N/A	N/A	2014	2015

Total cash amounts

Total cash amounts for employee future benefits, consisting of cash contributed in the normal course of business by the Commission to its funded and unfunded defined benefit pension plans, cash payments directly to beneficiaries for its unfunded other benefit plans, cash contributed to its defined contribution plans and cash contributed to its multi-employer defined benefit plan is \$1,564,646 (\$1,063,844 in 2008). In addition, the Commission was required to make special quarterly payments totaling \$1,323,600 (\$1,144,600 in 2008) due to the unfunded liability and solvency shortfall identified in the most recent actuarial valuation of the Canadian registered defined benefit pension plan for funding purposes as of December 31, 2008. The total cash amount is \$2,888,246 (\$2,208,444 in 2008).

Note 11

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 including E-Marketing, Brand, Research, Product Innovation and Enhancement, Media PR and Business Development. Total marketing and sales expenses are comprised of the following:

(in thousands)	2009	2008
United States	\$ 38,347	\$ 30,800
International (Europe, Latin America, Asia-Pacific)	25,970	30,747
Corporate Marketing and Sales	20,239	19,855
Domestic	10,800	—
Emerging Markets, India, Brazil	1,066	—
	\$ 96,422	\$ 81,402

Certain comparative figures have been reclassified to conform with the current year's presentation.

Note 12

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 Commission in delivering programs related to the 2010 Winter Olympic and Paralympic Games. These funds are expected to be utilized over a five year period, which commenced in fiscal 2008. As at December 31, 2009, the Commission has drawn \$16 million (\$9.7 million in 2009). The remaining amounts will be requested through Main Estimates appropriations over the three Government Fiscal years (2009/10 to 2011/12).

For the year ended December 31, 2009, the Commission incurred costs, net of partnership contributions, related to the 2010 Winter Olympic and Paralympic Games as follows:

(in thousands)	2009	2008
Revenue		
Partnership contributions	\$ 2,823	\$ 99
Expenses		
Marketing and Sales	\$ 9,362	\$ 5,204
Corporate Services	97	–
Strategy and Planning	98	262
	9,557	5,466
Total net costs	\$ 6,734	\$ 5,367

Certain comparative figures have been reclassified to conform with the current year's presentation.

Note 13

Stimulus

In Budget 2009, the Treasury Board of Canada approved and entrusted the Commission with \$40 million, \$20 million for each of the 2009/10 and 2010/11, as part of a greater stimulus package which formed Canada's Economic Action Plan. The CTC's stimulus strategy includes a domestic advertising program and activities in international priority markets.

For the year ended December 31, 2009, the Commission incurred costs, net of partnership contributions, related to the stimulus program as follows:

(in thousands)	2009	2008
Revenue		
Partnership contributions	\$ 1,697	\$ –
Expenses		
Marketing and Sales	\$ 19,884	\$ –
Corporate Services	741	–
Strategy and Planning	51	–
	20,676	–
Total net costs	\$ 18,979	\$ –

Note 14

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, 2009 are \$39.2 million (\$39 million in 2008).

The future minimum lease payments, included in the \$39.2 million, for office premises and equipment pursuant to these agreements are approximately as follows:

(in thousands)

	2010	2011	2012	2013	2014	Subtotal	2015-2016	Total
	\$ 2,389	\$ 2,074	\$ 1,332	\$ 963	\$ 739	\$ 7,497	\$ 589	\$ 8,086

Note 15

Letter of credit

The Commission has a registered retirement compensation arrangement for certain employees of the Canadian Tourism Commission. The actuarial valuation completed September 2008 for the year ending December 31, 2009 was used to determine the face amount of the letter of credit during 2009. The value of the plan's letter of credit, in place during 2009, is measured based on the estimated assets and liabilities for the year ending December 31, 2009. The estimated market value of the plans' assets was \$1,167,400 and the estimated present value of the unfunded benefit obligation was \$1,383,800. The amount of \$216,400 of the unfunded benefit obligation has been secured by a letter of credit.

Note 16

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 \$1.9 million (\$2.0 million in 2008) for marketing, research and other professional services purchased from other government departments and agencies, and received partnership contributions and other amounts totaling \$2.7 million (\$1.5 million in 2008) from other government departments and agencies. These transactions are recorded at the exchange amount, which approximates fair value.

Note 17

Contingencies

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

Note 18

Subsequent event

On March 4, 2010, the Federal Government announced Budget 2010 ("the Budget"). The Budget identifies budgetary reductions for the CTC of \$0.9 million in 2010/11, \$4.2 million in 2011/12 and on-going as a result of strategic review savings.

Corporate governance

A 26-member Board of Directors manages the business of the CTC, which operates in partnership with the public and private sectors.

Legislative powers & obligations

The *Canadian Tourism Commission Act* and subsequent regulations provide the legislative basis for the establishment of the CTC and our activities. We are not governed by the *Public Service Employment Act* and are considered a separate employer. However, we are governed by or subject to the requirements of several acts, including:

- *Financial Administration Act* (FAA)
- *Official Languages Act*
- *Privacy Act*
- *Access to Information Act*
- *Canada Human Rights Code*
- *Canada Labour Code*
- *Employment Insurance Act*
- *Employment Equity Act*
- *Federal Accountability Act*
- *Public Servants Disclosure Protection Act*
- *Conflict of Interest Act*

The Government of Canada primarily regulates Crown corporations through their enabling legislation and through the FAA. We are currently listed under Part I, Schedule III to the FAA, and as such are required to submit an Annual Report, a Corporate Plan and an Operating Budget to the responsible Minister, and undergo regular audits by the Auditor General of Canada. A Special Examination is mandated under the FAA and a report on the findings must be submitted to the Board of Directors. The next examination will occur in 2014.

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, and approves the Corporate Plan and allocation of resources. See Appendix 2 for all members of the Board of Directors throughout 2009.

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 organization. The Board is accountable to Parliament through the Minister of Industry. The primary vehicles for reporting to the Crown are the Annual Report and the five-year Corporate Plan.

In 2009, the CTC Board of Directors met three times in person in different regions of the country and three times by conference call. The Executive Committee met three times in person and once by conference call.

Board education

As in previous years, new and current directors were invited to an orientation session in 2009 to inform them of their roles and responsibilities, and to provide an overview of the business of the corporation. An individual orientation session was also delivered. All directors were also encouraged to attend The Canada School of Public Service courses for directors. Board members regularly received information on trends in corporate governance and other issues relevant to the corporation.

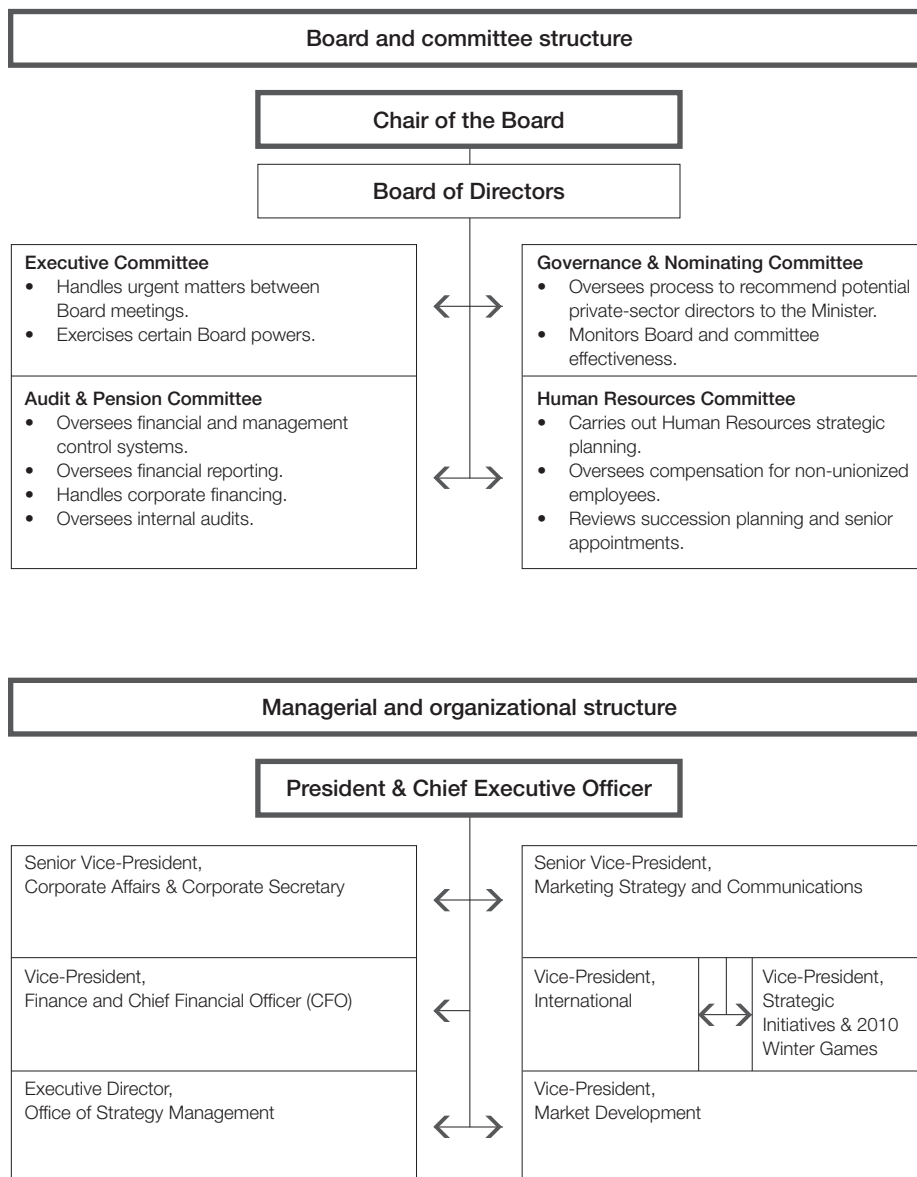
Governance review

In April 2008, the Government of Canada through the Minister of State (Small Business and Tourism) sent a mandate letter to the Chair of the Board inviting the Board of Directors to carry out a broad assessment of the governance structure of the CTC. In February 2009, the CTC retained the services of an independent consulting firm with the appropriate expertise in governance to conduct the review. The scope of the review included the assessment of the CTC's current governance framework with regard to best practices, recommendations of an optimal governance model based on best practices and the unique nature of the CTC, as well as recommendations on the steps required to implement the proposed model.

The results of the assessment were reviewed and approved by the Board of Directors in October 2009 and subsequently submitted to the Government of Canada. The consultant has recommended a new, streamlined, effective governance framework for the CTC. The main recommendations reflecting best practices are as follows:

- The size of the CTC Board of Directors should be reduced to between nine and 12 members in keeping with the average size of Canadian Crown corporation boards as well as best practice;
- The Executive Committee of the Board should be abolished;
- Board members should be chosen primarily for their skills and experience relevant to the CTC's strategic needs;
- Provincial/territorial deputy ministers should no longer serve on the Board. To provide direct liaison between the CTC and provincial/territorial deputy ministers on matters of mutual interest, the CTC has established a formal provincial/territorial deputy ministers' forum that meets twice a year; and
- The CTC should continue its extensive engagement with the tourism industry through the CTC's advisory committees and other formal and informal methods already in place.

The CTC's Board strongly supports these recommendations to move the CTC toward a more strategic organization, more relevant to government and industry, thereby enabling a truly modern corporate board to deliver effectively on the CTC's goal to grow tourism export revenues. The Board has also approved an Action Plan to implement recommendations that do not require an amendment to the *CTC Act*.



Senior Management Committee

Our Senior Management Committee (SMC) is composed of eight senior executives who drive the operational activities of the organization.

Michele McKenzie

President and Chief Executive Officer (CEO) of the CTC is responsible and accountable for all operational activities of the organization.

Chantal Péan

Senior Vice-President, Corporate Affairs and Corporate Secretary is responsible and accountable for human resources, legal services, information technology, procurement services, government relations and corporate communications, and acts as Corporate Secretary. As Corporate Secretary, this officer reports on Board-related matters to the Chair of the Board of Directors.

Greg Klassen

Senior Vice-President, Marketing Strategy and Communications is responsible and accountable for the performance and results of the CTC's marketing initiatives, with the exception of activities in the emerging markets of China, India and Brazil, the Canada Program, and the International Meetings, Conventions and Incentive Travel (MC&IT) Program. This senior executive leads the development of marketing plans and strategies, as well as media and public relations, in order to build and enhance our programs and capacity to extend Canada's tourism brand.

Andrew Clark

Vice-President, Market Development is responsible and accountable for the management of the international sales staff in the emerging markets of China, India and Brazil, the Canada Program, and the CTC's International MC&IT Program.

Lena Bullock

Vice-President, Finance and Chief Financial Officer (CFO) is responsible and accountable for our finances, audit activities, and for providing executive support to the Audit Committee of the Board of Directors.

Charles McKee

Vice-President, International is responsible and accountable for the management of the integrated Americas and Overseas marketing teams at our head office as well as in our global offices, with the exception of the emerging markets of China, India and Brazil.

Susan Iris

Vice-President, Strategic Initiatives and the 2010 Winter Games is responsible and accountable for overseeing the delivery of the CTC's strategies to leverage the unique opportunities afforded by the 2010 Winter Games.

Paul Nursey

Executive Director, Office of Strategy Management sits on a permanent basis with the SMC and is responsible and accountable for our overall strategy management, including the development of performance measures and all corporate plans and reports.

Staff

Overall staff

We have 154 permanent positions throughout the entire organization. Ninety-five positions (62%) are located at our head office in Vancouver and are engaged in marketing, communication and research activities, as well as providing corporate and information services. We also have a small corporate office in Ottawa with three positions.

International staff

We have 59 permanent international marketing and sales positions (38%) and operate international offices in the U.S., Mexico, the U.K., France, Germany, China, Japan, South Korea and Australia. We maintain our strongest presence (23 positions) in various U.S. cities.

In the spring of 2009, additional CTC staff were added on a temporary basis to support the stimulus projects announced in Budget 2009. Incremental staff resources support the Canada domestic advertising program, as well as new initiatives in the U.S., emerging markets and International MC&IT. Additional support resources in procurement, finance, e-marketing, and corporate communications continue to help manage this significant two-year project.



Appendix 1: Reporting back on 2009 planned activities & deliverables

As part of our integrated planning cycle, each of our core functions and enabling units develop operational action plans that are aligned with the overall corporate strategy. These plans outline specific activities and deliverables that will be undertaken in order

for us to deliver on our strategic goal. The following table presents a status update on planned activities and deliverables for each of the six priorities as outlined in the 2009-2013 Corporate Plan:

2009 Planned activities and deliverables by priority

Priority	Key planned activities	Key planned deliverables	Status in 2009
1 – Ensure consumer relevancy	Continue to implement the Explorer Quotient (EQ) tool	Complete implementation of EQ strategy in other markets (Australia, China, South Korea, Mexico, Japan, France, Germany)	Complete
		Identify opportunities to get EQ questionnaire to consumers	Complete
		Educate trade on EQ model and its applications	Complete
		Create content for each EQ type	Complete
	Conduct consumer research on travel preferences, attitudes and motivations	Use research results to support further identification of travel market segments	Complete
		Annually assess promotion effectiveness via Global Tourism Watch survey and conversion studies	Complete
	Utilize CRM and new technologies to cater to growing FIT demand and to better communicate with and understand the consumer	Execution of global communication strategy closely tied with e-marketing and CRM tools	Complete
		Gather CRM data, analyze and incorporate findings in the strategy and tactical plans	Complete
		Increase database numbers in all markets	Complete
		Gather information about e-communication activities	Complete
		Present more relevant and engaging content for consumer	Complete
	Create a valuable online experience using the e-marketing strategy	Follow-up to assess best practices for Web-content strategy and effectiveness of e-marketing campaigns	Complete
2 – Increase engagement with small and medium-sized enterprise (SME) community	Conduct outreach workshops to engage the SME community across Canada	Brand Experiences product workshops at provincial and sector events	Complete
		Expand Asia Pacific seminars to Overseas seminars	Complete
	Continue to implement strategy for CTC news acquisition	Increase by 50% the amount of CTC news acquired from SMEs	Ongoing
	Renew experiences	Continue to re-evaluate experiences database	Ongoing
	Highlight social media opportunities with SMEs in partnership with PMOs and DMOs	Build database for social media opportunities with SMEs in partnership with PMOs and DMOs	Ongoing
	Canada Advertising Program	Launch media ad campaign throughout Canada	Complete

2009 Planned activities and deliverables by priority

Priority	Key planned activities	Key planned deliverables	Status in 2009
3 - Differentiate Canada	Expand the Brand Canada Toolkit	Begin annual activity of amending and evolving Toolkit pending global market demand, customer needs & changing media/technology (e.g. industry survey)	Complete
	Create a sense of urgency through integrated campaigns and stronger relationships with partners	Incorporate content library elements into Brand Toolkit	Complete
		Begin annual activity of refreshing & expanding imagery, b-roll and stories to support global needs	Complete
	Globalization of key brand messaging for efficiency and strengthened brand positioning world-wide	Improve online access of Toolkit for stakeholders and globally integrate key publications. (e.g. inside guide, meeting planners guide)	Complete
		Begin annual activity of measuring adoption rate of brand Canada and Toolkit elements (Qualitative & Quantitative research)	Ongoing
	Awareness and training of brand Canada	Create brand Canada "shared" asset strategy and communicate the strategy	Complete
		Begin annual activity of ongoing industry feedback	Complete
	Domestic advertising	Work with national partners to create an overarching national advertising campaign which encourages Canadians to discover the world class travel experiences available in Canada and consider replacing a planned international trip	Complete
		Canadian destinations and private sector partners are welcome to partner in more tactical or parallel partnership ways underneath the overarching national campaign	Complete
	Emerging markets	Launch national tourism marketing activities in India and Brazil within the established framework of CTC's market entry strategy focusing on travel trade, media relations and e-marketing in year one	Complete
		Expand activities in China and Mexico to deliver stimulus and capturing business that is ready for the taking, but that Canada could previously not reach	Complete
	Global MC&IT	Launch global MC&IT program focusing in European markets (focusing on the international congress market)	Complete
		Leveraging existing association and corporate clients that are U.S.-based but have global business and global meetings needs	Complete
		Begin project of expanding U.S. MC&IT website to be suitable for global customers	Complete

2009 Planned activities and deliverables by priority

Priority	Key planned activities	Key planned deliverables	Status in 2009
4 - Leverage exposure of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada	Lead National Tourism Marketing Working Group	Use Olympic brand in international marketing campaigns	Complete
	Leverage media exposure	Host major media event in Vancouver; host travel media throughout Canada	Complete
		Develop strategy to work with broadcasters and unaccredited media and add to b-roll, image and story inventory	Complete
	Leverage opportunity of Beijing 2008 Olympic Games	Follow-up to assess best practices for 2010 leveraging opportunities	Complete
	Leverage opportunity of post-Olympic afterglow	Begin development of post-Olympic Games strategy to continue leveraging Games after 2010	Complete
	Leverage Domestic Advertising Opportunity	Pursue opportunities for national partnerships on domestic advertising who may be national Olympic sponsors	Complete
5 - Foster organizational excellence	Staff survey assessment	Annual staff survey assessment to measure staff engagement and work environment	Complete
	Development, implementation and monitoring of robust human resources plans, policies, systems and practices	Full review of the Human Resources policies, procedures and systems	Complete
		Continue the leadership development plan launched in 2008	Complete
	Development of a strategy and processes to grow and retain talent and great leaders	Full implementation of the succession plan and review of the CTC's compensation structure for executive staff	Ongoing
	Emphasize strategy-focused organization	Introduce monitoring of organizational performance against short-term target for each BSC measure into management meetings	Complete
		Establish ongoing process for learning and adapting the strategy based on analysis of performance	Complete
6 - Strengthen engagement with the shareholder	Increase focus on government relations	Work to enhance shareholder's perception of CTC activities and products	Complete
		Monitor and respond to opportunities for governmental support	Complete
	Manage corporate reputation	Enhance the CTC's leadership role in coordinating marketing activities within Canada's tourism industry	Complete
	Enhance effective communication with industry, public and the shareholder	Increase industry, public and shareholder engagement by proactively communicating with the relevant players	Complete
	Continue to respect statutory reporting obligations that ensure the proper accountability to Parliament	Submit high-quality corporate documents, clearly and concisely presented, aligned with government strategic priorities and delivered within established statutory time frames	Complete

Appendix 2: Board of Directors, Committees of the Board & Advisory Committee Chairs

The CTC places a strong emphasis on corporate governance. Our mission to *harness Canada's collective voice to grow tourism export revenue* requires that the tourism partners' voices are heard at all levels of the organization, including the Advisory Committee and Board of Director levels. We have a unique governance structure that is comprised largely of volunteers, with a mixture of private and public sector representation. We also have several governance best practices, including an annual Board survey which ensures that all Board members are well prepared and engaged.

Chair of the Board

Steve Allan

Vice President
RSM Richter LLP

President & CEO

Michele McKenzie

National representatives

Montie Brewer

Vice-Chair of Board

Jean-Marc Eustache

President & CEO
Transat A.T. Inc.

Christiane Germain (until March 4, 2009)

President & Owner
Germain Group

Dragan Matovic (since March 5, 2009)

President
Hallex Ventures Inc.

Liette Lacroix Kenniff

George Young (since October 1, 2009)

Rod A. Seiling

Chairman
Ontario Racing Commission

Leah George Wilson

Director, Treaty, Land and Resources
Tsleil-Waututh First Nation

Kosta Tomazos

President
Hospitality Investment and Management

Scott Allison

VP, Sales & Marketing
Marriott Hotels of Canada

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 (until August 3, 2009)

Owner & Operator
Cavendish Maples Cottages
Prince Edward Island

Anne Arsenault (since August 4, 2009)

Owner & Operator
Driftwood Country Cottages
Prince Edward Island

Ellen Barry

Deputy Minister
New Brunswick Department of Tourism
& Parks

Québec

Alexander Reford

Director
Les Jardins de Métis Inc., Québec

Louise Pagé (until December 29, 2009)

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
Ontario

Drew Fagan (since April 28, 2009)

Deputy Minister
Ontario Ministry of Tourism

Manitoba and Saskatchewan

Van Isman (until June 16, 2009)

Deputy Minister
Saskatchewan Ministry of Tourism, Parks,
Culture and Sport

Shaun Harbottle

Owner & Manager
Crescent Beach Cottages
Manitoba

Alberta, Northwest Territories and Nunavut

Boyd Warner

Owner & Operator
Bathurst Inlet Development
Northwest Territories

Bill Werry

Deputy Minister
Alberta Ministry of Tourism, Parks and
Recreation

British Columbia and Yukon Territory

Rod Taylor

Owner & Operator
Uncommon Journeys Ltd.
Yukon

Government of Canada (ex officio member)

Marie-Josée Thivierge

Assistant 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 & Nominating Committee
- Audit & Pension Committee
- Human Resources Committee

Advisory Committee Chairs

According to the CTC's corporate bylaws, the Board of Directors may from time to time create advisory 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 six advisory committees chaired by and comprised of tourism industry leaders and experts. These Advisory Committees are mainly responsible for providing advice to the Board and the CEO.

2009 CTC Advisory Committee Chairs

Europe Marketing Committee

Christena Keon Sirsly

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Appendix 3: Glossary of terms & acronyms

Terms

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

AcSB	Accounting Standards Board
BSC	Balanced Scorecard
CBI	Country Brand Index
CBSA	Canada Border Services Agency
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CICA	Canadian Institute of Chartered Accountants
CRM	Customer Relationship Management
CSP	Canada Specialist Program
CSTAC	Canadian Sustainable Tourism Advisory Council
CTC	Canadian Tourism Commission
DFAIT	Foreign Affairs and International Trade Canada
DMO	Destination Marketing Organization
EQ	Explorer Quotient™
ERA	Enterprise Risk Assessment
FAA	Financial Administration Act
FAM	Familiarization
FHFN	Four Host First Nations
FIP	Federal Identity Program
GAAP	Generally Accepted Accounting Principles
GBTO	Government Business-Type Organization
GDP	Gross Domestic Product
GNFPO	Government Not-For-Profit Organization
GSA	General Sales Agency
GTW	Global Tourism Watch
HR	Human Resources
LACP	League of American Communications Professionals
MC&IT	Meetings, Convention & Incentive Travel
MD&A	Management Discussion & Analysis
MICE	Meetings, Incentives, Conventions & Exhibitions
MOU	Memorandum of Understanding
NADP	National Asset Development Program
NTO	National Tourism Organization
OCOL	Office of the Commissioner of Official Languages
OGO	Other Government Organization
PIPSC	Professional Institute of the Public Service of Canada
PMO	Provincial Marketing Organization
PR	Public Relations
PSAB	Public Sector Accounting Board
RIM	Return on Investment Model
ROI	Return on Investment
SMC	Senior Management Committee
SME	Small and Medium-sized Enterprise
TBS	Treasury Board Secretariat
TIAC	Tourism Industry Association of Canada
UNWTO	United Nations World Tourism Organization
USP	Unique Selling Proposition
VANOC	Vancouver 2010 Organizing Committee
VJP	Visiting Journalist Program

Library and Archives Canada Cataloguing in Publication
Canadian Tourism Commission
Annual report / Canadian Tourism Commission
Electronic serial in PDF format
Mode of access: World Wide Web
Issued also in French under title: Rapport annuel
Issued also in printed form
ISSN: 1493-5767
ISBN: 978-1-100-15427-5
Cat. no.: lu82-2009E
1. Tourist trade – Canada – Periodicals
2. Canadian Tourism Commission – Periodicals. I. Title
G155 338.4'7917104'05

