



Canadian Tourism
Commission

Commission canadienne
du tourisme



Seizing Opportunities for New Growth

2010 Annual Report

Canada

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The 2010 Annual Report serves as the principal mechanism for the Canadian Tourism Commission (CTC) to report to the Parliament of Canada and demonstrate the results achieved with public resources. With the theme of “seizing opportunities for new growth,” the Annual Report showcases key activities and initiatives undertaken throughout 2010.

Cover photo:

Miscou Island, New Brunswick

New Brunswick Department of Tourism and Parks

Corporate profile

The CTC is Canada's national tourism marketing organization. A federal Crown corporation wholly owned by the Government of Canada, we lead the Canadian tourism industry in marketing Canada as an internationally competitive, premier four-season tourism destination where travellers have access to *extra-ordinary* experiences. We provide a consistent voice for Canada in the international tourism marketplace.

Reporting to Parliament through the Minister of Industry, our legislative requirements are outlined in the *Canadian Tourism Commission Act*. Our purpose is to sustain a vibrant and profitable tourism industry by supporting a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories. The immediate beneficiary of our activity is Canada's tourism industry, which includes approximately 177,911 tourism-related businesses and contributes some 610,600 jobs to the Canadian economy.

The ultimate beneficiary of the CTC's activities is the Canadian taxpayer, who enjoys tourism's contribution to the quality of life in Canada through public and private investments in parks, transportation infrastructure, attractions, events and event facilities. In addition to stimulating export revenue growth and job creation in Canada, we also stimulate high-value knowledge-based businesses and jobs for the Canadian economy (e.g. enabling technology, e-marketing, creative production, research, and the digital economy). The tourism marketing industry is a major customer of Canada's creative and digital economies.

Our current approach targets international travellers in the Americas (United States, Mexico and Brazil), Europe (United Kingdom, Germany and France), Asia (China, India, South Korea and Japan) and Australia. However, our regional hub structure allows us to be nimble and opportunistic, to adjust our marketing programs to reflect changing market conditions, and to capitalize on new marketing opportunities as they arise.

Message from the Chair

By any measure, 2010 was an incredible year for our country and our organization. The CTC's strategy to leverage the 2010 Winter Games for Canada played out beyond expectations. We will continue to leverage this opportunity for Canada over the next two years, but early outcomes show that the vision and the plan are yielding strong results in the fiercely competitive marketplace of global tourism.

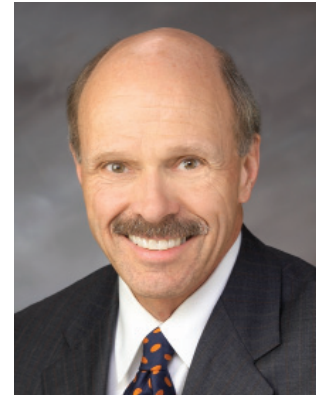
To further enhance Canada's competitiveness as a tourism destination, one of the Board's key priorities for 2010 was to look at ways to maximize resources dedicated to demand generation through our marketing programs. To this end, the Board approved a new strategic direction for the CTC: one that would shift our marketing focus to international markets where we have both a leadership role and the ability to drive the best possible return on investment. Provincial and regional marketing organizations make significant investments under their own brands in the US leisure market, so we ceased some marketing activities there at the end of 2010, remaining invested only in social media and public relations.

In addition, the Board approved the streamlining of operations while reducing our cost structure with the goal of re-focusing the organization's business model to ensure a leaner structure for the future. This will allow us to deliver on our mandate in a much more efficient way. While this was no small undertaking, industry stakeholders recognized the benefit of increased competitiveness and supported our initiative. In the summer of 2010, the CTC's management began the transition by: establishing a regional hub office structure to reduce our international footprint; piloting a program to co-locate with tourism partners; beginning a process to solicit General Sales Agents (GSAs) to implement a portion of the CTC's work in several markets; initiating the process to drop the number of international property leases from 13 to five; and reducing the CTC's team by 30% to keep with a leaner model. These changes were not easy; however, the outcome will be an additional \$16 million redeployed into the marketplace by 2012, enhancing our ability to compete for the world's travellers.

A second priority for the Board was to respond to the shareholder's requirement for Governor-in-Council reductions across government by taking action on the Governance Review report supported unanimously by the Directors in 2009. I am pleased to report that the size of the Board has been reduced from 26 Directors to a maximum of 12. I want to thank personally all Board members, including those who have left us and those who remain; each has supported our new governance model and has put the needs of the CTC first.

In 2011 we will revitalize our Board Advisory Committees to ensure they remain relevant and aligned with our new business model. In addition, we will diversify our marketing investments to find new growth opportunities to help position Canada's tourism industry for the future. In markets where we remain, we will expect the CTC team to be even more innovative to gain market share from the world's competition.

It has been a year of significant accomplishments for the organization. I am pleased to report that the changes set in motion in 2010 will help Canada's national tourism marketing organization better support our tourism industry into the next decade both efficiently and competitively.



Steve Allan
Chair

March 24, 2011



Tutshi River, Yukon

Government of Yukon

Canada is a place for visitors to indulge their curiosities and explore our geography, culture and people. Here, they have the freedom to create *extra-ordinary* experiences all their own.



Virginia Falls, Nahanni National Park, Northwest Territories

NWTT/Terry Parker

Message from the President & CEO

I am very pleased to provide this year's annual report, which details how the CTC's tourism marketing strategies continue to pay dividends for Canadians. Canada's international tourism brand "*Canada. Keep Exploring*", developed and managed by the CTC, is evolving and yielding results. This year Canada was recognized by *FutureBrand* as having the number one country brand in the world. This result is a key measure of success for us at the CTC as it points to the strength of our tourism brand and its global influence.

We are proud to report that the following results are directly attributable to our 2010 direct-to-consumer marketing efforts under this winning brand:

- \$1.9 billion in export tourism revenue for Canada's economy;
- \$244.2 million in government revenues; and
- 16,569 jobs in Canada created or protected.

Independent evaluation for 2010 shows a return on investment of 82:1 on marketing campaigns from core investment, and 44:1 from campaigns resourced from Budget 2009 as part of Canada's Economic Action Plan. It is clear that as Canada's national tourism marketer, investments in CTC produce dividends.

As the world continued its economic recovery in 2010, we saw increased arrivals from all of our key international markets, with the exception of Mexico, which remains a market in recovery. Perhaps most encouraging was the double-digit growth we saw from our emerging markets or markets in transition of Brazil, India, South Korea, Japan and China. In addition, mid-way through 2010, we applauded the headline: *Canada Secures Approved Destination Status from China*. By the end of 2010, Chinese arrivals were already up 21.2% over 2009, and we expect even greater increases as we roll out Canada's first ever direct-to-consumer marketing campaign to millions of Chinese travellers keen to explore Canada and see the sights first-hand.

Looking forward, in 2011 we will continue to enrich Canada's international tourism brand by identifying more unique travel experiences that can be leveraged in our marketing, and we will place a renewed focus on our travel trade relationships in order to close more sales. Under the CTC's new business model, we will focus on taking our tourism brand into markets where we can lead, and where we see opportunities for new growth. Our focus on the high-spending traveller continues and this report demonstrates the wisdom of keeping with that strategy.

We will continue to innovate and experiment, to access new technologies and social media, and to leverage our public relations abilities to market our extraordinary Canadian tourism experiences to the world.

Keep exploring!




A stylized, handwritten signature in black ink, appearing to read 'Michele McKenzie'.

Michele McKenzie
President & CEO

March 24, 2011



Toronto, Ontario



Canadian cities fill visitors with a sense of exploration and discovery. And while they are cosmopolitan and sophisticated, our cities are on the doorstep of our spectacular natural wonders.



Vancouver Convention Centre, British Columbia

Canada's tourism industry

Industry overview

Tourism has become one of the world's fastest growing industries and is recovering following the economic turbulence of the last few years. In fact, according to the United Nations World Tourism Organization (UNWTO), international tourist arrivals reached an estimated 935 million in 2010, a gain of 6.7% from 877 million in 2009.

Overall, stimulated by improved confidence and global economic conditions, as well as increased awareness from the Vancouver 2010 Olympic and Paralympic Winter Games, international tourist arrivals to Canada increased in 2010. In fact, other than Mexico, all of the CTC's key international markets registered gains in 2010.

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.

Based on CTC preliminary estimates for 2010, Canada's tourism industry generated \$74.1 billion in revenue to the Canadian economy, contributed \$29.5 billion to Canada's Gross Domestic Product (GDP), produced \$20.4 billion in government revenue, and supported 610,600 jobs in Canada from tourism spending.

Canadian tourism industry economic activity

Economic activity	Final estimates				Preliminary estimates	
	2008	08/07%	2009	09/08%	2010	10/09(%)
Total tourism revenue	\$74.7 billion	+5.5%	\$69.5 billion	-4.5%	\$74.1 billion	+6.5%
Tourism's contribution to Canadian GDP	\$30.3 billion	+5.8%	\$27.7 billion	-4.2%	\$29.5 billion	+6.5%
Government revenue generated by tourism	\$21.9 billion	+5.7%	\$19.2 billion	-4.8%	\$20.4 billion	+6.6%
Total jobs in Canada as a result of tourism spending	662,900	+1.4%	616,800	-7.0%	610,600	-1.0%

Revenue from domestic tourism increased by 6.7% in 2010, contributing \$59.1 billion or 80% toward the overall tourism revenue of \$74.1 billion. Likewise, revenue from all international tourism increased by 5.2%, contributing \$14.8 billion or 20% toward the overall tourism revenue. While the Canadian economy does benefit from increasing domestic tourism demand, dependence on the domestic market is a serious concern with limited growth potential available from our relatively small population base.

In the last 10 years, the contribution from international travellers to Canada's total tourism revenue has fallen from 35% in 2000 to 20% in 2010. While tourism is one of the world's fastest growing sectors, it is strategically important to Canada's future competitiveness to generate real growth from international tourism markets resulting in foreign currency investments into Canadian tourism products. To further illustrate this point, in 2010, domestic travellers spent an average of \$92 per day in Canada compared to international travellers who spent an average of \$129 per day in Canada.¹

In 2010, arrivals to Canada from the CTC's 11 international key markets increased by 2.1% over 2009 levels, with substantial gains from the emerging/transition markets of Japan, Brazil, India, South Korea and China. Our traditional/core markets also exhibited increased arrivals in 2010 with numbers up from France, Germany, Australia, and—to a lesser degree—the US and the UK. In fact, the only CTC market with decreased arrivals in 2010 was Mexico, but this was largely due to visa requirements that came into effect in July 2009.

Annual estimated overnight trips to Canada by CTC market (000s)

	Final estimates				Preliminary estimates	
	2008	08/07%	2009	09/08%	2010	10/09 (%)
US total	12,503	-6.5	11,666	-6.7	11,744	+0.7
UK	837	-6.4	686	-18.1	712	+0.2
France	405	+12.5	388	-4.1	436	+6.8
Germany	315	+5.6	291	-7.6	332	+7.2
Japan	259	-16.6	180	-30.4	236	+19.1
Australia	219	+5.6	188	-14.3	233	+13.9
China	159	+5.3	159	+0.4	195	+21.2
South Korea	173	-7.8	131	-24.0	164	+18.9
India	129	+7.4	126	-2.0	128	+18.2
Mexico	257	+11.7	161	-37.4	121	-28.6
Brazil	70	+10.6	57	-19.2	80	+29.7
Total key markets	15,326	-5.4	14,034	-8.4	14,380	+2.1
Total international markets	16,997	-4.4	15,583	-8.3	16,093	+2.3

Note: 2010 year-over-year percent changes are against 2009 preliminary estimates.

Total receipts from these same markets reached an estimated \$9.7 billion in 2010, a gain of 2.9% from 2009, while average spend per person per night decreased modestly by 0.2% to \$106.70. As the global economy continues to improve, it is expected that travellers' spending habits will increase.

¹ \$129 per day for international travellers includes all overseas CTC key markets, US air leisure, and total US MC&IT, but excludes Visiting Friends and Relatives (VFR) for overseas markets.

Although Canada's performance from a yield perspective remains relatively 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 1996-2009 period. Against its main competitors, Canada's yield over the 13 years increased by 171.8%, for an annual average gain of 4.3%, or an estimated 6.0% in constant terms. To emphasize the point, while the volume of travellers to Canada decreased 10.7% over 1996-2009, tourist receipts from travellers increased 59.2% over the same period. 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.

Average spent/trip (\$CDN)

	1996	2009	09/96%
Australia	\$1,554	\$5,234	236.8
US	\$1,099	\$1,953	77.7
Germany	\$850	\$1,636	92.5
Thailand	\$926	\$1,284	38.7
UK	\$622	\$1,223	96.6
Canada	\$365	\$992	171.8
Turkey	\$461	\$951	106.3
China	\$315	\$891	182.9
France	\$333	\$761	128.5

Competitor performance

Canada was not alone in experiencing gains in international tourist arrivals over the last year. As the following table illustrates, some of Canada's established international competitors also experienced gains in 2010. The US experienced only a mild setback from the UK and saw gains from all other CTC key markets, including sharp increases from China (+55.2%) and South Korea (+52.2%), which can largely be attributed to specific policy reforms, namely: the US government dropped the visa requirement for South Korean travellers in late 2008; and China granted Approved Destination Status (ADS) to the US in 2009.

Although Australia experienced moderate increases from the US, France, China, India and Brazil, it saw a small decline from the UK and sharp declines from Japan and South Korea. The result was an overall decrease in arrivals from these key markets of 5.5% from 2009.

Likewise, while the UK experienced substantial increases from India and Brazil, as well as moderate increases from Germany, Australia, China and Mexico, the setbacks from the US, France and Japan resulted in an overall decrease from these key markets of 3.2% from 2009.

The global trend of mature destinations losing business to new emerging receptive destinations seems to be continuing. In response to this trend, we have strategically shifted our emphasis to focus on growing emerging markets; Canada was quick to recognize this global trend and adjust accordingly.

2010 estimated overnight trips by CTC market (000s)

	CANADA	10/09 (%)	US	10/09 (%)	AUS	10/09 (%)	UK	10/09(%)
US total	11,744	+0.7	–	–	470	+4.0	2,326	-8.0
UK	712	+0.2	3,870	-0.5	633	-2.0	–	–
France	436	+6.8	1,332	+10.6	97	+8.0	3,607	-5.0
Germany	332	+7.2	1,739	+3.1	161	–	2,978	+8.0
Japan	236	+19.1	3,429	+17.5	405	-24.0	219	-6.0
Australia	233	+13.9	908	+25.7	–	–	964	+7.0
China	195	+21.2	995	+55.2	450	+3.0	140	+2.3
South Korea	164	+18.9	1,132	+52.2	217	-20.0	–	–
India	128	+18.2	651	+18.4	139	+11.0	308	+34.0
Mexico	121	-28.6	1,644	+8.8	–	–	86	+8.0
Brazil	80	+29.7	1,206	+35.1	27	+5.0	174	+15.0
Total key markets	14,380	+2.1	17,417	+14.5	2,272	-5.5	10,802	-3.2
Total international markets	16,093	+2.3	52,941	+10.9	5,920	-1.0	29,419	-1.0

Source: CTC preliminary estimates

Churchill, Manitoba



In Canada, a journey is more than getting from one place to the next; it is about exploring, and making discoveries along the way. For visitors, the journey can just be as rewarding an experience as the destination.



Orlova Russian Icebreaker, Nunavut

Nunavut Tourism / Kike Calvo

Partnerships

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 2010, partnership contributions totalled \$138.5 million, resulting in an overall 1.32:1.0 ratio of partner contributions to our total budget allocation of \$104.9 million². This result 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 2010, partners invested \$16.3 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. Our partners' investments in these types of initiatives totalled \$40.7 million in 2010.
- **Parallel partnerships:** Arrangements whereby we run parallel advertising with our partners. These partnerships are based on signed agreements through which we and our partners align our 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 2010 totalled \$39.7 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 2010 were valued at \$41.8 million.

² This figure is composed of \$80.3 million from base budget allocation, \$16.5 million from 2010 Winter Games one-time funding, and \$41.7 million from Canada's Economic Action Plan one-time funding.

Sustaining the industry

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 2010, 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.

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 2010:

- GoMedia Canada Marketplace (Canada)
- Rendez-vous Canada (Canada)
- GoMedia Marketplace (Mexico)
- Conozca Canadá (Mexico)
- Canada Media Marketplace (US)
- Showcase Canada (Japan, China and South Korea)
- Canada Corroboree (Australia)

Signature Experiences Collection

In 2010, the CTC began work to develop an inventory of experiences that will exemplify Canada's tourism brand and will be showcased through our marketing channels (i.e. leisure-focused advertising, sales, media and public relations, social media and incentive travel). Known as the Signature Experiences Collection (SEC), this inventory will build on the Signature 28 Aboriginal Cultural Tourism Experiences (2007 and 2008) and the Canadian Spa Experiences Collection (2008 and 2009) initiatives. The SEC will be a more holistic effort and will contribute to changing consumers' traditional perceptions of Canada by adding depth and dimension to Canada's tourism brand. In addition, the SEC program will provide opportunities for tourism operators with relevant export-ready experiences to gain greater profile in our source markets, providing a solid platform for export-driven sales. The program will also inspire developing Canadian tourism products to strive to reach the next level. The SEC initiative, once launched, will also provide opportunities for us to work with our provincial and territorial partners, as well as other federal departments and agencies, such as Agriculture and Agri-Food Canada, Parks Canada, Indian and Northern Affairs Canada, Canadian Heritage, Atlantic Canada Opportunities Agency, etc., to ensure that the export-ready experiences that best align with our research-based marketing are included in the collection. In this way, we are continuing to work with industry, stakeholders and our federal partners to identify experiences that support the delivery of Canada's tourism brand, *Canada. Keep Exploring*.



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.

CTC Media Centre website

Our bilingual CTC Media Centre is an interactive source for international media looking for Canada travel information and resources. The website features video footage (b-roll), photos, CTC news releases, Canada facts, media contacts and partners, and links to CTC research and corporate information. The site also features “story ideas” designed to inspire media to produce their own stories on travel to Canada, and “CTC News” reports on CTC research, corporate news, projects and initiatives. Users can subscribe to Story Ideas and CTC News via RSS feeds or e-mail alerts, follow us on Twitter and Facebook and comment on, bookmark and share our content. In 2010, we enhanced the Media Centre by adding blog-style content that is updated frequently. The site currently receives about 20,000 visits per month.

During the 2010 Winter Games, our mobile version of the Media Centre proved invaluable for journalists covering the Games. The site won a silver award in the Travel category of the 2010 W3 Awards, run by the International Academy of Visual Arts. For more information, visit www.canada.travel/media.

Social Media

With a collection of over 300 short travel documentaries produced in collaboration with partners in 2009, our focus in 2010 was to actively distribute this content through our existing social media platforms and marketing campaigns, as well as to online audiences proactively identified as being interested in Canadian travel experiences. This approach supported our mandate by providing travellers with a rich picture of the experiences available in Canada, thereby inspiring them to visit.

In 2010, we also enhanced our social media production efforts for our international markets. We established a presence in English, French, German, Spanish and Portuguese on our primary social platforms of Facebook, Twitter, YouTube and Flickr. Other notable social media programs in 2010 included the second phase of our domestic marketing campaign (*Locals Know*), Global Ski and numerous activations that surfaced during the 2010 Winter Games, such as the Shane Koyczan “We Are More” video (www.youtube.com/user/canadiantourism#p/search/1/BQbQGn_rqTw). Social media has allowed the CTC to cost-effectively build Canada’s tourism brand globally and will continue to be of use for years to come in engaging influencers and consumers in two-way dialogue.

Visiting Journalist Program

The Visiting Journalist Program (VJP) is an initiative that, through partnership with the provinces and territories, provides travel support for US media who profile Canadian travel experiences. In 2010, the program assisted in supporting 240 online, print and broadcast journalists from around the US to share their experiences in Canada. The 2010 VJP increased its emphasis on social media and offered continuous support to independent travel writers and freelancers, which generated 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 and social media.

Gros Morne National Park, Newfoundland and Labrador

Newfoundland and Labrador Tourism/Barrett and MacKay



Travellers can find adventure by immersing themselves in nature's wonders, water, and wildlife, without having to sacrifice their creature comforts.



Nova Scotia

Nova Scotia Tourism, Culture & Heritage

Leveraging the 2010 Winter Games for Canada

In 2010, we highlighted Canada to the world by creating a tourism personality for Canada before the Games, focused on media relations and Web communications during the Games, and worked with partners to harvest the “afterglow” following the Games. The 2010 Winter Games enjoyed the most extensive coverage ever produced for a Winter Games, reaching a record audience of 3.8 billion people worldwide. The International Olympic Committee (IOC) reported that 235 broadcasters and television stations covered the Games in 220 countries. The 2010 Winter Games were also a defining moment in Olympic broadcasting history, being the first Winter Games to be fully embraced on new media platforms, as rights holders and broadcasters increasingly sought to augment traditional media coverage with online content and live video streaming.

The following are highlights of some of the activities and programs conducted by the CTC to showcase Canadian tourism experiences and increase awareness of Canada as a tourism destination. A full report on the CTC's activities related to the 2010 Winter Games and the interim results can be downloaded from smr.newswire.ca/en/canadian-tourism-commission/canada-tourism-reaps-rewards-of-new-awareness.



Connecting with Canadians Program

The Connecting with Canadians program was established to leverage increasing international media and consumer interest in the 2010 Winter Games and in the athletes. Led by the CTC with support from provincial and territorial tourism partners, the program offered authentic Canadian tourism experiences to athletes and their families prior to the 2010 Winter Games. International athletes such as Lee Kyou Hyuk (photo inset), a popular South Korean long-track speed skater, and others participated in the program. During their stay in Canada, a TV crew followed their adventures and documented their travel experiences. The resulting assets included high-definition video, photographs and YouTube documentaries that were made available to international media in the CTC's markets and were used extensively before and during the Games. The program was successful in leveraging media attention and generating international media coverage. For example, South Korea's SBS-TV followed Lee Kyou Hyuk's trip in Canada and aired a full documentary of it in January 2010; it also used footage in its sports reporting in the months leading up to the Games.



Torch Relay International Media Program

In partnership with VANOC, the CTC developed the Torch Relay International Media Program to maximize international media coverage of the relay, spread Olympic excitement around the world and promote Canada's extraordinary tourism experiences. We invited 14 celebrities and Olympic personalities from our key international markets to participate in the relay as well as to engage in local Canadian experiences. Celebrity torchbearers included Akshay Kumar, a renowned Bollywood actor and Indian celebrity, NBC announcer and former tennis champion Mary Carillo, and Anna Maria Kaufmann (photo inset), an opera star in Germany.

Each torchbearer's journey through the Canadian landscape was broadcast and shared in his or her home countries during the Vancouver 2010 Olympic Torch Relay and again during the 2010 Winter Games, captivating new international audiences and inspiring them to book a trip to Canada. Before the relay, torchbearers spent time in the areas of their torch route to enjoy local tourism experiences and to connect with Canadians. As the international torchbearers were well-known and popular in their home countries, it was expected that their home media would cover their relay run and their corresponding tourism experiences. Millions of people around the world became aware of uniquely Canadian cities and landscapes, and learned more about Canada and its tourism possibilities. Overall, the program was successful in generating international media coverage with over 309 million international media impressions (number of times that individuals in CTC markets were exposed to print or broadcast stories related to the CTC's Olympic Torch Relay International Media Program) worth over \$4.5 million in advertising value.

Media Relations Program

The CTC played a significant role in helping to position Canada on the global stage during the Games by providing video shot from coast to coast to coast, as well as images and stories about Canada, to international broadcasters. Reaching audiences through television programming, particularly live event programming, was a powerful influence on our target consumers. For example, a clip featuring Manitoba's polar bears aired to an estimated 20 million viewers during NBC's primetime Olympic coverage on February 15th. Canada became the first country to integrate tourism experiences into the media coverage for global broadcast outlets. mediacentre.canada.travel/content/ctc_news/2010-winter-games-media-kudos-1

Leading up to and during the Games, the CTC distributed more than 20 Olympic-related packages with video, photos and storylines that focused on athletes' and international torchbearers' trips to Canada. Our b-roll was even used by NBC, the US rights-holding broadcaster, to promote the 2010 Winter Games during its Super Bowl coverage. With 100 million viewers, the Super Bowl spot alone was worth an estimated \$4.5 million in prime-time advertising exposure.

From January 1 to March 31, 2010, the audience reach (number of times that individuals were exposed to 2010 Winter Games messages that were influenced by the CTC) was 3.8 billion for print publications and 5.1 billion for broadcast, for a total of 8.9 billion impressions. By June 2010, global audiences had been exposed to Canada's tourism messages 12 billion times. By December 31, 2010, the audience reach of our material amounted to an advertising value of \$1.1 billion.³



Michele McKenzie, CTC President and CEO, is interviewed by SBS TV from South Korea on the occasion of the Four Host First Nations flame blessing ceremony in Vancouver.

³ This measure is 2.3b on the Enterprise Balanced Scorecard. It reflects the equivalent advertising value of a print-based editorial story or broadcast media that was influenced by the CTC. Pricing as indicated by the print/broadcast medium through which the article was published/aired is used or, if unavailable, an industry average price is used. Multipliers are not applied.

MC&IT 2010 Sales Program

As part of our Olympic Games tourism strategy, the CTC promoted Canada's capacity to host Meetings, Conventions and Incentive Travel (MC&IT) to the world. We leveraged existing partnerships with meeting planning associations to market Canada as a country with state-of-the-art media, convention, meeting and sports facilities and with experience executing world-class international events.

During the Games, we hosted presidents, CEOs and executive directors of organizations that each had the ability to produce up to \$10 million in potential business over the next five years, in order to build high-level relationships with these influential senior executives and to show Canada as a first-rate meeting destination. We reinforced the message that Canada has the infrastructure, quality and unique attributes to host the world.

The programming gave the most senior meeting planning professionals and decision-makers a "Behind the Scenes" look at what it takes to host the world's most high-profile and complex event. The program was so successful that it became an "Olympic Legacy" piece for the CTC and the format has been utilized with other significant events such as the G8/G20 Summit and the Toronto International Film Festival. To date, we have secured almost \$14 million in actual leads for potential programs mainly from US-based organizations generated as a result of the "Behind the Scenes" program, and \$1 million in definite business for Canada from an association that booked Toronto for a program in May 2014.



Tourism BC/Albert Normandin

Harvesting the Afterglow

Following the closing ceremonies of the 2010 Winter Games, we began to focus on harvesting the "afterglow effect" by sustaining the intrigue and interest that had been generated around the Games and extending it to new travel experiences across Canada. We began working with partners to target consumers and convert their interest in Canada into travel intentions with a focus on "closing the sale," moving the strategy from a brand-building phase to a focus on sales that harness the post-Games afterglow. Conversion campaigns were activated to drive bookings to Canada. The thrust of this effort is to ensure that the supply of sellable experiences is available to meet the demand generated. Specific initiatives include:

- Direct-to-consumer advertising campaigns with an emphasis on tactical messages that include urgent calls-to-action and price points.
- A key account program to ensure that we are working with tour operators in our markets that are in the best position to sell Canada and convert high-yield customers. The program includes tour operator training, as well as online Canada Specialist training for travel agents.
- Small and medium-sized enterprise (SME) outreach programs to align Canadian tourism experiences with Canada's tourism brand.

Charlottetown, Prince Edward Island

Tourism PEI/John Sylvester



Unique locally-sourced ingredients, natural freshness, and ethnic fusion and people all combine to make Canadian cuisine a savoury experience.



Quebec City, Quebec

Marketing Canada to the world: a strong return on investment

Overall, the CTC's measured direct-to-consumer campaigns generated an estimated \$1.9 billion in tourism revenue for Canada's economy, \$244.2 million in government revenues, and 16,569 jobs in Canada were created or maintained.

As part of our performance management framework, we track and evaluate the success of our direct-to-consumer marketing efforts through third-party-administered⁴ advertising tracking and conversion studies. In 2010, we conducted studies of our marketing campaigns in Canada, the US, the UK, Germany, France, Mexico, Australia, South Korea and Japan. We did not conduct advertising tracking and conversion studies in India, Brazil or China in 2010 because activities in those markets focused on travel trade, media and public relations, and meetings, conventions and incentive travel, rather than direct-to-consumer campaigns. As a result, the principal performance metric for these three developmental markets is the total number of agents who completed the first level of Canada Specialist Program (CSP) accreditation.⁵

We calculate conversion using the measure of "Marketing campaign return on investment (ROI)", which values tourist receipts generated by the CTC's marketing campaigns per dollar spent to execute the campaign. This form of conversion counts the number of 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.

For every dollar invested in the CTC's 2010 stimulus campaigns, \$44 was generated in tourism revenue. While we executed four stimulus campaigns in 2009, two were completed in 2010, explaining the variance in results in a year-to-year comparison.

Overall stimulus campaign performance metrics	2009 Results	2010 Results
Converted travellers	2.8 million	1.9 million
Attributable tourism export revenue	\$821.9 million	\$518.5 million
Marketing campaign ROI	87 : 1	44 : 1
Attributable jobs created and/or maintained	7,148	4,601
Attributable federal tax revenue	\$103.8 million	\$65.5 million

For every dollar invested in the CTC's 2010 core campaigns, \$82 was generated in tourism revenue.

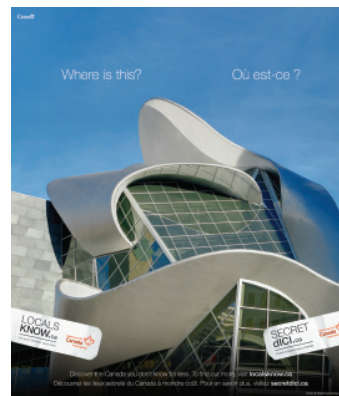
Overall core campaign performance metrics	2009 Results	2010 Results
Converted travellers	1.3 million	1.2 million
Attributable tourism export revenue	\$1.25 billion	\$1.35 billion
Marketing campaign ROI	101 : 1	82 : 1
Attributable jobs created and/or maintained	11,460	11,968
Attributable federal tax revenue	\$174.2 million	\$178.7 million

⁴ 2010 advertising tracking and conversion studies were administered by Insignia Research.

⁵ CSP is a comprehensive trade development and education program designed to differentiate Canada with a key distribution network. CSP educates travel agents and tour operators' sales and reservations teams regarding Canada product. Participating agents are offered a range of information and support to increase their ability to sell Canada as a destination.

Canada stimulus campaign (summer)

In 2010, we executed the second year of the LOCALS KNOW domestic integrated advertising campaign (print, magazine, TV and online) from May to August with the objective of persuading 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 2010 domestic summer campaign indicate that the campaign converted 14.0% of travellers (or an estimated 1.85 million Canadian travellers). Of those Canadians converted by the campaign, 648,000 diverted their trips from a foreign destination to a Canadian vacation. The campaign generated an estimated \$477.6 million in tourism revenue from converted travellers and contributed to the maintenance and/or creation of 4,238 jobs for the Canadian tourism industry. For every dollar invested in the 2010 campaign, \$59 was generated in tourism revenue.



Canada stimulus summer campaign performance metrics	2009 Results	2010 Results
Conversion rate	9.67%	14.0%
Converted travellers	1.3 million	1.9 million
International intenders to domestic conversion	200,360	648,000
Attributable tourism revenue	\$372.7 million	\$477.6 million
Marketing campaign ROI	56 : 1	59 : 1
Attributable jobs created and/or maintained	3,619	4,238
Attributable federal tax revenue	\$51.1 million	\$60.0 million

US core and stimulus summer campaigns

The US core summer campaign ran from March to July. As a result of the campaign, more than 436,000 American travellers were inspired to book a trip to Canada. The campaign generated \$187.1 million in tourism export revenue.

US core summer campaign performance metrics	2009 Results	2010 Results
Conversion rate	3.4%	2.5%
Converted travellers	603,000	436,000
Attributable tourism export revenue	\$320.1 million	\$187.1 million
Marketing campaign ROI	34 : 1	16 : 1
Attributable jobs created and/or maintained	2,939	1,660
Attributable federal tax revenue	\$44.7 million	\$24.8 million





The US stimulus summer campaign ran from March to July. As a result of the campaign, more than 50,000 American travellers were inspired to book a trip to Canada. The campaign generated \$28.7 million in tourism export revenue.

US stimulus summer campaign performance metrics	2009 Results	2010 Results
Conversion rate	2.2%	1.3%
Converted travellers	82,000	50,000
Attributable tourism export revenue	\$43.5 million	\$28.7 million
Marketing campaign ROI	13 : 1	10 : 1
Attributable jobs created and/or maintained	400	254
Attributable federal tax revenue	\$6.1 million	\$3.8 million

UK campaign

The UK campaign ran between January 18 and April 4, the period leading up to, during and after the 2010 Winter Games. As a result of the campaign, more than 290,000 British travellers were inspired to book a flight to Canada—almost twice as many as in 2009 and three times more than in 2008. The campaign generated an estimated \$379.3 million in tourism export revenue, up from \$255.7 million in 2009.



UK campaign performance metrics	2009 Results	2010 Results
Conversion rate	1.65%	3.14%
Converted travellers	181,000	291,000
Attributable tourism export revenue	\$255.7 million	\$379.3 million
Marketing campaign ROI	357:1	327:1
Attributable jobs created and/or maintained	2,348	3,365
Attributable federal tax revenue	\$35.7 million	\$50.3 million

Germany campaign

The Germany campaign ran between January 18 and April 17, though it was suspended during the Games. More than 128,000 German travellers booked a trip to Canada, up from about 91,000 in 2009. The campaign generated an estimated \$195.8 million in tourism export revenue, \$61.1 million more than in 2009.



Germany campaign performance metrics	2009 Results	2010 Results
Conversion rate	1.36%	1.69%
Converted travellers	91,000	128,000
Attributable tourism export revenue	\$134.7 million	\$195.8 million
Marketing campaign ROI	180 : 1	263 : 1
Attributable jobs created and/or maintained	1,237	1,738
Attributable federal tax revenue	\$18.8 million	\$25.9 million

France campaign

The France campaign ran between March 1 and April 17, converting an estimated 2.0% of long-haul French travellers, up from 1.7% in 2009. Over 121,000 travellers booked or took a trip to Canada, generating \$160.3 million in tourism export revenues.

France campaign performance metrics	2009 Results	2010 Results
Conversion rate	1.71%	2.02%
Converted travellers	138,000	121,000
Attributable tourism export revenue	\$184.9 million	\$160.3 million
Marketing campaign ROI	259 : 1	314 : 1
Attributable jobs created and/or maintained	1,698	1,422
Attributable federal tax revenue	\$25.8 million	\$21.2 million

Mexico campaign

Mexico's spring campaign was less successful at converting Mexican travellers than in 2009. Although media spend in 2010 was 2.6 times greater than in 2009, the proportion of long-haul travellers highly influenced by CTC advertising decreased from 28% to 17% (to 74,284 travellers) and generated \$106.7 million in tourism export revenues. This decrease is largely a result of new visa requirements implemented in July 2009.

Mexico campaign performance metrics	2009 Results	2010 Results
Conversion rate	4.60%	2.72%
Converted travellers	104,000	74,000
Attributable tourism export revenue	\$146.6 million	\$106.7 million
Marketing campaign ROI	338 : 1	95 : 1
Attributable jobs created and/or maintained	1,347	946
Attributable federal tax revenue	\$20.5 million	\$14.1 million

Australia campaign

The Australia campaign ran between January 10 and April 4, the period leading up to, during and after the 2010 Winter Games. Over 70,000 Australians moved from considering a trip to Canada to making a firm booking in 2010—almost twice the 2009 number. The campaign generated an estimated \$117.1 million in tourism export revenue, \$54.8 million more than in 2009.

Australia campaign performance metrics	2009 Results	2010 Results
Conversion rate	1.65%	2.19%
Converted travellers	38,000	71,000
Attributable tourism export revenue	\$62.3 million	\$117.1 million
Marketing campaign ROI	402 : 1	380 : 1
Attributable jobs created and/or maintained	572	1,039
Attributable federal tax revenue	\$8.7 million	\$15.5 million





Japan campaign

The Japan campaign ran from May to July 2010. The conversion studies results point to a successful campaign that converted an estimated 1.2% of long-haul Japanese travellers, slightly down from 1.7% in 2009. Almost 52,000 travellers booked or took a trip to Canada as a result of the campaign, generating \$77.7 million in tourism export revenue.

Japan campaign performance metrics	2009 Results	2010 Results
Conversion rate	1.66%	1.18%
Converted travellers	76,000	52,000
Attributable tourism export revenue	\$104.8 million	\$77.7 million
Marketing campaign ROI	804 : 1	371 : 1
Attributable jobs created and/or maintained	963	689
Attributable federal tax revenue	\$14.6 million	\$10.3 million



South Korea campaign

The South Korea campaign ran from May to August. As a result of the campaign, more than 55,000 South Korean travellers were inspired to book a flight to Canada. The campaign generated an estimated \$91.1 million in tourism export revenue, \$52.0 million more than in 2009.

South Korea campaign performance metrics	2009 Results	2010 Results
Conversion rate	0.63%	0.74%
Converted travellers	24,000	55,000
Attributable tourism export revenue	\$39.1 million	\$91.1 million
Marketing campaign ROI	337 : 1	310 : 1
Attributable jobs created and/or maintained	359	808
Attributable federal tax revenue	\$5.5 million	\$12.1 million

China

In June 2010, China officially granted Approved Destination Status (ADS) to Canada. This meant Canada could begin to receive group tours from China and that the CTC could engage in direct-to-consumer marketing in China, competing on equal footing with other countries for our share of the world's largest outbound tourism market.

China is expected to deliver 100 million international travellers by 2020. This growth has the potential to generate an additional \$300 million dollars a year in tourism revenues for Canada by 2015. In 2011, we begin direct-to-consumer advertising in China: we will launch a brand-awareness campaign to position Canada as a destination of choice for high-spending Chinese travellers, and we will work with tour operators in China and suppliers in Canada to showcase high-quality vacation experiences. In 2012, we expect to see significant growth from the China market attributable to our advertising and promotional campaigns, and partner support.

China activities performance metrics	2010 Results
Total number of agents who completed the first level of Canada Specialist Program (CSP) accreditation	557

India

In 2010, the CTC continued to actively engage and educate the Indian travel trade and media in the key cities of Delhi and Mumbai. We also commenced a key account/preferred agent strategy and offered opportunities for partner participation that supported the CTC's leadership role. We were also able to secure a contract with Akshay Kumar, the leading Bollywood film star, who has been named Canada's Tourism Ambassador for India. The connection to one million Indians living in Canada and the number of Indian films created in Canada are important parts of the CTC's strategy to advance Canada's tourism brand awareness in India.

India activities performance metrics	2010 Results
Total number of agents who completed the first level of Canada Specialist Program (CSP) accreditation	261

Brazil

In 2010, the CTC continued to develop the Brazil market by engaging tour operators, travel agents, airlines, social media, media, the Canadian Embassy and Canadian partners in order to generate interest and demand, as well as to lay the foundations for conversion. GDP growth in Brazil continues to be strong, and the Brazilian tourism trade's enthusiasm for Canada has resulted in a major increase in Canadian product offerings, now in place to service the growth in the middle-class. The 2010 Winter Games drew great attention to Canada in Brazil, and there was a significant increase of media coverage, which only intensified when Brazil was selected as host of the 2016 Summer Games.

Brazil activities performance metrics	2010 Results
Total number of agents who completed the first level of Canada Specialist Program (CSP) accreditation	167



Canada offers unique experiences shared between travellers and Canadians. Visitors can immerse themselves in the communities they visit and experience Canadian culture and personalities.



Saskatoon, Saskatchewan

Darrell Noakes

Awards

Corporate awards

FutureBrand's Country Brand Index

In 2010, *FutureBrand's Country Brand Index* (CBI) ranked Canada as the most powerful country brand in the world. 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 held 2nd place in both 2008 and 2009. 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.

Marketing awards

Webby Award for LOCALS KNOW

The CTC's LOCALS KNOW Web campaign received the Official Honouree distinction at the 14th Annual Webby Awards. Presented by The International Academy of Digital Arts and Sciences, the Webby Awards are the leading international award honouring excellence on the Internet.

Silver Cassie Award for LOCALS KNOW

The CTC's LOCALS KNOW campaign won a silver Cassie award in the category of Events & Seasonal. Presented by the Institute of Communication Agencies, the Cassies are Canada's only advertising award show based on proven business effectiveness and backed by rigorous published cases.

Adrian Awards

Presented by the Hospitality Sales and Marketing Association International (HSMAI), the Adrian Awards honour outstanding work in advertising, public relations and digital marketing in the travel industry. In 2010, the CTC won two Adrian Awards for its work to leverage the 2010 Winter Games:

- Gold in the "Feature Placement—Television" category for NBC's *"Today Show"* host Matt Lauer's run with the Olympic Torch in Burnaby, BC. The entry highlighted how the segment raised awareness of Canada as a top-notch travel destination, which was extended further when Lauer was interviewed by Oprah.
- Silver in the "Feature Placement—Print" category for our work in hosting four Olympic hopefuls for *Sports Illustrated's* (SI) celebrated swimsuit issue. Lindsey Vonn, Hannah Teter, Clair Bidez and Lacy Schnoor all came to Whistler, BC, to take part in the shoot. The special issue garnered a huge readership: 69 million people in the US, plus 116 million page views online and 11.8 million video views on the SI website.

HelmsBriscoe International Destination of the Year Award

The CTC received the International Destination of the Year Award At the 2010 Annual Business Conference of HelmsBriscoe, one of the largest third-party planning organizations in the world.

Top 25 Country Brands

RANK	COUNTRY BRAND	SCORE	RANK	COUNTRY BRAND	SCORE
01	CANADA	82.141	14	SPAIN	80.144
02	AUSTRALIA	81.142	15	SINGAPORE	81.142
03	NEW ZEALAND	81.140	16	MALDIVES	81.143
04	UNITED STATES	81.139	17	IRELAND	81.145
05	SWITZERLAND	81.140	18	BERMUDA	81.149
06	JAPAN	81.141	19	DENMARK	82.144
07	FRANCE	81.142	20	AUSTRIA	82.140
08	FINLAND	82.140	21	MAURITIUS	82.145
09	UNITED KINGDOM	80.141	22	GREECE	81.148
10	SWEDEN	82.141	23	INDIA	81.145
11	GERMANY	81.142	24	ICELAND	82.141
12	ITALY	81.140	25	NETHERLANDS	82.146
13	NORWAY	82.149			

"2010 is Canada's year. Rising from second to first place, brand Canada displaced the USA in a coup mirroring its ice hockey gold win at the Vancouver Winter Olympics. In fact, as host of the Games, Canada not only secured a record number of gold medals but delivered a successful event overall: a fact that must have helped its image as a safe, friendly, fun, world-class country."

FutureBrand's Country Brand Index 2010

Meeting Industry Marketing Award for Best Brand Marketing Campaign

The CTC won a Bronze Award for the Best Brand Marketing Campaign at the Meeting Industry Marketing Awards (MIMA) 2010. The annual awards ceremony is hosted by M&IT Magazine, and recognizes the marketers of the industry for their successes. The CTC's campaign included the Canada tunnel, which was a walkway of 104 images showing different scenes of Canada, through the walkway to the exhibition halls. The submission highlighted key results from the campaign, including a 153% increase in website hits. The CTC secured 15 new leads and 38 new prospects; if these leads land, they will provide a revenue value of \$5,892,500, for an ROI of 23:1.

Interactive Media Awards for CTC Media Centre

The CTC Media Centre won two 2010 Interactive Media Awards for Outstanding Achievement in the News and Travel/Tourism categories for good design, content, feature functionality, usability and standards compliance. The Interactive Media Awards are sponsored by the Interactive Media Council to recognize web professionals as leading providers of top-tier services in the marketplace.

Media Innovation Awards

The CTC won five Media Innovation Awards at the 11th annual event honouring excellence in the planning and buying of media in the Canadian marketing/advertising sector in 2010. Only 20 Gold trophies are awarded across all media and product categories. The five awards are:

- Gold in Travel, Entertainment, Leisure category: CTC Locals Know
- Gold in Digital OOH/Digital Place-Based Media category: CTC Twitter Wall
tribalddb.com/portfolio/ctc-twitter-wall/
- Silver in Integrated Multi-Channel category: CTC Locals Know
- Silver in Localization Campaign: CTC Locals Know
- Bronze in Travel, Entertainment, Leisure category: CTC Twitter Wall

Mexico's W Radio Distinctive W Award for Best Office of Foreign Tourism

The CTC in Mexico won a Distinctive W award for the "Best Office of Foreign Tourism in Mexico for its effort at fostering tourism" from W Radio, one of the country's most popular radio stations, now celebrating its 80th anniversary. The Distinctive W award ceremony is a high profile annual event that recognizes the best of the best in Mexico. On behalf of Canada, the team also received an honourable mention in the Best Foreign Destination category.

ITB Berlin Tourism Oscar Awards: Das Goldene Stadttor

During the 2010 ITB Berlin tradeshow—the world's largest travel trade show—the CTC in Germany received three tourism Oscar awards for CTC-produced films:

- Gold in the Region category for "*Kanada für Entdecker*" (Canada for Explorers)
- Gold in the Events category for "*Four Host First Nations*"
- Bronze in the Innovation category for "*Clever Women TV—CANASTASIA—5 Jahre Clever Women*"

B2B-Tourism Best in Industry Award for Canada Specialist Program

The CTC won the B2B-Tourism Best in Industry award at the 2010 New Media Institute Awards for its Canada Specialist Program, an interactive tool for teaching and training travel agents around the world on selling Canada.

Corporate governance

This section is written from a point in time perspective of December 31, 2010.

Constitution

The CTC is a federal Crown corporation wholly owned by the Government of Canada (the “shareholder”); we are accountable to Canada’s Parliament through the Minister of Industry. 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*
- *Alternative Fuels 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 is due in 2016.

Strategic planning

Throughout 2010, a 26-member Board of Directors managed the business of the CTC. The role of the Board of Directors is to provide strategic leadership and stewardship, and approve the allocation of resources, as well as the Corporate Plan and Annual Report, which form the centrepiece of the accountability regime adopted by Parliament for federal Crown corporations.

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 *CTC Act* names the office of Deputy Minister of Industry as *ex officio* director.

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, a summary of which is tabled annually in Parliament and available on the CTC corporate website at: en-corporate.canada.travel/Corporate/Flyout.page?id=321&fid=338.

Governance review

During the 2011-2015 planning period, changes to the structure of the CTC's Board of Directors are expected. In April 2008, the Government of Canada, through the Minister of State (Small Business & Tourism), invited the Board to carry out a broad assessment of the governance structure of the CTC. In February 2009, we 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 our current governance framework, recommendations of an optimal governance model based on best practices and our unique nature, and recommendations on the steps required to implement the proposed model. Reflecting best practices, the final report recommended a new, streamlined, effective governance framework for the CTC as follows:

- The size of the 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 for their skills and experience relevant to the CTC's strategic needs;
- Provincial and territorial deputy ministers should no longer serve on the Board. To provide direct liaison between the CTC and provincial and territorial deputy ministers on matters of mutual interest, the CTC has established a formal provincial and territorial deputy ministers' forum that meets twice a year; and
- The CTC should continue its extensive engagement with the tourism industry through advisory committees and other formal and informal methods already in place.

The Board of Directors strongly supported all recommendations to move the CTC towards 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 results of the assessment were approved by the Board of Directors in October 2009 and subsequently submitted to the Government of Canada. The 2010 Budget implementation bill, the *Jobs and Economic Growth Act*, introduced changes to the Board, including the elimination of 14 positions as part of the federal government's plan to improve efficiency and governance across federal departments and agencies.

The CTC remains committed to reaching out and working with the tourism industry and has mechanisms in place to ensure that the CTC's Board and management are engaged with industry, including:

- The continuation of the CTC's advisory committee structure and their important role of advising the Board of Directors and the President & CEO;
- The creation of a provincial/territorial tourism Deputy Minister's forum table that meets twice annually to ensure that all jurisdictions are current on the CTC's activities and have the opportunity to provide input;
- Regular meetings with the CTC's destination marketing counterparts at the provincial and territorial marketing organizations, as well as Destination Marketing Association of Canada (DMAC), an organization that represents Canadian Civic destination marketing; and
- Annual meetings with similar National Tourism Organizations (NTOs) with the objective of establishing best practices and international benchmarks.

Board of Directors

This section is written from a point in time perspective of December 31, 2010.

In 2010, the CTC Board of Directors met four times in person in different regions of the country and three times by conference call. The Executive Committee met three times in person.

Chair of the Board

Mr. Steve Allan
Vice-President
RSM Richter Inc.

President & CEO

Ms. Michele McKenzie

Government of Canada (ex officio member)⁶

Ms. Marie-Josée Thivierge
*Assistant Deputy Minister, Small
Business, Tourism and Marketplace
Services*
Industry Canada

National Private Sector Representatives

Mr. Montie Brewer
Vice-Chair of the Board

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

Mr. Dray Matovic
President
Hallex Ventures Inc.

Mr. Rod A. Seiling*
Chair
Ontario Racing Commission

Ms. Liette Lacroix Kenniff
(until July 2010)

Mr. Scott Allison
*Vice-President, Canadian
Operations*
Marriott Hotels & Resorts of Canada

Ms. Leah George-Wilson
(until November 2010)
*Director, Treaty, Land and Re-
sources Department*
Tsleil-Waututh First Nation

Mr. Kosta Tomazos*
*President, Hospitality Investment
and Management*
CK Atlantis Inc.

Mr. George Young
*Chair, Economic Development
Committee*
Huntsville, Ontario

Regional Private and Public Sectors Representatives

**Newfoundland & Labrador
and Nova Scotia**
Ms. Gina Hodge-Noordhof*
President and Manager
Norseman Restaurant and Gaiia Art
Gallery
L'Anse aux Meadows, Newfound-
land and Labrador

Ms. Kelliann Dean
(until January 2010)
Deputy Minister
Nova Scotia Department of Tourism,
Culture and Heritage

New Brunswick and Prince Edward Island

Ms. Anne Arsenault*
Owner/Operator
Driftwood Country Cottages
Tignish, Prince Edward Island

Ms. Ellen Barry
(until November 2010)
Deputy Minister
New Brunswick Department of
Tourism and Parks

Quebec

Mr. Alexander Reford
Owner/Operator
Les Jardins de Métis
Grand-Métis, Quebec

Ontario

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

Mr. Drew Fagan
(until September 2010)
Deputy Minister
Ontario Ministry of Tourism

Alberta, Northwest Territories and Nunavut

Mr. Boyd Warner*
Owner/Operator
Bathurst Inlet Lodge and Bathurst
Arctic Services
Northwest Territories

Mr. Bill Werry
(until December 2010)
Deputy Minister
Alberta Tourism, Parks and
Recreation

Manitoba and Saskatchewan

Mr. Shaun Harbottle*
Owner/Manager
Crescent Beach Cottages
West Hawk Lake, Manitoba

British Columbia and Yukon Territory

Mr. Rod Taylor
Owner/Operator
Uncommon Journeys Ltd.
Yukon Territory

* In January 2011, these seven Directors resigned from the Board in order to facilitate the CTC's move towards adopting a smaller Board of Directors, as per the recommendation of the Governance Review.

⁶ The CTC Act names the office of Deputy Minister of Industry as ex officio director; however, in 2010 the Deputy Minister delegated these duties to the Assistant Deputy Minister, Small Business, Tourism and Marketplace Services.

Committees of the Board of Directors⁷

In 2010, the CTC Board of Directors included the following four standing committees as established by the *CTC Act*:

Executive Committee

- The Executive Committee managed urgent matters between Board meetings and exercised certain Board powers.

Chair: Steve Allan

Members: Montie Brewer, Jean-Marc Eustache, Michele McKenzie, Alexander Reford, Rod Seiling, Marie-Josée Thivierge, Kosta Tomazos

Governance & Nominating Committee

- The Governance & Nominating Committee oversaw the appointment process for private sector directors and monitored Board and committee effectiveness.

Chair: Rod Seiling

Members: Steve Allan, Gina Hodge-Noordhof, Liette Lacroix Kenniff, Bhagwant Parmar, Rod Taylor

Audit & Pension Committee

- The Audit & Pension Committee oversaw financial and management control systems, financial reporting, the administration, financial reporting and investment activities of the Commission's pension plans, and internal audits.

Chair: Kosta Tomazos

Members: Steve Allan, Leah George-Wilson, Dray Matovic, Alexander Reford, Boyd Warner, Bill Werry

Human Resources Committee

- The Human Resources Committee carried out Human Resources strategic planning, recommended compensation for non-unionized Canadian employees, and reviewed succession planning.

Chair: Alexander Reford

Members: Steve Allan, Scott Allison, Ellen Barry, Kelliann Dean, Shaun Harbottle

⁷ In January 2011, the CTC modified its by-laws and all Directors became members of the Executive Committee of the Board. As a result, Executive Committee meetings scheduled for 2011 will involve all members of the Board. In addition, due to the resignation of seven Directors in January 2011 to facilitate the CTC's move towards adopting a smaller Board of Directors, the Board felt it necessary to review the membership of all Board Committees. As such, membership of the remaining Board Committees was revised as follows:

• **Governance & Nominating Committee**
Chair: Alexander Reford
Members: Steve Allan, Jean-Marc Eustache, George Young

• **Audit & Pension Committee**
Chair: Steve Allan (Interim)
Members: Scott Allison, Montie Brewer, Dray Matovic

• **Human Resources Committee**
Chair: Scott Allison
Members: Steve Allan, Rod Taylor

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. In 2010, there were six CTC Advisory Committees chaired by and comprised of tourism industry leaders and experts. These Advisory Committees were mainly responsible for providing advice to the Board and the CEO.

2010 CTC Advisory Committee Chairs⁸

Europe Marketing Committee

Christena Keon Sirsly

Brand Experiences Committee

Andrew Lind

Director, Contracting & Product
Jonview Canada

Research Committee

Stephen Pearce

Vice-President, Leisure Travel & Destination Management
Tourism Vancouver

Asia/Pacific Marketing Committee

Mike Ruby

President
Muskoka Language International Inc.

Americas Marketing Committee

David Whitaker

President & CEO
Tourism Toronto

Meetings, Conventions & Incentive Travel (MC & IT) Marketing Committee

Patrick Kelly (until March 2010)

President
Ottawa Congress Centre

Patricia Lyaal (since March 2010)

President & CEO
Destination Halifax

In 2010, there were also six In-Market Committees chaired by and comprised of in-market tourism industry leaders and experts. These committees were mainly responsible for providing in-market advice to CTC staff.

2010 In-Market Committee Chairs

United Kingdom

Bob Atkinson

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

Germany

Tilo Krause-Dünnow

Owner
CANUSA Touristik GmbH & Co. KG

South Korea

Young Lee

General Manager
Air Canada

Mexico

Cristina Vazquez

General Director of Mexico and Latin America
Air Canada

France

Patrice Caradec

President, General Manager
Transat France

Australia

David Mulley

Director
Asia Pacific Travel Marketing

⁸ In January 2011, the Board of Directors restructured the Advisory Committees to reflect the CTC's strategic shift: the Americas Marketing Committee was eliminated; the Europe Marketing Committee was merged into a new Core Markets Committee; and the Asia/Pacific Committee was merged into a new Emerging Markets Committee.

Senior Management Committee



Left to right: Charles McKee, Lena Bullock, Chantal Péan, Paul Nursey, Michele McKenzie, Greg Klassen

Michele McKenzie

President and Chief Executive Officer

Ms. McKenzie joined the CTC in 2004 after serving as Deputy Minister of Tourism, Culture and Heritage for the Province of Nova Scotia. She has held positions on a number of boards including the Nova Scotia Liquor Corporation, the Art Gallery of Nova Scotia and the Nova Scotia Museum. She is a member of the Institute of Corporate Directors and holds a Bachelor's degree in Commercial Recreation / Marketing and an MBA from Dalhousie University.

Chantal Péan

Senior Vice-President, Corporate Affairs and Corporate Secretary

Ms. Péan joined the CTC in 1991 and was appointed Vice-President of Corporate Affairs and Corporate Secretary in 2000, and Senior Vice-President of Corporate Affairs and Corporate Secretary in 2003. She holds a Bachelor of Science degree from the University of Manitoba, and a Bachelor of Law, Notary Diploma (Droit notarial) and MBA from the University of Ottawa.

Greg Klassen

Senior Vice-President, Marketing Strategy and Communications

Mr. Klassen joined the CTC in 2001 after having worked in marketing with both Telus and AT&T, and taught marketing at Algonquin College in Ottawa. He was appointed Vice-President of Marketing in 2005, and Senior Vice-President of Marketing Strategy and Communications in 2008. He holds an MBA from Thunderbird, The American Graduate School of International Management and a Bachelor's degree in Economics from the University of Victoria.

Lena Bullock

Vice-President, Finance and Chief Financial Officer

Ms. Bullock joined the CTC in 2005 as Executive Director, Financial Operations, and was appointed Vice-President of Finance and Chief Financial Officer in 2009. She has a Bachelor of Commerce from the University of British Columbia and is a Chartered Accountant with extensive experience in the private sector, including work with KPMG, Molson Breweries, Coca Cola Bottling Company and Blast Radius Inc.

Charles McKee

Vice-President, International

Mr. McKee joined the CTC in 2009 as Vice-President, International, after having served with Air Canada for seven years, most recently as Vice-President, Marketing, based in Montreal. He has also worked with Virgin Atlantic Airways in London, the US and Asia, and served as Executive Vice-President of LastMinute.com, Europe's largest online travel company. He holds an honours degree in East Asian Studies from Harvard University.

Paul Nursey

Vice-President, Strategy and Corporate Communications

Mr. Nursey joined the CTC in 2006 with over 10 years of tourism management experience, having worked with Rocky Mountaineer Rail Tours, Mount Seymour Resorts and Tourism Vancouver. He was appointed Vice-President of Strategy and Corporate Communications in 2010. He holds degrees in Economics and Regional Planning from Simon Fraser University and a certificate in Executive Development in Tourism from the University of Hawaii at Manoa.

Performance measurement

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.

Enterprise 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, by acting as a strategy management tool, as well as a measurement tool, the BSC assists in strategy execution; it helps management remain focused on the strategy.

The BSC 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 growing tourism export revenues for Canada.

We measure organizational performance in relation to the external environment, but we also monitor and adapt to the tourism economy. Therefore, the BSC contains a mixture of CTC performance measures and tourism industry indicators. For 2010, the four most critical measures to achieving our goal of growing tourism export revenues for Canada were:

- Aided destination awareness;
- Marketing campaign ROI;
- Partner contributions; and
- Employee engagement.

The overall aided awareness of Canada as a travel destination increased from 33.5% in 2009 to 33.9% in 2010, with notable gains of 12.0% in the UK and 8.7% in Australia. This is largely attributable to increased attention on Canada as a destination due to the 2010 Winter Games.

We were able to achieve strong results for our marketing efforts as expressed through the performance measure of "Marketing campaign ROI." For every dollar invested in our stimulus campaigns, \$44 was generated in tourism revenues. Likewise, for every dollar invested in our core campaigns, we generated \$82 in tourism export revenues.

Partnership contributions totalled \$138.5 million in 2010, resulting in an overall 1.32:1.0 ratio of partner contributions to our total budget allocation of \$104.9 million. This result demonstrates that our programs were relevant to partners. Looking forward, the 2011 partnership landscape of the CTC will be impacted as a result of our strategic shift to cede leadership in the US leisure market to our Canadian partners. While we remain fully committed to working in partnership and offering partnering programs and access to the marketplace, our traditional target of 1:1 partnership ratio will no longer be feasible. The CTC management estimates that a target of 0.6:1 for the 2011 fiscal year is more reasonable.

Our employee engagement index increased to 67.7% in 2010, from 62.5% in 2009. The most significant contributor to this increase in index is for the question "I am proud to work for the CTC," which increased by 11 points from last year.

2010 Enterprise Balanced Scorecard

Tourism Industry Performance Indicators		unit	2009 result	2010 target	2010 result
1. Shareholder & Stakeholder					
1.1 Objective: Focus on markets of highest return on investment and convert high-yield customers					
a	Tourism export revenues	\$	14.0 B	N/A	14.8 B
b	Tourism GDP	%	2.0	N/A	2.0
c	Tourism employment	#	616,800	N/A	610,600
d	International tourist receipts from CTC's markets	\$	9.4 B	N/A	9.7 B
e	Average spend per person per night among CTC's markets	\$	106.90	N/A	106.70
f	Tourism domestic demand (revenue)	\$	55.4 B	N/A	59.1 B
CTC Performance Measures					
1. Shareholder & Stakeholder					
1.2 Objective: Lead industry in brand alignment and consistency					
a	Partner brand alignment	%	57	N/A*	N/A*
b	Partner satisfaction	%	85	N/A*	N/A*
1.3 Priority: Leverage stimulus investment to benefit the Canadian tourism industry					
a	International intenders to domestic conversion	#	404,605	234,329	648,000
b	Stimulus campaign ROI	#	87 : 1	50 : 1	44 : 1
1.4 Priority: Maintain positive and collaborative relationship with shareholder					
a	Shareholder engagement	%	89	75	88
b	Compliance with the <i>Official Languages Act</i>	Grade	Exemplary (A)	Good (B)	No grade in 2010**
1.5 Priority: Increase engagement with small and medium sized enterprise (SME) community					
a	SME direct participation in CTC programs	#	N/A	10,000	9,938
b	CTC News subscriptions	#	10,679	50,000	11,332
2. Customer					
2.1 Objective: Focus on markets of highest return on investment and convert high-yield customers					
a	Marketing campaign ROI +	ratio	101 : 1	50 : 1	82 : 1
b	MC & IT leads and prospects	#	1,003	1,025	1,064
c	MC & IT lead conversion	%	N/A	10	30
2.2 Priority: Ensure customer relevancy and differentiate Canada					
a	Aided destination awareness +	%	33.5	38.5	33.9
b	Aided destination consideration	%	71.6	77.0	71.8
c	Aided brand awareness	%	43.9	50.0	44.7
d	Country brand rank	Top 5: Yes/No (rank)	Yes (2)	Yes (5)	Yes (1)
2.3 Priority: Leverage exposure and best practices for Canada of the 2010 Winter Games					
a	PR impressions in CTC markets covering both Canadian tourism and the 2010 Winter Games	#	2.3 B	1.9 B	13.5 B
b	Ad equivalency in CTC markets covering both Canadian tourism and the 2010 Winter Games	\$	82.4 M (print)	95 M	1.1 B
3. Budget & Finance					
3.1 Priority: Foster organizational excellence					
a	Partner contribution +	ratio	1.26 : 1	1 : 1	1.32 : 1
b	Variance to forecast (Q2)	%	4.3	1.0	2.0
c	Overhead costs	%	14.5	18 maximum	15.4
4. Internal Operations					
4.1 Priority: Foster organizational excellence					
a	Systems effectiveness	%	N/A	benchmark	Measure removed***
b	Alignment of budget and planning process	Yes/No	N/A	Yes	Yes
c	"Managing for Results" maturity level	5-point scale	N/A	4	4
5. Learning & Growth					
5.1 Priority: Foster organizational excellence					
a	Core values exhibited	%	58.3	70.0	58.3
b	Employee engagement +	%	62.5	65.0	67.7
c	Training plan implemented by both supervisor and employee	%	N/A	80	Measure removed****

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.

Legend

+ CTC Critical Metric

* Partner brand alignment and partner satisfaction data is collected every two years through the CTC's Bi-Annual Partner Survey.

** The Office of the Commissioner of Official Languages now evaluates the CTC biennially; next report will be in 2011.

*** Result for this measure was not available in 2010 due to delayed acquisition and implementation of the applicable IT applications.

**** Due to the reduced capacity to track this measure as a result of the re-organization, as well as the policy change not requiring requests for training to be approved by the People Development Unit, this measure was removed for the organization.

2010 Enterprise Balanced Scorecard Measure Definitions

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

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

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

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

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

1.1f Tourism domestic demand (revenue): Total spend in Canada by Canadians on domestically produced commodities. Note: not seasonally adjusted. Source: National Tourism Indicators, Statistics Canada.

1.2a Partner brand alignment: Percentage of partners who have aligned with at least one element of the CTC brand: visual identity (e.g. logo, colour palette, typography, pattern bar graphics); tone and writing style; experiential photography style; and/or assets (video, text, social media). Source: CTC's Bi-Annual Partner Survey.

1.2b Partner satisfaction: Percentage of partners who are satisfied with their relationship with the CTC. Source: CTC's Bi-Annual Partner Survey.

1.3a International intenders to domestic conversion: A projection of the number of Canadians who were intending on travelling to an international destination and, upon exposure to the campaign, decided to travel within Canada.

1.3b Stimulus campaign ROI: The value of tourist receipts generated by CTC's stimulus marketing campaigns per dollar spent to execute the campaigns. This form of conversion counts those individuals who were considering travelling to/within 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/within Canada upon seeing the advertising.

1.4a Shareholder engagement: Percentage of Government shareholders who feel they receive the right level of support and information from the CTC. Source: CTC Annual Shareholder Survey.

1.4b Compliance with the Official Languages Act:

The overall rating given by The Office of the Commissioner of Official Languages; the CTC is among numerous federal institutions evaluated biennially in terms of its obligations under the *Official Languages Act*. Source: www.ocol-clo.gc.ca/html/performance_rendement_e.php

1.5a SME direct participation in CTC programs: Number of times SMEs were engaged by the CTC, including:

- Requested the Experiences toolkit and/or Brand Guidelines;
- Attended a CTC seminar or presentation;
- Provided product for the CTC's website; and/or
- Participated in a CTC-led initiative.

1.5b CTC News subscriptions: The number of individuals who subscribe to *CTC News*. Note that an organization may have multiple individuals subscribed.

2.1a Marketing campaign ROI: The value of tourist receipts generated by CTC's core marketing campaigns per dollar spent to execute the campaign. This form of conversion counts those individuals who were considering travelling to Canada but had not yet booked a trip prior to being exposed to the campaign, and were positively influenced to visit or book a trip to Canada upon seeing the advertising.

2.1b MC&IT leads and prospects: The CTC considers a lead to be an organization that is seriously considering hosting an event in Canada. A prospect is considered to be an organization that has the capability of holding an event in Canada and has a need to hold an event; is aware of Canada; has legitimate authority and ability to buy or commit; has a sense of urgency about making a buying decision; and has no requirements that would exclude Canada.

2.1c MC&IT lead conversion: The number of MC&IT leads that have resulted in an actual booking made this calendar year. Note the lead itself could have occurred in a previous year; we are measuring when the booking was made.

2.2a Aided destination awareness: Percentage of long-haul travellers in CTC markets who rate their knowledge of vacation opportunities in Canada as "excellent" or "very good" after having been prompted with a set of predetermined destinations.

2.2b Aided destination consideration: Percentage of long-haul travellers in CTC markets who are "somewhat" or "very interested" in visiting Canada in the next two years when prompted about Canada among a set of competitive destinations.

2.2c Aided brand awareness: The average value of Aided destination awareness, Aided destination consideration and Aided advertising awareness in CTC markets. Aided advertising awareness is the percentage of respondents in CTC markets who recall seeing or hearing any Canadian advertising related to travel or holidays within three months of the survey.

2.2d Country brand rank: An annual rank of country brands, according to the *FutureBrand's Country Brand Index*. The approach incorporates a global quantitative survey, expert opinions and external statistics which are compared and combined to better understand drivers, preference, importance and relativism of country brands.

2.3a PR impressions in CTC markets covering both Canadian tourism and the 2010 Winter Games: The total number of people potentially exposed to a print or broadcast story that was influenced by the CTC, or featured CTC assets, and mentioned both Canadian tourism and the 2010 Winter Games.

2.3b Ad equivalency in CTC markets covering both Canadian tourism and the 2010 Winter Games: The equivalent advertising value of a print-based editorial story or broadcast media that was influenced by the CTC (i.e. CTC supported the trip for the journalist and/or broadcast crew in some way: paid for airfare or worked with partners to host the media). Pricing as indicated by the print/broadcast medium through which the article was published/aired will be used or, if unavailable, an industry average price will be used. Multipliers will not be applied.

3.1a Partner contribution: Ratio of total partner contributions (cash, in-kind, parallel, 3rd party) versus CTC investment (parliamentary appropriations).

3.1b Variance to forecast (Q2): Actual expenditures subtracted from expenditures forecasted at the end of the second quarter, divided by the total expenditure forecasted at the end of the second quarter. A positive variance indicates that actual spend is under budget; a negative variance indicates that actual spend is over budget.

3.1c Overhead costs: Overhead costs divided by total appropriations and partnership cash revenues. Overhead is defined as total compensation and operating costs excluding compensation, professional services and contract help costs directly related to marketing and sales units. Overhead also excludes website maintenance costs.

4.1a Systems effectiveness: Employee satisfaction with the support provided by applicable IT applications.

4.1b Alignment of budget and planning process: Whether or not the budget and planning processes occurred with mutual consultation and consideration.

4.1c "Managing for Results" maturity level: The stage at which the CTC rates in terms of the TBS Managing for Results Self-Assessment tool. There are five stages overall; items measured include:

- Commitment to Results;
- Results-based strategic planning;
- Operational/business planning;
- Measuring results; and
- Reporting on Results.

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

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

5.1c Training plan implemented by both supervisor and employee: Percentage of employees who completed their training plan during the year (as agreed upon in each employee's mid-year personal balanced scorecard).

Management discussion & analysis

Our goal: Grow tourism export revenues for Canada.

Our vision: Inspire the world to explore Canada.

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

Our core values: Innovation, collaboration, respect.

Our 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 following *Management discussion and analysis* section should be read in conjunction with the financial statements and notes included in this annual report.

Important accounting estimates

The CTC's significant accounting policies are described in Note 2 of the financial statements. The preparation of financial statements in conformity with Canadian generally accepted accounting principles requires management to make estimates and assumptions. The most significant estimates involve the determination of employee future benefits, the useful lives for amortization of property, equipment and tangible assets, asset retirement obligation and financial instruments.

Corporate planning

The 2010-2014 Corporate Plan established our objectives and priorities for 2010 and reaffirmed the strategic goal of growing tourism export revenues for Canada. By concentrating our efforts on the following three objectives, we worked 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 formed the framework for how we worked towards achieving our three objectives in 2010:

- **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 the visitor economy through domestic marketing and enhancing the CTC's relevance for SMEs.

As part of our 2011-2015 planning process that took place in 2010, we made several strategic decisions that will affect our corporate objectives and priorities in 2011 and beyond. By concentrating our efforts on the following two objectives, we will be in the best position possible to achieve our mandate for the benefit of Canada's tourism industry:

- **Increase demand for Canada's visitor economy**
 - Generate wealth for Canadians by focusing on both short-term and long-term potential for maximizing return on investment as markets mature and evolve.
 - Engage in effective tourism marketing, promotions and market development activities supported by market research as we aim to support the achievement of Canada's national tourism revenue goal of \$100 billion by 2015.
- **Focus on markets where Canada's tourism brand leads and yields the highest return on investment**
 - Concentrate on those geographic markets or consumer market segments where marketing at the national level (i.e. Canada's tourism brand) leads to the highest potential for return on investment.
 - Convert high-yield customers by investing in appropriate communication channels based on insights from customer segmentation research and the path-to-purchase model.

In addition, the following four key priorities for action form the framework for how we will achieve our two objectives in the 2011-2015 period:

- **Ensure customer relevancy and differentiate Canada**
 - Develop and maintain relevant communication with targeted potential travellers and ensure that the marketing message they receive is relevant and addresses their interests and expectations as consumers.
 - Position Canada's tourism brand as one of the leading experiential tourism brands in the world, where travellers create extra-ordinary stories all their own.
- **Harvest the afterglow of the Vancouver 2010 Olympic and Paralympic Winter Games for Canada**
 - Engage with industry partners and international travel intermediaries to target consumers with the aim of converting consumer interest in Canada from media coverage of the 2010 Winter Games into travel intentions, with a focus on closing the sale.

- **Lead industry in international brand alignment and consistency**

- Work closely with industry and governments at all levels to communicate the advantage of a strong, consistent international tourism brand for Canada.
- Engage export-ready small and medium-sized tourism enterprises (SMEs) in CTC communications platforms to align supply with consumer demand in international markets and to strengthen the value of Canada's tourism brand by showcasing compelling product experiences.
- Lead industry and government in tourism marketing.
- Drive brand alignment and relevancy.

- **Foster organizational excellence**

- Be a "strategy-focused organization" with the right tools, people and resources in place to deliver.
- Maintain a positive and collaborative relationship with the shareholder.
- Focus on overhead management and implement cost containment measures.

Financial performance

a) Government funding

As a federal Crown corporation, we receive an annual appropriation from our shareholder, the Government of Canada. The CTC relies 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 generally accepted accounting principles 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.

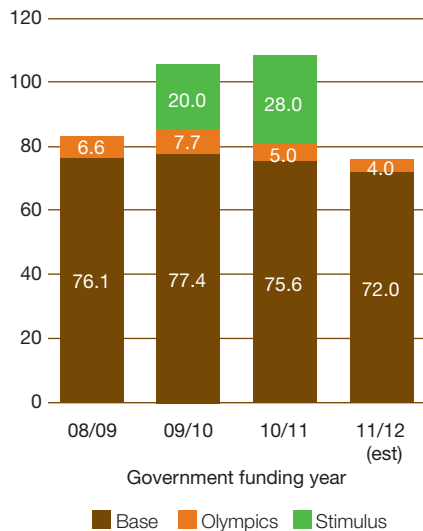
The Commission will have a deferred parliamentary appropriations balance at year-end when the appropriations received exceed expenses incurred. On the other hand, the Commission will have a parliamentary appropriations receivable balance when expenses incurred exceed parliamentary appropriations received. 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.

Also, as the CTC has a different fiscal year end from the Government of Canada, appropriations used by the CTC in a fiscal year are drawn from two fiscal periods of the government. For the year ended December 31, 2010, the CTC drew down appropriations

approved from government fiscal periods 2009-10 and 2010-11 (Note 8). Under generally accepted accounting principles, appropriations are recognized in our financial statements as expenses are incurred. For the year ended December 31, 2010, this amounted to \$106.3 million. For capital assets, appropriations are recognized on the same basis of amortization as the underlying assets. This amount was \$2.3 million for the 2010 fiscal period. Thus, the total amount of appropriations recognized for the year on our financial statements was \$108.6 million.

The CTC's base appropriations were once as high as \$98.7 million in 2001, the first year of the CTC's existence as a Crown corporation, and have declined significantly since that time. Base funding for 2009-10 was \$77.4 million, which includes \$1.6 million for compensation adjustments related to the signing of the collective bargaining agreement for Canadian based staff, \$803,000 of which was retroactive to prior years. Appropriations for 2009/10 also reflect a \$230,000 funding cut. Base funding for 2010-11 is \$75.6 million, which reflects efficiency reductions of \$421,000 and strategic review reallocation of \$896,000. 2011-12 base funding will reflect the full, cumulative impacts of both the efficiency reductions (\$649,000) and strategic review reallocation (\$4.2 million). Resulting 2011-12 funding is estimated to be \$72.0 million. In anticipation of a reduced base funding level, CTC management implemented a new, leaner, more scalable operating structure in 2010, which would allow the CTC to operate with lower overhead costs in the future. In 2010, the CTC continued to receive funding in support of two major initiatives: 2010 Olympics Games Strategy and Budget 2009 Economic Action Plan (Stimulus).

Available Parliamentary Appropriations
millions of CAD



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 being utilized over a five year period, starting in fiscal 2008. To-date, the Commission has requested and received \$21 million. The remaining amounts will be requested through Main Estimates appropriations over Government Fiscal years 2010-11 and 2011/12.

Budget 2009 provided the CTC 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. In May 2010, the Government of Canada announced an additional \$8 million for the CTC. Of the \$8 million, the CTC dedicated \$2.8 million to its 2010 fiscal year to expand activities in existing program areas that are directly linked to our mandate and build upon existing expertise in global marketing, media and public relations. The remaining \$5.2 million will be utilized in the first quarter of 2011. In 2010, the CTC requested and received \$42.8 million of funding for its Economic Stimulus activities. All of the CTC's stimulus programs will be completed by March 31, 2011.

b) Partnership revenues

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

In 2010, the CTC recognized \$16.3 million of these types of partnership contributions, up from \$15.0 million in 2009. The increase is largely attributable to higher levels of partnering in Core activities in the US, Germany, France, UK and South Korea.

The CTC recognized \$0.7 million of partner revenue from 2010 Olympic Games initiatives, down \$2.1 million from prior year. The CTC realized significant partnership revenues in 2009 from the National Asset Development Program⁹ and with the Canada Border Services Agency leading up to the Games.

Stimulus activities generated \$2.1 million of partner revenues, up \$0.4 million from 2009 mainly from the 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 are no longer a significant revenue source. For 2010, interest revenues are \$188,000.

The CTC engages various commodity tax recovery service providers who successfully recovered \$200,000 in commodity taxes for Canada and Japan. These recoveries have been recognized as Other Revenues.

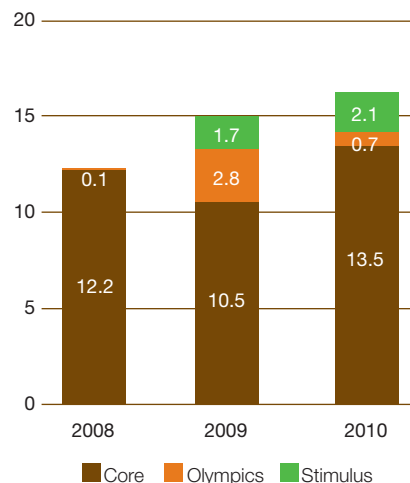
d) Expenditures

Total expenditures have changed significantly year over year due to the impact of one-time funded initiatives related to the 2010 Olympics and Stimulus (refer to chart below). Overall expenditures (excluding amortization) were \$122.6 million in 2010 (\$110.5 million in 2009), made up of \$89.4 million Core, \$7.9 million Olympic and \$25.3 million Stimulus spending. Total expenditures are up \$12.1 million from 2009.

Marketing and sales spending was higher by \$9.1 million. Spending for Stimulus activities was higher by \$4.4 million as 2010 included a full year of Stimulus activities, compared to only part of 2009. Core marketing and sales spending increased by \$5.8 million from core activities such as Ski, and the extension of UK and Germany spring/fall campaign, of which \$3.0 million was covered by increased partner revenues, and a further \$2.7 million in new initiatives with NBC and Australia Fall campaign, Germany and UK broadcast, Explore Like a Local and EQ/Market research. This is offset by decrease in Olympic spend of \$1.1 million due to wind-down post Games and shift to conversion work.

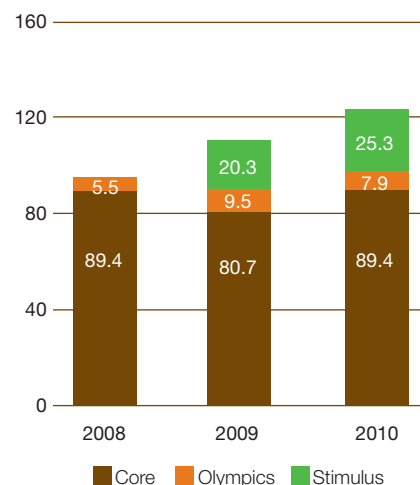
Partnership revenues

millions of CAD



Total expenditures

millions of CAD



⁹ 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.

In July 2010, the CTC announced a significant strategic shift which resulted in the implementation of the new, leaner, more scalable organizational structure. This new structure included a reduction of 46 staff and the elimination of 8 office leases. To-date, the CTC has incurred \$3.3 million of one-time costs related to the implementation of the new structure. Management expects to achieve a \$5.6 million on-going, annual cost reduction by 2012 in compensation and operating expenditures.

Web maintenance costs are \$745,000 lower than the prior year due to the transition to a new hosting provider in mid-2009.

Pension plans:

The CTC offers a number of pension plans to its employees. Details of these pension plans are provided in Note 7 of the financial statements. Since 2005, the CTC has contributed \$5.1 million in special payments to the Canadian defined benefit pension plan to fund the ongoing concern of unfunded liabilities and solvency deficiencies. Due to the financial burden and the complexity of these arrangements, in prior years, the pension plans have been identified as one of the CTC's higher risks (refer to *Enterprise risk management* section). The CTC has taken several steps to mitigate the financial risk including 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. In 2010, the CTC has taken advantage of relief measures offered through the *Solvency Funding Relief Regulations, 2009* (the *Regulations*), thereby reducing the amount of annual special payment.

Foreign exchange:

The CTC's functional currency is the Canadian dollar, but it regularly transacts in multiple foreign currencies as it operates internationally. As a result, the CTC is 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 Statement of operations as "Corporate Services" and are considered an Operating expense.

Throughout 2010, the foreign exchange rates of most currencies were moderately stable with the exception of the depreciating euro and the appreciating Japanese yen. This is in contrast to the dramatic fluctuations of the US dollar and Japanese yen witnessed throughout 2009. The foreign exchange gain/loss on transactions and translation were both nominal gains in 2010, compared to 2009 which yielded a transaction gain of \$516,000 and a translation loss of \$244,000.

In 2010, the CTC continued its efforts to replace its existing enterprise systems, seeking alternative tools for its customer relationship management tool, financial system, HRIS and balanced scorecard reporting. The CTC anticipates vendor selection to be completed in early 2011 followed by a phased implementation.

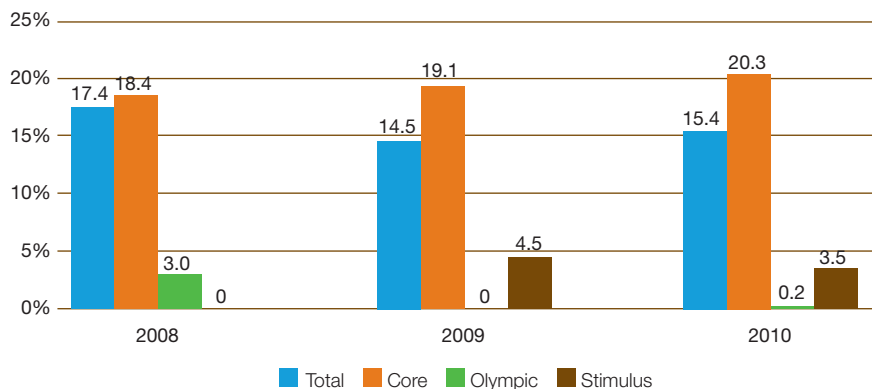
Overheads:

The CTC tracks its overhead percentage (defined as non-marketing and sales compensation and operating costs divided by total parliamentary appropriations plus partnership revenues) as a key metric and targets to maintain a percentage of less than 18%. This metric appears on the corporate balanced scorecard and personal balanced scorecards of senior management personnel.

The overall overhead percentage is 15.4% in 2010, up 0.9% from prior year, but still below the targeted maximum. Core overhead percentage has been increasing over the past several years and has crept over 20% in 2010, exceeding the targeted maximum of 18%, as fixed operating costs continued to rise. Management expects Core overheads to decline in future years as a result of its new leaner structure.

Overhead

percent

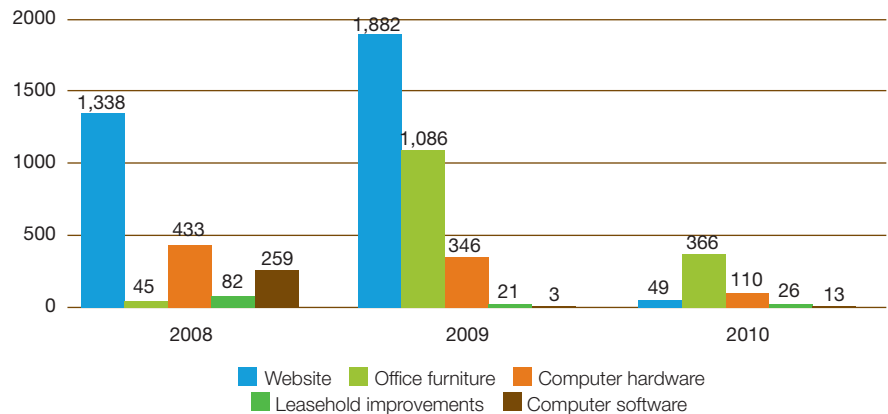


e) Capital and intangible asset additions

Additions totalled \$563,000 in 2010 (\$3.3 million in 2009), down \$2.8 million versus 2009. In 2009, the CTC incurred \$1.7 million of web development costs for the new consumer, media and corporate websites and \$240,000 of web-hosting infrastructure costs. These costs were not repeated in 2010. Also, in 2009, the CTC recognized \$843,000 of asset retirement obligations related to several leased offices.

Capital and intangible additions

thousands of CAD

**f) Outlook**

Looking ahead, 2011 will be the first full year after implementing the strategic shift and the new organizational structure. Stimulus initiatives and funding also end in the first quarter of 2011. Major projects planned in 2011 include the implementation of new enterprise systems, the first year on new public sector accounting board standards and compliance with new quarterly public financial reporting requirements. Also, the CTC will enter collective bargaining in 2011 as the collective agreement expires in June 2011.

Changes in accounting framework

In February 2008, Canada's Accounting Standards Board confirmed that Canadian generally accepted accounting principles be superseded by International Financial Reporting Standards (IFRS) for fiscal years beginning or after January 1, 2011. As a result of a decision of the Public Sector Accounting Board (PSAB), it was decided that the Commission would also be required to adopt IFRS. However, in September 2009, the PSAB approved amendments to the Introduction to the Public Sector Handbook, under which the category for government business-type enterprises, which included the Commission, was eliminated.

The handbook identified three categories of organizations: government business enterprises, government not-for-profit organizations and other government organizations. While government business enterprises that are independent commercial agencies must adhere to IFRS, other government organizations were given the option to select the accounting standard that best suited their needs and objectives. After an analysis of the various factors provided by the PSAB to guide that decision, the Commission concluded that public sector accounting standards best satisfied the needs of the Commission and the users of its financial statements. The Commission will adopt these standards on January 1, 2011.

The Commission has identified the following differences in accounting policies:

Employee future benefits

Under the current CICA framework, the Commission is able to elect the “corridor method” for amortizing gains and losses. Therefore, any gains or losses less than 10% of the plan assets or obligations are not amortized. This method provides for less volatility in the income statement as the first 10% of gains/losses are deferred until eliminated or the quantum exceeds 10%. The PSAB framework does not have a corridor election, so all gains or losses are amortized.

Under PSAB, the discount rate for calculating the employee future benefit obligations is based on short term forecasts of rates of return on assets held or cost of borrowing. The CICA framework requires that market interest rates on high quality debt instruments with matching cash flows be utilized. As the short term rates are typically more volatile, this could result in additional volatility to the obligation.

Under the PSAB framework, any plan amendments are recognized immediately, while CICA allows the amendments to be amortized over the remaining service lives of the employees. In the event there are amendments to the plan, which often occurs as a result of the collective bargaining process, such amendments would have an immediate impact to the results of operations.

Financial instruments

Under the CICA Handbook, Financial instruments are categorized and measured at their fair value or amortized cost, depending on their categorization. Unrealized gains and losses on valuation adjustments are recorded in the income statement, except Available for Sale instruments, where certain valuation adjustments are recorded directly to equity. The PSAB standards do not have the concept of Other Comprehensive Income, therefore, entities that have designated their instruments as “Available for Sale” would have to record any fair value adjustments in the statement of operations, instead of through equity, which is the current practice.

PSAB is currently working on a project on Financial Instruments, as it does not have specific financial instrument standards. As of June 2010, PSAB reviewed responses to the previously issued Exposure Draft (ED). A Re-exposure Draft includes a presentation model that would report re-measurement gains and losses outside of the statement of operations. Responses were due January 17, 2011 with the new standards anticipated to be finalized in March 2011.

Intangible assets

Under PSAB, there is no concept of intangible assets. Therefore all intangibles, including those that have been purchased, developed, constructed or inherited in right of the Crown, are not recognized as assets in government financial statements.

Parliamentary appropriations

Under the current CICA framework, parliamentary appropriations are used to fund operations and 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 and the Commission will have a parliamentary appropriations receivable balance at year-end when the expenses incurred exceed appropriations received. Appropriations used for acquiring capital assets are recorded as deferred capital funding on the balance sheet and amortized on the same basis and over the same period as the related capital assets.

Under PSAB, parliamentary appropriations are recognized over the service period when the following criteria have been met: (a) the transfer is authorized, (b) eligibility criteria, if any, have been met by the recipient; and (c) a reasonable estimate of the amount can be made. The service period for appropriations is from April 1 to March 31 based on the funding and fiscal year end of the Government of Canada. As the Commission has a December 31 fiscal year end, funding relating to the January 1 to March 31 service period will be deferred.

Financial statement presentation

- Required statements:
 - Statement of Financial Position
 - Statement of Operations
 - Statement of Changes in Net Financial Assets (Debt)
 - Statement of Cash Flows
- Budgets figures are required to be presented
- Expanded capital asset disclosures, which require a continuity schedule
- Segmented information disclosures required by function and object

Identification and resolution of key information technology requirements

The Commission has performed an analysis of its data system infrastructure and has concluded that transition to PSAB will not result in a material modification to any of its financial systems.

Internal control over financial reporting

PSAB will also affect internal controls over financial reporting. Management does not currently expect such changes to be significant.

Training and communication requirements

The Commission has undertaken the development of a communication plan to inform external stakeholders and key internal staff of the relevant modifications to the accounting and reporting of financial results ensuing from the transition to PSAB. Training seminars on relevant PSAB standards and their potential impact have been provided and will continue for key personnel.

Standards on quarterly financial reports for Crown corporations

Amendments to the *Financial Administration Act* will require the Commission, as a Crown corporation, to prepare and make public quarterly financial reports in accordance with the Standard on Quarterly Financial Reports for Crown Corporations. The standard takes effect on April 1, 2011. The quarterly report will consist of unaudited financial statements and a narrative discussion outlining financial results; risks; and significant changes in operations, personnel and programs. The financial statements will present the current fiscal quarter and the current fiscal year-to-date, as well as provide comparative information for the preceding fiscal year.

The Commission has prepared for the implementation of the standard in 2011, by capturing comparative financial information for 2010 and making changes to its reporting regime and internal schedules.

Enterprise risk management

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

Risk (Residual)	2010 Rating	2008 Rating	Change	Mitigation Activities
Government Funding – Core Decrease in core government funding affects program activities			N/C	Focus on restructuring the organization and streamlining operations to cut costs and increase efficiency; focus on organizational excellence and maintain its corporate reputation; demonstrate alignment of tourism to government priorities (i.e. revenues generated from tourism).
Management Development Enhancement of leadership and management skills for mid-management personnel			N/C	Continued implementation of training for key members identified in succession plan; continue balanced scorecard approach to align people with strategy
Shareholder Engagement Alignment of priorities			↑	Enhance communication and Government relations; ensure the alignment of Government priorities against the CTC mandate.
Tourism Industry Vulnerability within the tourism industry			N/C	Support development and implementation of federal tourism strategy to collaborate across government more strategically; continue to communicate tourism's contribution to the economy.
Fixed Costs Increasing compliance costs and other costs as a result of being a Crown corporation			↓	Continue to identify efficiencies and reduce organizational complexity, resulting in lessened overhead costs.
Organization Complexity Operations in 12 markets			N/C	A continued effort and focus to minimize the complexity of the organization and streamline operations in order to increase operational efficiency. Engage in effective global marketing approach using local agents (GSAs).
Transition The new business model		---	New Risk	Ensure that transition plans are developed and communicated, and training is provided as required.
Technology Effectiveness The ability to leverage IT capability to effectively conduct internal processes		---	New Risk	Continue with Information Technology (IT) Governance Committee that is in place to review information systems needs; planning is well underway for a new IT system (process maps, business requirements)
Marketing Effectiveness Ability to execute marketing strategy		---	New Risk	Alignment of brand to ensure coherent marketing messages; work together with partners and agencies to align investment and branding efforts.
Government Funding – Special Projects Special Project funding with increased reporting requirements		---	New Risk	Demonstrate alignment of tourism to government priorities (i.e. revenues generated from tourism); ensure that the CTC is capable of easily meeting new reporting requirements that come with special funding.

Legend

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

Internal audit

The CTC engages an external firm to carry out its Internal Audit function. The Internal Auditors act independently and report directly to the Audit Committee of the Board of Directors. The development of the CTC's 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 2010, the CTC underwent two internal audits in the following areas:

- Olympic Games Performance Management and Accountability Review – Round 2; and
- Procurement (in progress).

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*, whereby extending the frequency of Special Examinations from every five to 10 years. The next Special Examination for the CTC is due in 2016.

Financial statements

Management responsibility statement

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

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

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

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



Michele McKenzie
President
and Chief Executive Officer



Lena Bullock
Vice-President, Finance
and Chief Financial Officer

March 24, 2011

Independent Auditor's Report

To the Minister of Industry

Report on the Financial Statements

I have audited the accompanying financial statements of the Canadian Tourism Commission, which comprise the balance sheet as at 31 December 2010, and the statement of operations, comprehensive income and accumulated surplus and statement of cash flows for the year then ended, and a summary of significant accounting policies and other explanatory information.

Management's Responsibility for the Financial Statements

Management is responsible for the preparation and fair presentation of these financial statements in accordance with Canadian generally accepted accounting principles, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

Auditor's Responsibility

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 comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation and fair presentation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the overall presentation of the financial statements.

I believe that the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.

Opinion

In my opinion, the financial statements present fairly, in all material respects, the financial position of the Canadian Tourism Commission as at 31 December 2010, and the results of its operations and its cash flows for the year then ended in accordance with Canadian generally accepted accounting principles.

Report on Other Legal and Regulatory Requirements

As required by the *Financial Administration Act*, I report that, in my opinion, Canadian generally accepted accounting principles have been applied on a basis consistent with that of the preceding year.

Further, in my opinion, the transactions of the Canadian Tourism 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 Canadian Tourism Commission.



Terrance DeJong, CA

Assistant Auditor General for the Auditor General of Canada

24 March 2011

Vancouver, Canada

Balance sheet

As at December 31

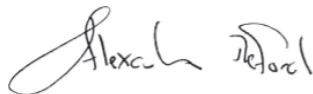
(in thousands)

	2010	2009
Assets		
Current Assets		
Cash (Note 4)	\$ 12,357	\$ 21,790
Accounts receivable		
Partnership contributions	2,563	2,288
Government of Canada	904	912
Other	889	592
Parliamentary appropriations receivable (Note 8)	5,233	–
Prepaid expenses and other assets	1,486	3,002
	23,432	28,584
Non-current Assets		
Property and equipment (Note 5)	2,194	2,758
Intangible assets (Note 6)	1,364	2,556
Accrued benefit asset (Note 7)	4,907	4,256
	8,465	9,570
	\$ 31,897	\$ 38,154
Liabilities		
Current Liabilities		
Accounts payable and accrued liabilities (Note 4)		
Trade	\$ 15,645	\$ 10,400
Employee compensation	3,672	1,996
Government of Canada	454	36
Deferred parliamentary appropriations (Note 8)	–	11,742
Deferred revenue	939	1,685
Asset Retirement Obligation	839	843
	21,549	26,702
Non-current Liabilities		
Deferred capital funding (Note 9)	3,629	5,384
Accrued benefit liability (Note 7)	5,236	5,121
	8,865	10,505
Accumulated surplus (Note 10)	1,483	947
	\$ 31,897	\$ 38,154

Commitments and Contingencies (Notes 15 & 17).

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

Approved on behalf of the Board of Directors


Steve Allan
Director

Alexander Reford
Director

Statement of operations, comprehensive income & accumulated surplus

For the year ended December 31

(in thousands)

	2010	2009
Revenue		
Partnership contributions	\$ 16,286	\$ 14,973
Other	404	557
	16,690	15,530
Expenses		
Marketing and sales (Note 11)	105,502	96,422
Corporate services	15,640	12,814
Strategy and planning	1,295	1,259
Amortization of property and equipment	1,065	1,291
Amortization of intangible assets	1,253	1,334
	124,755	113,120
Net cost of operations before funding from the Government of Canada	(108,065)	(97,590)
Parliamentary appropriations (Note 8)	106,283	96,588
Amortization of deferred capital funding (Note 9)	2,318	2,625
	108,601	99,213
Net results of operations and comprehensive income for the year	536	1,623
Accumulated surplus/(deficit), beginning of year	947	(676)
Accumulated surplus, end of year	\$ 1,483	\$ 947

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

Statement of cash flows

For the year ended December 31

(in thousands)

	2010	2009
Operating activities:		
Cash paid to employees and suppliers	\$ (114,452)	\$ (118,993)
Parliamentary appropriations used to fund operating activities	89,309	102,475
Cash receipts from partners	15,324	14,830
Other income received	404	557
Cash flows used in operating activities	(9,415)	(1,131)
Investing activities:		
Acquisition of property and equipment	(502)	(1,453)
Acquisition of intangible assets	(61)	(1,885)
Cash flows used in investing activities	(563)	(3,338)
Financing activities:		
Parliamentary appropriations used for the acquisition of property, equipment and intangible assets (Note 8)	563	3,338
Cash flows provided by financing activities	563	3,338
Foreign exchange loss on cash held in foreign currency	(18)	(247)
Net decrease in cash during the year	(9,433)	(1,378)
Cash, beginning of year	21,790	23,168
Cash, end of year	\$ 12,357	\$ 21,790

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

Notes to audited financial statements

December 31, 2010

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.

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 mainly recognized as income in the year in which the related expenses are incurred. One exception to this accounting treatment is the Commission records as a revenue or expense each year the annual change in its accrued benefit liability or asset. As this change is a non-cash item, no offsetting expense or revenue is recognized in the accounts. As a result, the Commission records a surplus or deficit each year that arises from the annual change in its accrued benefit liability or asset. The accrued benefit asset or liability includes both pension and non-pension benefits. 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) Prepaid expenses

Prepaid expenses consists of program and operating expenses recognized into income based on the term of usage for items such as subscriptions or based on the event date of tradeshow.

f) 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

g) 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

h) Deferred revenue

Deferred revenue consists of deferred revenues from partnering organizations and deferred leasehold improvements. The deferred revenues relating to partnering organizations are recognized as revenues based on the event's date. The deferred revenues relating to deferred leasehold improvements are recognized as revenue over the term of the lease.

i) Asset Retirement Obligation

Asset retirement obligation consists of decommissioning costs for various office leases.

j) 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 2010 has been determined to be 13 years (14 years in 2009) for the Supplementary Retirement Plan (SRP), 14 years (15 years in 2009) for the Registered Retirement Plan (RPP) and 6 years (7 years in 2009) for non-pension post-retirement benefits.

The excess of the net accumulated actuarial gain/(loss) over 10% of the greater of the benefit obligation and the fair value of plan assets is amortized over the EARS� of active employees. For 2010, this EARS� has been determined to be 11.5 years (15.9 years in 2009) for the RPP, 12 years (15 years in 2009) for the SRP, 16.4 years (16.4 years in 2009) for the Pension Plan for Employees of the Canadian Tourism Commission in Germany, Japan, South Korea and China, 18 years (18 years in 2009) for non-pension post-retirement benefits, and 9 years (9 years in 2009) 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.

k) 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, fair value asset retirement obligation 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 and accounts payable and accrued liabilities are considered by management to approximate their fair values because of their short term to maturity.

l) Financial instruments

The Commission's financial instruments consist of cash held in general bank accounts, accounts receivable and 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.

m) 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 2010.

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.

There has been no change during the year in the Commission's objectives, policies and processes for managing capital.

3. 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 re-categorization 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 2010, the Commission continued to assess the impact the adoption of the new standards will have on the Commission's financial reporting.

4. 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 \$67,327 as at December 31, 2010 (\$16,500 as at December 31, 2009).

The Commission's maximum exposure to credit risk at December 31, 2010 was \$2,687,000 (\$2,795,100 as at December 31, 2009).

The aging of accounts receivable as at December 31, 2010 was as follows:

(in thousands)	Government	Partnership Contributions	Other	Total
Within terms	\$ 86	\$ 547	\$ 39	\$ 672
Beyond terms	—	2,016	—	2,016
	\$ 86	\$ 2,563	\$ 39	\$ 2,687

Within terms are items within 30 days. Items beyond 30 days are disclosed as beyond terms. Excluded from above is \$1.67 million in taxes receivable which are not financial instruments.

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, 2010 was as follows:

<i>(in thousands)</i>	< 30 Days	31-60 Days	> 61 Days	Total
Accounts Payable - Trade	\$ 12,568	\$ 1,674	\$ 1,403	\$ 15,645
Employee Compensation	3,672	–	–	3,672
Government of Canada	454	–	–	454
	\$ 16,694	\$ 1,674	\$ 1,403	\$ 19,771

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, 2010:

Currency <i>(in thousands)</i>	Cash		Accounts receivable		Accounts payable and accrued liabilities	
	Currency units	Canadian equivalent	Currency units	Canadian equivalent	Currency units	Canadian equivalent
Australian Dollars	196	\$ 199	63	\$ 64	649	\$ 659
Canadian Dollars	9,710	9,710	2,256	2,256	9,912	9,910
Chinese Yuan	502	76	–	–	2,587	391
Euros	676	896	13	17	1,503	1,992
Great Britain Pounds	119	184	57	88	878	1,358
Japanese Yen	37,790	464	–	–	24,545	301
Mexican Pesos	341	28	17	2	2,313	187
South Korean Won	22,774	20	12,800	11	142,643	126
United States Dollars	780	780	249	249	4,847	4,847
Total Canadian equivalent		\$ 12,357		\$ 2,687		\$ 19,771
Comprised of:						
Trade and partnership		\$ –		\$ 2,648		\$ 16,099
Other		–		39		–
Employee compensation		–		–		3,672
Total		\$ 12,357		\$ 2,687		\$ 19,771

At December 31, 2010, 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 \$678,311 (\$274,000 in 2009). However, the net results of operations and comprehensive income would remain unchanged and parliamentary appropriations receivable on the balance sheet would have increased by \$678,311 (deferred parliamentary appropriations on the balance sheet would have decreased by \$274,000 in 2009).

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, 2010, the Commission is not exposed to significant interest rate risk.

Fair value

As at December 31, 2010, the carrying amounts of cash, accounts receivable and accounts payable and accrued liabilities are considered by management to approximate their fair values because of their short term to maturity.

5. Property and equipment

<i>(in thousands)</i>	Cost	Accumulated Amortization	December 31, 2010 Net Book Value	December 31, 2009 Net Book Value
Leasehold improvements	\$ 4,901	\$ 3,156	\$ 1,745	\$ 1,931
Office furniture	1,646	1,524	122	299
Computer hardware	2,165	1,838	327	528
Total	\$ 8,712	\$ 6,518	\$ 2,194	\$ 2,758

The Commission recognized asset retirement obligations as a result of legal obligations to restore leased office spaces back to their original states at the end of the lease term. Asset retirement obligations are measured initially at fair value, based on management's best estimates, with the resulting amount capitalized into the carrying amount of the related asset. The capitalized asset retirement cost is 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 capitalized asset retirement cost during the year ended December 31.

<i>(in thousands)</i>	2010	2009
Capitalized asset retirement cost, beginning of year	\$ 381	\$ –
Obligations incurred in the current period	67	843
Amortization in the current period	(143)	(462)
Capitalized asset retirement cost, end of year	\$ 305	\$ 381

There are no assets legally restricted for the purpose of settling asset retirement obligations.

6. Intangible assets

<i>(in thousands)</i>	Cost	Accumulated Amortization	December 31, 2010 Net Book Value	December 31, 2009 Net Book Value
Computer software	\$ 3,198	\$ 3,038	\$ 160	\$ 230
Website	4,804	3,600	1,204	2,326
Total	\$ 8,002	\$ 6,638	\$ 1,364	\$ 2,556

The Commission has not developed any intangible assets. All intangible assets in 2010 were acquired.

7. Accrued benefit asset/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, 2010, no transfers were made (no transfers were made in 2009) 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 \$477,995 in 2010 (\$474,811 in 2009).

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 \$275,314 in 2010 (\$277,521 in 2009), 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.

As a result of the restructuring in 2010, several employees were terminated. The curtailment effect related to these terminations has been reflected in the accrued benefit obligation effective September 30, 2010.

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, 2009, and the next required valuation will be as at December 31, 2010 which is currently expected to be completed in June 2011. The going concern financial position based on the most recent actuarial valuation showed a funding surplus of \$190,600 (deficit of \$839,500 for 2009). The valuation also identified an average solvency ratio of 89.1%. Starting in 2010, the solvency deficiency and resulting solvency special payments are now based on an average solvency ratio determined as a three year average of solvency ratios (current year plus the previous two). The average solvency ratio is calculated as the arithmetic average of the solvency ratios at the valuation date, the prior valuation date and the prior second valuation date adjusted as prescribed for special payments, contribution holidays, amendments and transfer of assets.

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* (the *Regulations*). In 2010, the Commission met the terms and conditions under the Regulations. As a result the Commission can continue to amortize the solvency deficiency over 10 years in accordance with the *Regulations*.

Under these regulations, minimum special payments for 2010 were calculated on the basis that the solvency deficiency continues to be amortized over 10 years, as permitted by the funding relief regulations. The minimum required payments in 2010 are \$333,800, a reduction from \$1.3 million in 2009. Future special payments are estimated to be \$333,804 annually for the next 9 years.

The *Regulations* amending certain regulations made under the *Pension Benefits Standards Act, 1985* came into force on July 1, 2010. These regulations set out new minimum funding requirements applicable to the Plan and they are reflected in this valuation report. The main changes under these regulations are as follows:

- The solvency deficiency and the resulting solvency special payments are now based on an average solvency ratio determined as a three year average of solvency ratios (current year plus the previous two) subject to prescribed adjustments;
- The solvency special payment is re-established at each valuation and is the amount by which the solvency deficiency divided by five exceeds the going concern special payments for the year;
- Transition rules apply for the determination of the average solvency ratio for the first two valuation reports filed on and after July 1, 2010;

- Contribution holidays are only permitted (subject to plan provisions) if the solvency ratio at the current valuation date exceeds 1.05 and the Plan has a going concern excess;
- Filing of actuarial valuation reports is now generally required on an annual basis; and
- Starting January 1, 2011, required contributions must be remitted monthly (rather than quarterly), not later than 30 days after the end of the period for which the installment is owed.

A new Canadian Institute of Actuaries Standard of Practice for determining pension commuted values (CIA Standard) became effective April 1, 2009. The new CIA Standard changed the assumptions to be used to value the solvency and wind-up liabilities for benefits assumed to be settled through a lump sum transfer and for other benefits for which this basis has been used as a proxy to the cost of purchasing annuities. The financial impact of the new CIA Standard has been reflected in the actuarial valuation.

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

Accrued benefit obligation, plan assets, and funded status:

Change in Accrued Benefit Obligation (in thousands)	Pension		Other Benefit Plans	
	2010	2009	2010	2009
Accrued benefit obligation, beginning of year	\$ 17,376	\$ 17,235	\$ 2,069	\$ 2,720
Current service cost (employer portion)	371	536	230	254
Interest cost	1,145	1,163	148	190
Employees' contributions	132	142	–	–
Benefits paid	(1,227)	(1,084)	(267)	(554)
Actuarial loss/(gain)	2,874	(616)	498	(541)
Increase/(decrease) in accrued benefit obligation due to curtailment	(183)	–	(296)	–
Contractual termination benefits	505	–	–	–
Accrued benefit obligation, end of year	\$ 20,993	\$ 17,376	\$ 2,382	\$ 2,069

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 \$287,200 (\$153,800 in 2009), and a one percentage point decrease would be a decrease of \$219,900 (\$120,800 in 2009). 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 \$41,900 (\$44,800 in 2009), and a one percentage point decrease would be a decrease of \$31,700 (\$32,200 in 2009).

The plan assets at the end of 2010 and 2009 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 2010 and 2009.

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		Other Benefit Plans	
	2010	2009	2010	2009
Accrued Benefit Obligation	\$ 907	\$ 509	\$ 2,382	\$ 2,069
Fair value of plan assets	–	–	–	–
Funded status – deficit, end of year	\$ (907)	\$ (509)	\$ (2,382)	\$ (2,069)

Detailed Pension Plan information		
(in thousands)	2010	2009
Defined benefit component of the Registered Pension Plan for the Employees of the Canadian Tourism Commission		
Accrued benefit obligation	\$ (19,137)	\$ (16,099)
Fair value of plan assets	19,539	18,731
Surplus	402	2,632
Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the Canadian Tourism Commission		
Accrued benefit obligation	(949)	(768)
Fair value of plan assets	1,109	1,111
Surplus	160	343
Pension Plan for Employees of the CTC in China, Germany, Japan and South Korea		
Accrued benefit obligation	(907)	(509)
Fair value of plan assets	–	–
Deficit	\$ (907)	\$ (509)

Change in Plan Assets (in thousands)	Pension		Other Benefit Plans	
	2010	2009	2010	2009
Fair value of plan assets, beginning of year	\$ 19,842	\$ 17,526	\$ –	\$ –
Actual return on plan assets net of actual investment expenses	931	1,227	–	–
Employer contributions	970	2,031	267	554
Employees' contributions	132	142	–	–
Benefits paid	(1,227)	(1,084)	(267)	(554)
Fair value of plan assets, end of year	\$ 20,648	\$ 19,842	\$ –	\$ –

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

	2010	2009
Equity Securities	62%	61%
Debt Securities	35%	36%
Receivable from Government of Canada	3%	3%
Total	100%	100%

Reconciliation of Funded Status to Accrued Benefit Asset/(Liability) (in thousands)	Pension		Other Benefit Plans	
	2010	2009	2010	2009
Funded status – surplus/(deficit), end of year	\$ (346)	\$ 2,466	\$ (2,382)	\$ (2,069)
Employer contributions during period from measurement date to fiscal year end	133	431	–	–
Unamortized past service costs	126	100	49	63
Unamortized net actuarial loss/(gain)	3,410	98	(1,319)	(1,948)
Accrued benefit asset/(liability)	\$ 3,323	\$ 3,095	\$ (3,652)	\$ (3,954)

Accrued Benefit Asset/(Liability) (in thousands)	2010	2009
Defined benefit component of the Registered Pension Plan for the Employees of the Canadian Tourism Commission	\$ 4,907	\$ 4,262
Total Accrued Benefit Asset	\$ 4,907	\$ 4,262
Defined benefit component of the Supplementary Retirement Plan for Certain Employees of the Canadian Tourism Commission	\$ (161)	\$ (156)
Pension Plan for the Employees of the CTC in China, Germany, Japan and South Korea	(1,423)	(1,011)
Non-pension Post Retirement Benefit Plan	(1,171)	(1,017)
Post Employment Severance Plan	(2,481)	(2,937)
Total Accrued Benefit Liability	\$ (5,236)	\$ (5,121)

The total accrued benefit asset excludes a notional supplementary retirement plan for certain employees of the Commission. The notional supplement retirement plan was \$0 in 2010 (\$6,000 in 2009).

The cumulative excess of pension contributions on the Registered Pension Plan over pension benefit cost is reported as an accrued benefit asset. The Supplementary Retirement Plan, the Pension Plan for Employees of CTC in China, Germany, Japan, and South Korea, the post-retirement and post-employment benefits are reported as an accrued benefit liability.

Net benefit cost recognized in the period:

Components of Net Periodic Benefit Cost (in thousands)	Pension		Other Benefit Plans	
	2010	2009	2010	2009
Current service cost (employer portion)	\$ 371	\$ 536	\$ 230	\$ 254
Interest cost	1,145	1,163	148	190
Actual decrease of plan assets, net of actual investment expenses	(931)	(1,227)	–	–
Actuarial loss/(gain)	2,875	(616)	498	(541)
Curtailment gain	(183)	–	(296)	–
Contractual termination benefits	505	–	–	–
Costs/(income) arising in the period	3,782	(144)	580	(97)
Differences between costs arising in the period and costs recognized in the period in respect of:				
· Decrease of/(return on) plan assets	(401)	51	–	–
· Actuarial loss/(gain)	(2,911)	593	(680)	408
· Plan amendments	(26)	(26)	13	9
· Curtailment loss	–	–	52	–
Net periodic benefit cost/(income) recognized	\$ 444	\$ 474	\$ (35)	\$ 320

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

	Pension		Other Benefit Plans	
	2010	2009	2010	2009
Accrued benefit obligation:				
Discount rate	5.40%	6.60%		
· Non-pension post retirement			5.90%	7.50%
· Post employment severance			5.20%	6.40%
Rate of compensation increase:				
· Canadian	3.50%	3.50%	4.00%	4.00%
· Locally engaged	4.50%	4.50%	4.50%	4.50%
Net benefit cost:				
Discount rate	6.60%	6.75%		
· Non-pension post retirement			7.50%	6.85%
· Post employment severance			6.40%	6.50%
Expected long-term rate of return on plan assets	6.75%	6.75%		
Rate of compensation increase:				
· Canadian	3.50%	4.00%	4.00%	4.00%
· Locally engaged	4.50%	4.50%	4.50%	4.50%

Assumed health care cost trend rate for other benefit plans:

Accrued benefit obligation	2010	2009
Initial health care trend rate	6.91 %	6.96%
Ultimate health care trend rate	4.48%	4.48%
Year ultimate rate reached	2029	2029

Net benefit cost	2010	2009
Initial health care trend rate	6.96%	6.59%
Ultimate health care trend rate	4.48%	4.66%
Year ultimate rate reached	2029	2014

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 \$1,208,709 (\$1,564,646 in 2009). In addition, the Commission was required to make special quarterly payments totaling \$333,800 (\$1,323,600 in 2009) 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, 2009. The total cash amount is \$1,614,509 (\$2,888,246 in 2009).

Letter of Credit

The Commission has a registered retirement compensation arrangement for certain employees of the Canadian Tourism Commission. The actuarial valuation completed September 2009 for the year ending December 31, 2010 was used to determine the face amount of the letter of credit during 2010. The value of the plan's letter of credit, in place during 2010, is measured based on the estimated assets and liabilities for the year ending December 31, 2010. The estimated market value of the plans' assets was \$1,084,700 (\$1,167,400 in 2009) and the estimated present value of the unfunded benefit obligation was \$1,376,100 (\$1,383,800 in 2009). The amount of \$291,400 (\$216,400 in 2009) of the unfunded benefit obligation has been secured by a letter of credit.

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:

<i>(in thousands)</i>	2010	2009
Amount provided for operating and capital expenditures:		
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 recognized in calendar 2009 (2008)	(73,366)	(56,096)
2009/10 (2008/09) portions recognized in 2010 (2009)	31,736	26,560
Amounts voted in 2010/11 (2009/10)		
Main estimates	100,643	83,526
Supplementary estimates B	8,000	4
Treasury Board Vote 15	822	1,572
Treasury Board Vote 35		20,000
Permanent Frozen Allotment	(900)	
	108,565	105,102
Less: Portion to be recognized in calendar 2011 (2010)	(38,688)	(19,994)
Parliamentary appropriations receivable/(deferred) at year-end	5,233	(11,742)
2010/11 (2009/10) portions recognized in 2010 (2009)	75,110	73,366
	106,846	99,926
Amounts used to purchase property, equipment and intangible assets	(563)	(3,338)
Parliamentary appropriations used for operations in the year	\$ 106,283	\$ 96,588

9. Deferred capital funding

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

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

<i>(in thousands)</i>	2010	2009
Balance, beginning of year		
Parliamentary appropriations	\$ 5,178	\$ 4,388
Funding from related party	206	290
	5,384	4,678
Funding received in the current year for the acquisition of property, equipment and intangible assets		
Parliamentary appropriations	563	3,338
Disposal of property and equipment	–	(7)
	563	3,331
Amortization		
Parliamentary appropriations	(2,234)	(2,541)
Funding from related party	(84)	(84)
	(2,318)	(2,625)
Balance, end of year		
Parliamentary appropriations	3,507	5,178
Funding from related party	122	206
	\$ 3,629	\$ 5,384

10. Accumulated surplus

The surplus represents the pension and non-pension obligations that have been incurred by the Commission and pre-funded through Parliamentary appropriations. The surplus is a result of pre-funded employee future benefits that will be paid by the Commission. The surplus incorporates working capital appropriations received, which has accumulated to \$1.5 million as at December 31, 2010 (\$947,000 as at December 31, 2009).

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, Media PR and Business Development. Total marketing and sales expenses are comprised of the following:

<i>(in thousands)</i>	2010	2009
United States	\$ 40,685	\$ 38,347
International (Europe, Latin America, Asia-Pacific)	30,928	25,970
Corporate Marketing and Sales	18,961	20,239
Domestic	11,139	10,800
Emerging Markets (India, Brazil)	3,789	1,066
	\$ 105,502	\$ 96,422

During 2010, the majority of the costs incurred relating to the reorganization of Marketing and Sales units have been included under Corporate Services.

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, 2010, the Commission has drawn \$20.8 million (\$4.8 million in 2010). The remaining amounts will be requested through Main Estimates appropriations over the next two Government fiscal years (2010/11 to 2011/12).

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

<i>(in thousands)</i>	2010	2009
Revenue		
Partnership contributions	\$ 698	\$ 2,823
Expenses		
Marketing and Sales	7,809	9,362
Corporate Services	26	97
Strategy and Planning	–	98
	7,835	9,557
Total	\$ 7,137	\$ 6,734

13. Stimulus

In Budget 2009, the Treasury Board of Canada approved government fiscal years and entrusted the Commission with \$40 million, \$20 million for each of the 2009/10 and 2010/11 government fiscal years, as part of a greater stimulus package which formed Canada's Economic Action Plan. In 2010, the Commission received an additional \$8 million for the 2010/11 government fiscal year. The CTC's stimulus strategy includes a domestic revenue advertising program and activities in international priority markets.

For the year ended December 31, 2010, the Commission incurred costs, related to the stimulus program as follows:

<i>(in thousands)</i>	2010	2009
Revenue		
Partnership contributions	\$ 2,081	\$ 1,697
Expenses		
Marketing and Sales	24,599	19,884
Corporate Services	642	741
Strategy and Planning	39	51
	25,280	20,676
Total	\$ 23,199	\$ 18,979

14. New Organizational Structure

In July 2010, the CTC announced a new organizational structure that includes a reduction of 46 staff and the closure of 8 offices globally. By December 31, 2010, the CTC ceased use of 5 offices and incurred net costs of \$3.3 million related to compensation, professional services and office closures. The majority of the costs are reflected in current year Corporate Services expenses in the Statement of Operations, Comprehensive Income and Accumulated Surplus.

15. 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, 2010 are \$36.5 million (\$39.2 million in 2009).

The future minimum lease payments, included in the \$36.5 million, for office premises and equipment pursuant to these agreements are approximately as follows:

<i>(in thousands)</i>							
2011	2012	2013	2014	2015	Subtotal	2016-2017	Total
\$ 1,806	\$ 1,072	\$ 737	\$ 764	\$ 715	\$ 5,094	\$ –	\$ 5,094

Commitments include the future lease payment of operational offices. Costs relating to offices no longer in use at December 31, 2010 have been captured in 2010 results.

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 Government of Canada (Note 8).

In the normal course of business and on normal trade terms applicable to all individuals and enterprises, the Commission incurred expenses totaling \$1.5 million (\$1.9 million in 2009) for marketing, research and other professional services purchased from other government departments and agencies, and received partnership contributions and other amounts totaling \$1.9 million (\$2.7 million in 2009) from other government departments and agencies. These transactions are recorded at the exchange amount, which approximates fair value. Accounts receivable and payable from the Government of Canada are also reported on the balance sheet.

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.

18. Comparative figures

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

Glossary of terms & acronyms

Glossary

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

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

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

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

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

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

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

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

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

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

Acronyms

BSC	Balanced Scorecard
CBI	Country Brand Index
CEO	Chief Executive Officer
CFO	Chief Financial Officer
CICA	Canadian Institute of Chartered Accountants
CSP	Canada Specialist Program
CTC	Canadian Tourism Commission
DFAIT	Foreign Affairs and International Trade Canada
DMO	Destination Marketing Organization
EQ	Explorer Quotient®
ERA	Enterprise Risk Assessment
FAA	<i>Financial Administration Act</i>
FAM	Familiarization
GDP	Gross Domestic Product
GSA	General Sales Agency
MC&IT	Meetings, Convention & Incentive Travel
MD&A	Management Discussion & Analysis
NTO	National Tourism Organization
PMO	Provincial Marketing Organization
PR	Public Relations
PSAB	Public Sector Accounting Board
ROI	Return on Investment
SME	Small and Medium-sized Enterprise
TBS	Treasury Board Secretariat
UNWTO	United Nations World Tourism Organization
VANOC	Vancouver 2010 Organizing Committee
VJP	Visiting Journalist Program

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