DESTINATION CANADA

2024 – 2028 Corporate Plan Summary

TRANSFORMING TOURISM FOR THE FUTURE

Approved by Destination Canada's Board of Directors on October 18, 2023.

Submitted to the Minister of Tourism and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec on October 24, 2023.

Approved by Treasury Board of Canada on November 30, 2023.

DESTINATION CANADA

ACKNOWLEDGEMENT

As storytellers and representatives of Canada's tourism sector, we recognize our position of influence, and the importance of our work, workplace and workforce in reflecting the many voices and places that make up Canada.

At Destination Canada, we acknowledge the Indigenous Peoples of all the lands that we work and live on. We do this to reaffirm our commitment and responsibility in improving relationships between nations and our own understanding of local Indigenous Peoples and their cultures. From coast to coast to coast, we acknowledge the territory of the Inuit, Métis, and First Nations people who have called this place home for generations beyond measure.

TABLE OF CONTENTS

EXECUTIVE SUMMARY

Restarting in a post-COVID world has been difficult, but the industry has made significant strides. Air connectivity between Canada and key international markets has been steadily improving, albeit with different recovery rates in each market. The markets that did open have been very strong for Canada.

However, even in the glow of the recent and much welcomed rebound, we are conscious that recovery has been uneven across regions and from one sub-sector to another. Tourism businesses and employees are still feeling the aftereffects of the pandemic. Despite the challenges that still lie ahead, there has been solid progress and the sector is rebuilding itself with optimism.

For Destination Canada, 2022 was the year that Canada re-opened to the world and we started rebuilding tourism. Over the last two years, we aggressively promoted Canada in key markets such as the United States (US), and we built a library of new research and an abundance of data insights. We put in place a strong team entirely dedicated to the development of destinations. And we fortified connections with travel trade, travel media and other partners around the globe, including international airlines and Canadian airports.

Over the last year, we also focused our efforts on supporting specific air routes. Our work with airlines, airports and regional marketing partners in cities, provinces and territories has netted over 114,000 additional visits to Canada. In particular, the reestablishment of US air routes into Canada was critical for the recovery of the entire tourism sector.

With the pandemic behind us, Canada's tourism sector is starting from a new place. People are travelling differently and businesses are operating differently. Canada is also operating from a lower competitive position than it was a decade earlier; since 2009, Canada's ranking as a tourism destination has fallen from 5th to 13th in 2021[1]. Given these and many other shifts in our business environment, Destination Canada's approach to how we help our industry thrive has changed too.

We have adopted a regenerative approach to tourism growth – an approach premised on the idea that visitors leave a place better and that tourism contributes net benefits to its host communities – socio-culturally, environmentally and economically. And we are doubling down on acquiring tourism data intelligence to unlock powerful insights, understanding that it fuels competitiveness.

Our immediate priority is to continue driving recovery. We are stimulating demand by leveraging Canada's unique openness – open minds, open hearts and open spaces. This will help Canada stand out from competitors and position the country as a destination offering personal growth and enrichment.

However, marketing is only one part of the competitiveness equation. As such, through our role in destination development, we will accelerate the development of multiple tourism corridors in Canada in the medium term to offer experiences that today's travellers are looking for, while also enabling local communities to thrive.

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[1] Travel & Tourism Development Index 2021, World Economic Forum, May 2022

Over the long-term, we will be working with our sector to realize our collective ambition of transformative growth and greater resilience for the future, including determining the factors enabling other countries to surpass Canada in terms of competitiveness, and zeroing in on the elements that will drive long-term growth.

As we look ahead, we are optimistic. We are preparing for a future that will be transformed by the events of today and the forces of tomorrow. We are committed to working together with our partners to move beyond recovery to transform our sector for future growth and resilience.

ABOUT US

Mandate

Destination Canada is a federal Crown corporation owned by the Government of Canada, reporting to the Minister of Tourism and Minister responsible for the Economic Development Agency of Canada for the Regions of Quebec. Established under the *Canadian Tourism Commission Act* in 2001, our legislative 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 to the governments of Canada, the provinces and the territories.

Corporate Profile

Destination Canada is headquartered in Vancouver. We drive marketing in nine geographic leisure source markets: Australia, China, France, Germany, Japan, Mexico, South Korea, the United Kingdom (UK) and the US. In addition, we have a small satellite office in Ottawa focused on working with the federal family on tourism-related issues and with national tourism associations headquartered in Ottawa. As of October 1, 2023, we have a workforce of 136 people.

Our parliamentary appropriations for the 2024 calendar year will be $106.2 million, which includes an additional $10 million from Budget 2023 for the attraction of international business events to Canada.

Additional information on Destination Canada can be found in our 2022 Annual Report.

OPERATING ENVIRONMENT

Travel Demand and Recovery

World travel in 2022 reached 63% of pre-pandemic levels, while for Canada, international overnight arrivals reached only 58% of levels seen in 2019[2]. COVID-19 resulted in significant losses in air passenger traffic to Canada – upwards of 90% or 27 million lost inbound seats from key markets. Many of Canada's top markets are still bouncing back, with Asian markets trailing; by year end, Japan had recovered to 20%, while China had recovered to only 9%.

Businesses are still building back and, as expected, recovery across the nation has been uneven. However, the first half of 2023 has shown positive signs of a comeback, and we are forecasting a return to 2019 levels by early 2024.

In parallel, business events performance is also lagging behind 2019 levels, but they are at the highest levels they've been at since the pandemic began and we are predicting a return to pre-pandemic levels by 2026.

While the biggest loss of international travellers to Canada was felt in our largest market, the US, we expect spending on travel by Americans to recover to 91% of pre-pandemic levels in 2023 and to surpass 2019 levels in 2024. Modest recovery of other international markets is expected to continue, with full recovery not expected until 2026. Looking at domestic travel, spending will fully recover by the end of 2023.

Inflationary Impacts and Escalating Advertising Costs

Inflationary pressures continue to impact all aspects of Destination Canada's operations. The erosion of buying power when it comes to employing labour and the purchase of goods and services has made every aspect of our business more expensive. Currency exchange rates and the depreciation of the Canadian dollar versus the US dollar have further eroded our buying power in our critical US marketplace. While our base funding rose and stabilized in 2018, and was supplemented significantly by pandemic-related funding in 2021-2023, it has been steadily losing ground to inflation over the past six years.

The media world also has not been immune to the turbulent economic landscape of the last few years. Media costs have continually been on the rise, amounting to a staggering 20% inflation over the past two years alone[3]. The effect has been weighing heavily on marketers' advertising budgets, including Destination Canada's.

[2] UNWTO World Tourism Barometer, January 2023.

[3] *The Impact of Inflation on Media Buys in 2023*, MMGY Global, June 2023.

Since 2014, the cumulative inflation rate has reached 27%, meaning that an advertising dollar spent in 2014 costs $1.27 today. Skyrocketing prices are making it more expensive for marketers to reach the right audiences on social platforms, and price stabilization is not expected for some time.

A number of factors are contributing to rising prices across the board. Newer advertising platforms are experiencing significant price volatility, mandated changes in advertising and privacy policies are making it increasingly difficult and expensive to reach audiences on social platforms, and increased demand for connected TV and streaming services is pushing investment into these platforms, driving prices upwards.

As we continue to grapple with the lingering effect of inflation on media and other costs, we at Destination Canada have been creatively adapting and smartly repurposing content to limit new creative production in the short-term. We will continue to plan carefully, develop content and invest in platforms that maximize the value of our marketing budgets and marketplace impact.

Key Trends

Planning for long-term resilience entails having an understanding of changes in the industry and in consumer behaviour, along with their potential implications for our industry, our organization and our many partners. Below are the key trends most likely to have the greatest impact on the travel and tourism industry in Canada over the next three to five years.

Climate Change

Ambitious new greenhouse gas emissions reduction targets by 2030 are increasing global urgency to adapt to climate change by implementing sustainable and competitive operating practices.

Digitization

Travellers expect an exceptional digital experience customized to their needs. Canadian travellers ranked easy navigation and up-to-date information as the most important factors.

Connectivity

Even as consumer demand recovers, lack of labour has caused airlines and other transportation operators to reduce their operations in order to try and minimize disruptions and delays.

Labour Supply

Demand for labour remains strong, but hospitality workers finding other careers due to COVID-19 industry disruption and demographic trends may create a long-term shortage of workers.

Higher Costs

While demand remains strong, rising costs are being cited by a growing number of households in the US and Canada as a reason not to travel. The industry could see overall declines in leisure travel volume while prices increase.

Business Travel

While domestic leisure travel has recovered quickly, business travel has not. Demand for business travel will likely align with increases in office return rates with the possibility that we will see fewer trips taken overall and more that are “blended” with leisure travel in the future.

Return of Chinese Tourists

With the world’s largest outbound travelling nation reopening, Chinese international air travel is expected to recover by 2025. COVID-19 risks and geopolitical tensions will influence the destinations of 155 million Chinese tourists and their $250 billion outbound spend.

Demographic Shifts

Travellers are increasingly interested in actively participating and learning from experiences rather than just passively observing them. Affluent travellers are eager to splurge on leisure travel, leading to a rebound of this segment and driving demand for value-based experiences.

Ascendence of Communities

The openness of communities to welcome tourists is now shaping growth in destinations. The shift in focus towards the wellbeing and safety of local communities has taken on new urgency. Destinations increasingly belong to the people who call them home.

Internal Environment

How Destination Canada Works

Collaboration with our tourism partners across the sector provides a powerful competitive advantage for Canada.

We have deepened relationships with destination marketing organizations and airports across the country, global airlines, the travel trade, Canadian government agencies and national associations that touch on tourism in order to help grow a stronger tourism sector.

While the global tourism ecosystem is complex and involves many players, our mutual success depends on working together, not independently, toward common goals. This Team Canada approach means building Canada's brand as a travel destination in lockstep with our partners for greater impact. It means bringing together diverse data sources and leveraging shared platforms to better inform both demand- and supply-side decisions. It includes producing joint business strategies, building agile co-op programs with travel trade, investing in keystone sector players like airlines, and pooling resources together with other destination marketing organizations at the city, provincial and territorial levels to extend the impact of our collective investments. It means looking more broadly at the many complex factors that influence our sector's ability to succeed in a highly competitive global marketplace and to help create shared long-term value for a broader range of stakeholders, including businesses, governments, employees, residents and communities.

Hybrid Working Model

Like many organizations, the COVID-19 pandemic forced us to rethink our approach to work. In April 2022, we moved to a hybrid working model where staff work part of the time in-office and part of the time remotely. We followed a gradual and phased approach to office re-entry and continue to stay aligned with guidance from public health authorities. While a hybrid workplace is new for Destination Canada, the first year has proven successful and we continue to adapt our model in order to optimize how people collaborate, get work done and deliver exceptional business results.

Workforce Management

We have been on a journey to integrate multi-HR services into a single solution to enhance operational management and to offer a more efficient and simplified user experience. This multi-year project began with upgrading our pay module in 2020, and in 2022 we introduced a new time management component to enhance internal service offerings.

We are continuing to explore options to further leverage the power of technology to boost productivity, particularly in the area of talent acquisition and/or talent management. We will look at how we can provide a stellar and seamless experience for candidates end-to-end – from recruitment to hiring to onboarding.

Labour Supply

While the labour market pressures we experienced in 2022 are somewhat less pronounced, we continue to operate in a highly competitive environment. The implementation of refreshed salary ranges following our recent compensation review, which is conducted every three years, has played a key role in easing talent attraction challenges. We also continue to enhance our competitiveness through offerings such as flexible work arrangements and hybrid remote work, investments in training and development programs, mental health resources, and other areas.

Special Examination

As a Crown corporation, we are required to maintain systems and practices that provide reasonable assurance that our assets are safeguarded and controlled, that our financial, human and physical resources are managed economically and efficiently, and that our operations are carried out effectively. This type of audit is conducted periodically by the Office of the Auditor General, and the next such audit is expected to occur in 2023. The last special examination was completed in 2014/2015, which resulted in no significant findings.

STRATEGIC PLAN

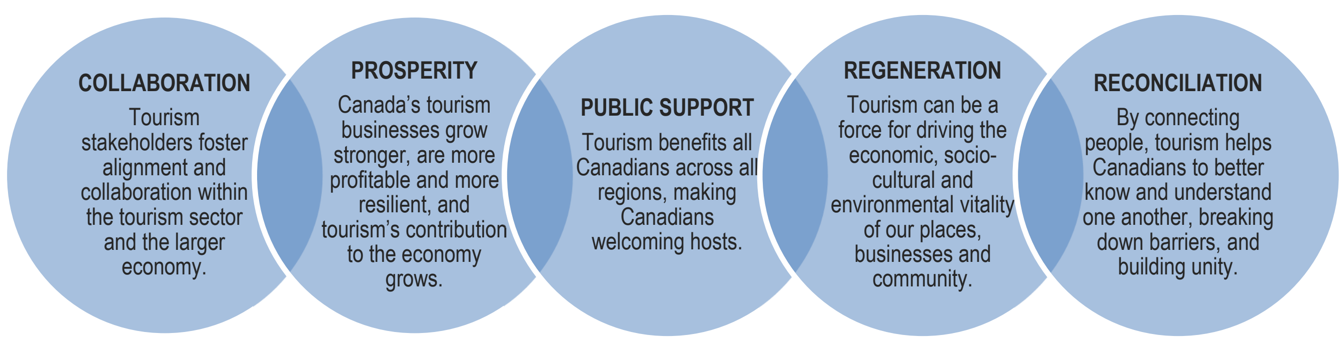
Overview

Our aspiration is for tourism to generate wealth and wellbeing for all of Canada and to enrich the lives of our guests. Our new strategy to realize this aspiration is rooted in the concept of destination stewardship – an approach that balances and meets the needs of a destination and its communities and which requires full public and private community collaboration for success.

Destination Canada is committed to being stewards for Canada's tourism sector and we are moving towards smart growth underpinned by regenerative tourism principles. However, the sector is still rebuilding from the aftermath of the pandemic and our path forward endeavours to drive distinct outcomes over the next several years. In the short-term, our roadmap includes a continued focus on driving rapid revenue recovery. We are dually focused on strengthening product supply and stimulating demand in the medium-term and on enhancing Canada's international competitiveness in the long-term.

Our strategy is guided by five principles and is premised on four strategic choices that collectively will drive transformative growth and future resilience of Canada's tourism sector.

Guiding Principles



Strategic Driver: Collective Intelligence

In a digital world, data fuels competitiveness. As a sector, we must be able to quickly identify and respond to emerging trends and issues, deeply understand our target travellers, foster a seamless digital path to purchase, monitor and optimize guest experiences in real time, and understand the sentiments of local communities. We have the opportunity to use data in far better ways, making us more skilled as marketers, more successful in developing destinations, and more accountable to Canadians.

To support the long-term resilience of the sector and Canada's increased competitiveness, we are investing in growing our data sources and our analytical capabilities in a number of areas. Through in-depth analysis and monitoring, we will be able to deliver a forward-looking view of the Canadian tourism sector and our markets, and advise on the competitiveness of various factors across the sector. Through unparalleled demand-side tourism intelligence, we will generate insights on the overall travel landscape including the drivers influencing travel demand and consumer decisions, and better understand our target travellers and competitors. Demand data will be complemented with supply-side tourism intelligence to inform our destination development strategies, and we will look at developing new and innovative ways to measure the contributions of tourism.

Canadian Tourism Data Collective

Over the last year, we enhanced our intelligence and data capabilities to inform our strategies and investment decisions. While we've continued to deliver critical intelligence to the industry and our federal partners, we've made important strides to better understand the future of tourism and enhance our forecasting capabilities. A key deliverable for us in 2022 was our Fall 2022 Tourism Outlook which incorporates crucial factors such as inflation, a pending recession, and continued geopolitical unrest to provide insightful revenue forecasts out to 2030.

In addition, with the re-emergence of outbound travel across the globe, we needed to re-assess the potential of each market to inform decisions on where to market Canada and how best to allocate marketing resources. As such, we modernized our market selection and investment allocation system to better inform our marketing strategy and support the optimization of return across investments.

Looking ahead, we're shifting from a primary focus on consumer research and public data to become insights-driven and curate both supply and demand industry data. A key pillar of our collective intelligence strategy is the Canadian Tourism Data Collective (CTDC). As noted in our 2023-2027 Corporate Plan, we are developing the CTDC with Statistics Canada and Innovation, Science and Economic Development Canada, as well as industry partners to harness the power of data and unlock better insights. A multi-year and multi-stakeholder initiative, the CTDC will aggregate sector-specific data together with consumer-based data to yield a comprehensive, connected, and actionable platform of tourism intelligence for the industry. It will also provide a more regional view of data and fill gaps in current data sets with the inclusion of typically under-represented people and places in tourism statistics.

Users will have secure access to a range of outputs that includes traveller insights, curated data sets, interactive dashboards, research publications and economic modelling that will empower decision-makers across public and private sectors. Further, unlocking the potential of Canadian tourism data will help to accelerate recovery of the tourism sector and support longer-term resilience and competitiveness.

The CTDC will be a powerful national digital platform for industry data, research and insights. It will foster a rich community of collaboration and knowledge sharing, and will attract innovators. The platform will be Destination Canada-lead and operated, and our delivery will be incremental and paced using a scalable technology foundation. The platform will be built in compliance with Government of Canada regulations pertaining to the storage, use and sharing of data.

Strategic Driver: Brand Leadership

As we seek to build sector resilience within a regenerative ecosystem, our global marketing strategy focuses on short-term revenue recovery by stimulating international demand from key markets to rebuild local tourism supply. As an example, a key part of our strategy was to restore needed air capacity to Canada following significant declines in air traffic due to the pandemic. Through marketing agreements with key Canadian airports and Canadian, US and international air carriers, we helped drive the post-pandemic return of nearly 20 million inbound seats from our priority markets in 2022, fueling recovery.

Looking ahead, our international marketing strategy focuses on three critical areas that will make Canada the #1 destination of choice among our target high-value guests and business event decision-makers.

Differentiating Canada

Canada's unique blend of openness – open spaces, open hearts and open minds – offers travellers the space they crave for growth and enrichment. The ambition of our global brand strategy is to inspire radical openness and challenge high value guests to rethink what they believe or feel about Canada.

We will promote and showcase Canada's unique identity, values, offerings, and experiences to target audiences on a global scale. Creative brand campaigns and rich storytelling will position Canada as THE destination that inspires radical openness in the world. Global partnerships will be paramount as we create a compelling and coherent story that effectively shapes perceptions of Canada, builds emotional connections, and influences consumer behavior.

High Value Guests

High Value Guests (HVGs) immerse themselves in a destination and share a curiosity for deeper, richer experiences. They embrace heritage and culture and genuinely seek to leave a destination better than they found it. While there are differences in the priorities, motivators and drivers for HVGs in each market, they tend to be more affluent and educated than the average traveller. HVGs also have a greater lifetime value as guests because they return often and are enormous advocates for Canada.

Through our position around openness, we will deepen our relationship with travellers to differentiate ourselves from competitors and attract more high-value international guests that will drive smart revenue growth.

Growing Demand

As travel increasingly approaches pre-pandemic levels, we are starting to see the signs of 'over-loved' destinations and a return to a state of insufficient product supply and overcrowding in some locales. Regions ill-equipped with needed labour or product not only impact visitor enjoyability, but they also impact the quality of life of their own communities as a limited workforce carries the industry, and congestion impacts livability.

As such, a notable shift in our strategy is to build demand for experiences where and when Canada has sufficient or growing capacity to host. In particular, we will raise awareness for fall and winter experiences in Canada. In parallel, we will continue to support partners in their sales and marketing efforts to grow yield in specific places, for seasonal product and in peak periods.

Shifting Our Role in Canada

After successfully stimulating demand for long-haul domestic travel while international travel was restricted in 2022, we are focusing efforts on inspiring and monitoring the support from Canadian hosts and travellers. While our domestic marketing program has now sunsetted, we understand that Canadians' support for tourism is essential for the success and sustainability of the tourism sector. As such, we will continue to keep a regular pulse on how Canadians feel about tourism.

Promoting and Selling Canada as the Premier Destination for Hosting International Events

Vying for business events is ultra-competitive and the sales cycle can be years in the making. However, business events create immediate economic benefits as well as legacy opportunities, particularly for urban centres. They have a powerful and positive ripple effect as business travellers tend to make return visits, often as buyers or investors. C-suite decision-makers see the business prospects that are possible in Canada. Event delegates often extend their stay as leisure travellers or return at another time with their families. And, importantly, business events create forums for knowledge-sharing and help build Canada's brand and economy of the future.

Business Event Decision-Makers

Akin to high-value leisure travellers are those influential leaders, executives and meeting planners that have the power to decide where, when and how an international business event takes place.

Travel for conferences, incentives and other business events and meetings that are aligned with key industry growth sectors are highly impactful and generate tremendous legacy benefits. As such, we will target and inspire executive decision-makers and influencers within each sector to book their meetings, conferences and incentives in Canada.

Organizations around the world use incentive travel programs to reward their top sellers and high-performance staff. These are usually custom experiences with significant budgets and are typically sourced and implemented by third-party agencies. We engage with these powerful agencies to win incentive travel business. Working with agencies allows us to tap into robust international client bases for promoting Canada and keeping our business events assets top of mind.

To differentiate Canada's hosting destinations and attract high value business events – conventions, conferences, corporate meetings, and incentive travel – our efforts are strategic and global. We work with our tourism partners, government agencies, and private sector industries to target decision-makers and leaders in six economic growth sectors where Canada offers unique competitive advantages for hosting events. These sectors – digital industries, life sciences, natural resources, advanced manufacturing, agribusiness, and finance and insurance – have been identified as priorities for Canada's overall economic future. We have identified more than 20 Canadian host destinations championing growth in these strategic sectors. Promoting these destinations for business events creates enormous short- and long-term value for Canadian host cities and local industries, and helps spread tourism dollars from coast to coast to coast, through more seasons.

International Business Events Attraction Program

Through Budget 2023, the Government of Canada announced additional funding for Destination Canada: $50 million over three years to attract major international conventions, conferences and events to Canada. This funding will allow us to build on the momentum that our partnership program with destinations has built over the last number of years and, in particular, to continue to leverage the work we accomplished through previous special funding the federal government provided as a result of the pandemic.

In particular, this funding will be directed to three areas that will work in tandem to attract additional business events to Canada:

Anticipated Impacts

The Government of Canada is investing $50 million over three years for Destination Canada to attract major international business events. We anticipate the returns of this investment to be significant and far-reaching. In particular, the International Convention Attraction Program is expected to:

- Bring 86,000 international business delegates to Canada
- Generate $174 million in direct economic activity
- Contribute $96 million to Canada's GDP
- Support 1,563 jobs

1. Strengthening Canada's presence at global sales events. Over the years, Destination Canada's leadership has been instrumental in unifying 23 destination marketing organizations under the same Canadian banner. Funding will be used to grow Canadian cities' presence at key international events in order to generate important business event leads for their destinations.
2. Marketing and communications. Our Business Events program will showcase Canadian innovation and thought leadership globally, positioning Canada as a destination where teams and leaders can connect, share ideas and leverage Canada's intellectual capital.
3. Partnership Incentives. We will work with destination partners to qualify and seek out international business events within priority economic sectors. Additional funding will be spent towards providing partnership incentives which will be used to support event costs.

Canadian Business Events Sustainability Plan

Sustainability continues to be a top priority among executives and meeting planners. More than ever, they are looking at how destinations and venues are incorporating sustainability measures into business events.

With this in mind, in 2022 we launched the Canadian Business Events Sustainability Plan, aimed at improving the economic, social, cultural and environmental sustainability practices of business events hosted in Canada. In 2023, we rolled out the Global Destination Sustainability Index to benchmark where Canadian cities – as hosts for business events – stand in terms of their existing sustainability initiatives. Sixteen Canadian cities are participating. With a vision to engage, inspire and enable destinations to become more regenerative and sustainable places to visit, meet and thrive in, this assessment will continue in 2024 and will be used to measure and track change in the years to come.

Simultaneous to the destination assessment, coaching, training and education opportunities will continue to be provided to domestic partners to incorporate into their existing sustainability programs and support the implementation of new programs across business events hosted in Canada.

Our Canadian Business Events Sustainability Plan is receiving global recognition and awards for innovation and thought leadership. It is an invaluable roadmap for strengthening Canada's attractiveness to event decision-makers as well as Destination Canada's broader agenda for a regenerative approach to tourism in the years to come.

Canadian Visionaries Network

To enrich Canada's reputation as a leading business events destination, we have launched the Canadian Visionaries Network. This is a national intellectual marketing program that taps into Canada's network of academic, industry and association leaders in our six priority economic sectors. Such leaders are valuable advocates and play a powerful and influential role in marketing Canada's destinations internationally.

The Canadian Visionaries Network is a repertoire of prominent Canadian experts whose stories are featured internationally to showcase Canada's sector expertise, elevate the reputation of destinations as knowledge hubs in specific sectors, and ultimately assist with our efforts to attract international conventions.

Sport and Culture

Based on a review of our role in international sports and cultural events in 2023, we will determine Destination Canada's potential strategy for the attraction of these events. We will outline how we could provide added value and how we may best intersect with the many other public, private and not-for-profit organizations in this space in Canada. While the addition of sport and culture to our portfolio would better position Canadian destinations to compete internationally to host these events, pursuing this arena entails its own unique attractions model and resources, we will work with other federal departments to explore how we may support their work in this area.

Strategic Driver: Legendary Journeys

To drive long-term prosperity and effectively become one of the most sought-after destinations on our planet, we cannot rely solely on strategic marketing initiatives. To become a preferred choice for travellers, Canada must offer stellar, true to Canada experiences that respond to high value guests and meet current and enduring market demands. As more and more travellers prefer destinations that respect the environment, local culture, and resident communities, destination development thoughtfully preserves and grows assets that continuously make Canada the pinnacle place of desirability to travel and the enjoyment of generations to come.

Destination development is about communities that want tourism in their place; tourism that enriches the lives of all people of Canada and visitors. The elements of destination development span many interconnected factors – new development and ongoing maintenance of infrastructure, physical and digital access, amenities, environmental integrity, collaboration across various stakeholders and stewards of the land, experiences, and the workforce that fortifies the delivery of it all. It is not about transforming communities based on external preconceptions, but about enhancing their own attributes in a way that benefits and contributes to the economic regeneration of the host communities, using tourism as a catalyst. Our strategy is designed to solidify Canada's global reputation as a progressive, innovative leader in destination development, and to provide a roadmap for the future.

Thought Leadership

Thought leadership is a significant part of our destination development work, engaging Canada's tourism industry stakeholders by providing a platform for knowledge-sharing, fostering innovation through dialogue, and providing resources and expertise. By acting as the convener, Destination Canada helps advance the industry and align destination development priorities.

Key thought leadership initiatives include:

- Continuing to lead the National Destination Development Working Group which supports the creation of a destination development discipline throughout the country and shares insights, knowledge, good practices and learning;
- Advancing the knowledge hub where definitions, case studies, progressive practices, videos, a consultant list, and other resources are available to the industry;

- Growing and refining the speaker series that brings together subject matter experts and professionals to share knowledge, insights and expertise;
- Hosting an International Symposium on Destination Stewardship to showcase the best of destination development and stewardship from around the world;
- Socializing a regenerative approach to tourism for Canada based on our 2023 framework; and
- Developing new measures of tourism's contributions to Canada through an innovative national Wealth & Wellbeing Index that is also generating international interest.

International Symposium on Destination Stewardship

The International Symposium on Destination Stewardship is a first-of-its-kind three-day event, bringing together global thought leaders, stakeholders, partners, and knowledge holders from diverse sectors for a unique discussion on redefining tourism and destination stewardship.

To be held in late 2023 in Gatineau, QB, the Symposium will explore how a regenerative approach to tourism can have a positive impact on residents, their communities, the economy, culture, and the environment.

Planning & Strategy

Strategically planning the development of Canada's tourism supply – products, experiences, infrastructure, workforce, transportation, border access and other factors – is fundamental to Canada's global competitiveness as it ensures that Canada is consistent with changing market trends and proactively addresses visitor and resident needs, today and tomorrow. On a pilot basis, we are working with tourism corridors to create destination development strategies which reflect the aspirations of communities and to provide them with reliable supply- and demand-side data for planning.

Our practice in this field also identifies and nurtures public and private investment opportunities and supplies best-in-class tools to support new destination development strategy development. We will assess the current barriers and industry challenges to investing in tourism in Canada and identify investment pathways to support partners. We will maintain an evergreen portfolio of destination development projects that are in phases and in need of financial support to bring them to fruition, while concurrently identifying programs to increase public investment in tourism assets and infrastructure. By bringing awareness to development opportunities across Canada, we will promote and cultivate investments in Canada's tourism sector that will set the stage for transformative growth.

Key planning and strategy initiatives include:

- Curating a list of investors and consultants to nurture destination development expertise in Canada and empower Canada's tourism industry stakeholders;
- Mapping and profiling tourism clusters based on stage of development and comparative characteristics to track their evolution and support targeted investment;
- Keeping abreast of the deliverables of the Tourism Corridor Strategy Program to accelerate destination development in other corridors across Canada;

Tourism Corridor Strategy Program

The primary goal of the Tourism Corridor Strategy Program is to accelerate destination development in corridors across Canada through comprehensive planning that stimulates investment and contributes to the wealth and wellbeing for all of Canada. Our approach to corridor development places an emphasis on strengthening stakeholder collaboration, especially between provinces and territories, to build capacity and leadership.

With the support of Destination Canada, partners in the Tourism Corridor Strategy Program will co-create a strategy that defines the vision and aligns the resources of corridor partners and stakeholders, develop an implementation plan and identify opportunities to attract investments.

This collaborative program will benefit not only the communities and destinations involved but will also bolster Canada's offerings that give visitors more reasons to stay longer and travel to new regions across Canada.

- The targeted development of fall and winter seasons and geographic regions that include rural and remote;
- Developing an understanding of the policy environment to make tourism a desirable and profitable sector to invest in; and
- Support for tourism development and corresponding investment.

Strategic Driver: Sector Advancement

Long term, we are seeking to build sector resilience and transformative growth that will make Canada a more successful competitor in the tourism landscape and create greater value for all of Canada. We want tourism to become a regenerative system that measures its success in more than economic terms, by improving the wellbeing of people and places and advancing sustainable tourism.

A key priority for us moving forward will be to lead sector advancement through thought leadership with governments, partners and the industry at large. Continued engagement with our NorthStar partners, national tourism associations and many other stakeholders will be essential to advance Canada's international competitiveness in critical areas.

We will also support the prioritization of tourism by governments and Canadians by continuing to communicate the value of tourism with stakeholders and the public. Tourism benefits all of Canada, but not all recognize the important contribution it makes to their quality of life. Tourism is an engine of economic growth and prosperity across the country, and a major contributor to the social, cultural and environmental wellbeing of communities. With a deeper understanding of tourism's benefits, public policy makers will also recognize the importance of tourism to the wealth and wellbeing of Canadian residents and businesses. In addition, gaining the trust and respect of all peoples of Canada so they welcome tourism into their communities and become ambassadors for tourism is essential for driving sector investment and improving competitiveness in the long-term.

Another key facet of our work will be to support the growth of Indigenous tourism in Canada and advance reconciliation with Indigenous peoples. Authentic Indigenous-led tourism experiences present a unique opportunity to Canada and the world. We will continue our long-standing partnership with the Indigenous Tourism Association of Canada and support marketing and destination development initiatives that will further improve the ability of Indigenous tourism businesses to attract and welcome visitors. We will help to position Canada as a top destination for offering travellers Indigenous tourism experiences that are led by Indigenous communities.

Furthermore, by connecting people, tourism helps Canadians to better know and understand one another, breaking down barriers and building unity. Supporting Indigenous tourism promotion and investment in this high-opportunity segment contributes to advancing reconciliation by creating the conditions for increased employment and economic growth, as well as cultural revitalization.

APPENDICES

APPENDIX A: MINISTERIAL MANDATE LETTER

Minister of Tourism and Associate Minister of Finance

Ministre du Tourisme et ministre associé des Finances

Ottawa, Canada K1A 0H5

The Honourable Liza Frulla, P.C., C.M., O.Q.
Chair
Board of Directors
Destination Canada
800-1045 Howe Street
Vancouver, British Columbia V6Z 2A9

liza.frulla@ithq.qc.ca

Dear Liza Frulla:

As the Minister responsible for Destination Canada (DC), I am writing to you to provide you with a Statement of Priorities and Accountabilities (SPA). The Prime Minister's *Open and Accountable Government* guidelines identify mandate letters from the Minister to portfolio organizations as a best practice for ensuring the integrity and coherence of government activities in an integrated manner that best supports the Innovation, Science and Economic Development Canada (ISED) Portfolio and the tourism sector. As DC enters the next phase of its development, this letter sets out the Government of Canada's priorities to guide DC as it delivers on its commitments and develops its corporate plans, and it outlines DC's accountabilities to the Government and the public.

I would like to acknowledge the extraordinary efforts DC has made in the last three years to provide leadership in the tourism sector during one of the worst crises it has ever faced. During a period of uncertainty that completely disrupted the normal conditions under which small and medium-sized tourism enterprises thrived before the COVID-19 pandemic, DC adeptly shifted its business activities to market with provincial, territorial, and municipal partners in a successful effort to sustain as much economic activity in the tourism sector as was possible. This helped preserve the jobs and businesses of many people across the provinces, territories, and regions of Canada.

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Canada

Furthermore, DC's efforts to provide research, market intelligence, and data and analytics to support tourism and give it the necessary tools to navigate difficult times exemplified the leadership that was needed at that time. Not only did this help tourism businesses, it was a critical element that enabled federal partners to deliver programs and policy to respond to the COVID-19 pandemic effectively.

In addition, I would like to underscore the work DC has done in the last year to reassert Canada's strong brand in the United States leisure market, as well as working with airlines to reinvigorate demand and seat capacity for key Canadian destinations. These efforts are already showing results and are laying a strong foundation for a more resilient tourism sector in Canada.

As the tourism sector further recovers from the COVID-19 pandemic, the leadership role that DC plays in fulfilling its legislative objects will continue to be critical in building a more resilient tourism sector that remains competitive in the international tourism marketplace and supports economic recovery in communities.

As Minister of Tourism, my overarching goal is to support the tourism sector to make it a leader in inclusive economic growth and job creation. My mandate letter from the Prime Minister sets out specific priorities, such as working with DC and the tourism sector to ensure that Canada remains a tourist destination of choice.

As Chair of the DC Board of Directors, you are the primary link between DC and me. You are also responsible for ensuring that the Board executes its responsibilities, including oversight of DC's business activities and ensuring that there are appropriate management systems, risk management, and financial controls in place. In addition, you are responsible for guiding the strategic direction of the Crown corporation to ensure that it fulfills its legislative objects to sustain a vibrant and profitable Canadian tourism sector; market Canada as a desirable tourist destination; support a co-operative 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 *Financial Administration Act* requires DC to submit a corporate plan to the Treasury Board for approval of its major business activities, as well as operating and capital budgets prior to the start of the first year of the plan. The corporate plan should align with federal objectives, including ensuring DC's activities contribute to the Government's objectives of creating jobs, growing our economy, and increasing our competitiveness, while creating a cleaner and more inclusive future.

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The work of DC to deliver cutting-edge marketing programs in partnership with provinces, territories, municipalities, and tourism partners, including through the NorthStar partnership, continues to be central to Canada's efforts to attract visitors to explore Canada. DC should build on the strong momentum of this work and develop a common marketing plan with clearly defined roles for partners in Canada's international and domestic markets that also includes measurable targets for success.

The work DC undertook to provide research, market intelligence, and data and analytics to help guide the decision making of small and medium-sized enterprises in the tourism sector during the pandemic serves as an important foundation for the work of the organization going forward. DC's efforts to develop a data collective is expected to build on this success and ensure that the entire tourism ecosystem continues to have access to the information it needs to thrive as the sector recovers.

One of the outcomes expected from DC's business activities is increased alignment among tourism sector partners in order to maximize visitation and economic growth in tourism. At the same time, DC has faced ongoing challenges in achieving this target due to partner budget constraints and the changing nature of partnerships in the tourism sector. To address this challenge, DC should work with ISED to develop a revised partner co-investment model that appropriately accounts for evolving partnerships and partner-based activities. Once a proposal has been developed, ISED and DC will work with central agencies to ensure that the revised methodology aligns with their expectations and secure approval.

To ensure appropriate oversight of public finances, the Treasury Board of Canada Secretariat (TBS) recommends that, as a best practice, Crown corporations report to responsible ministers when Crown corporations' spending exceeds a $10-million or 5% variance from approved budgets, as identified in the *Financial Administration Act*. I would like to congratulate DC for working with ISED and TBS to develop a Letter of Understanding that improves oversight and transparency of the parliamentary appropriations drawdown process, and I request that DC inform me of future budgetary variances or any other significant changes to planned spending.

I also request the continued collaboration of DC in supporting the Government's efforts to deliver a new, post-pandemic Federal Tourism Growth Strategy that will plot a course for investment, growth, and stability for the visitor economy for years to come. DC's considerable market intelligence and insights into the needs of the tourism sector will serve as an invaluable resource both for the development of the initiatives to be included in the new Strategy, as well as for tracking the success of the Strategy once it is launched.

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Based on the feedback I received during the consultations on the renewed Strategy, I request that DC add sports and culture as additional priority event sectors for its international events attraction strategy. Diversifying and expanding international audiences in this way, alongside the existing international business strategy, is crucial for the long-term prosperity of the visitor economy and will raise Canada's profile internationally, creating investment opportunities that will benefit urban and rural communities alike.

As a Crown corporation, DC maintains an arm's length relationship from the federal government when managing its daily affairs. However, as a Crown corporation within the ISED Portfolio, DC should work closely with the Deputy Minister of Economic Development to support its efforts to lead a coordinated response to policy development, public communications, reporting to Parliament, and any other areas where a portfolio approach is deemed appropriate.

As part of delivering results for Canadians, I expect that DC will continue to measure its efforts and report outcomes through documents, including the corporate plan and annual report, at its annual public meeting and on its website. I would also request that, in order to track the progress DC is making toward achieving the objectives of Budget 2021 funding and supporting economic recovery in the tourism sector, DC continue to provide me with bimonthly reports on major business activities, including the results of ongoing marketing efforts.

I remain committed to an open, transparent, merit-based selection process for Governor in Council appointments that will attract qualified candidates for leadership positions across the ISED Portfolio. Candidates should reflect Canada's regional and linguistic diversity, and equity-seeking groups, such as women, Indigenous peoples, persons with disabilities, and members of visible minorities. As Chair of the DC Board, you will be invited to participate in the selection processes for leadership positions, which will help inform appointment recommendations.

To fulfill its legislative objects, DC should draw on a diverse range of talent and perspectives from across Canada, as well as international best practices. This includes continued commitment to diversity of the workforce in your organization and efforts to foster the inclusion of a broad range of voices and views in governance and decision making, including but not limited to the equity-seeking groups noted above.

DC's role as a convenor of the Canadian tourism sector places it in a unique position as an influencer and thought leader in the sector. Given this role, I would like to stress the importance of strategic communications with parliamentarians, tourism sector stakeholders, and Canadians to convey the importance of tourism to communities across the country, and to grow the visitor economy.

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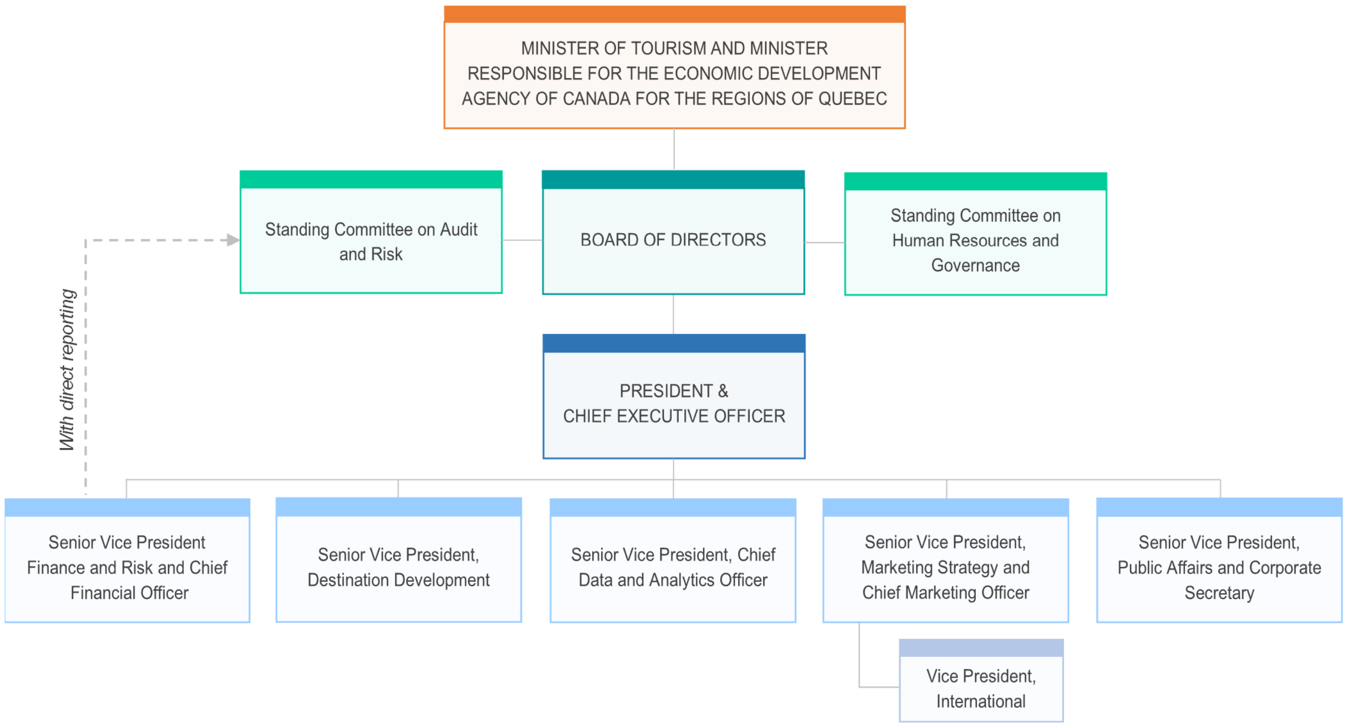
As Canada's national tourism marketing organization, DC plays a critical role in supporting the economic well-being of the Canadian tourism sector through its efforts to make visitors aware of our tourism offerings and the development of new products. DC also plays a profoundly important leadership role, bringing together different tourism stakeholders, ensuring that they are strategically aligned in the pursuit of objectives, and maximizing investments. I am confident that tourism businesses can continue to look to DC for leadership and support as they navigate the road to recovery.

I look forward to our continued collaboration as we work to advance the recovery of the tourism sector and the delivery of a post-pandemic strategy. My department officials, as well as those in partner departments and central agencies, will, as always, provide DC the support it needs to be successful in growing tourism in Canadian communities.

Sincerely,

The Honourable Randy Boissonnault, P.C., M.P.

APPENDIX B: GOVERNANCE STRUCTURE



Board of Directors

The Board consists of up to 12 members who oversee the management of Destination Canada, and provide strategic guidance and effective fiduciary oversight. With the support of two committees, the Board ensures that appropriate systems of governance, leadership and stewardship are in place while at the same time empowering management to deliver on its mandate. Examples of specific functions of the Board are:

- Establishing the organization’s corporate objectives and strategy
- Monitoring corporate performance and evaluating results
- Ensuring effective strategic risk management
- Providing financial oversight
- Monitoring the Chief Executive Officer’s (CEO’s) performance
- Overseeing succession planning of the CEO
- Reviewing and approving major decisions affecting the organization

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

Members with expired terms continue to serve on the Board until replacements have been appointed.

Over the course of 2022, the Board met six times and average attendance at meetings was 97%.

Membership

As at October 1, 2023

The Honourable Liza Frulla, P.C., C.M., O.Q.

Chairperson of the
Board of Directors
Sutton, QC

Term: August 6, 2021 – August 5, 2026

Marsha Walden

President & CEO,
Destination Canada
Vancouver, BC

Term: August 24, 2020 – August 23, 2025

Simon Kennedy (ex officio)

Deputy Minister,
Innovation, Science and Economic Development Canada
Ottawa, ON

Brenda Holder

Owner, Mahikan Trails and Chair, Indigenous Tourism Alberta
Clearwater County, AB

Term: June 23, 2022 – June 22, 2026

Julie Canning

Cowgirl and Operating Partner,
Banff Trail Riders
Banff, AB

Term: February 1, 2018 – June 22, 2026

Zita Cobb

Co-Founder and CEO,
Shorefast Foundation
Fogo Island, NL

Term: June 19, 2019 – June 18, 2023

Stan Cook

Former owner and President,
Stan Cook Sea Kayak Adventures
St. John's, NL

Term: February 1, 2018 – January 31, 2022

Randy Garfield

Former President,
Walt Disney Travel
Stratford, ON

Term: April 12, 2017 – April 11, 2021

Benjamin Ryan

Chief Commercial Officer, Air North
Whitehorse, YK

Term: June 23, 2022 – June 22, 2026

Martin Soucy

CEO, Alliance de l'industrie touristique du Québec
Saint-Augustin-de-Desmaures, QC

Term: June 23, 2022 – June 22, 2026

Natalie Thiesen

Vice President, Tourism,
Economic Development Winnipeg (Tourism Winnipeg)
Winnipeg, MB

Term: June 23, 2022 – June 22, 2026

Andrew Torriani

President, CEO and General Manager,
Ritz-Carlton Montréal
Kirkland, QC

Term: June 19, 2019 – June 18, 2023

Committees of the Board

The Human Resources and Governance Committee advises and supports directors in applying our corporate governance principles and assists in identifying potential board candidates. Additionally, the committee reviews and advises on the President & CEO’s annual objectives and our human resources policies, plans and processes, including succession, compensation and benefits plans.

The committee met four times in 2022 and average meeting attendance was 83%.

In addition to the duties and functions mandated by the *Financial Administration Act*, the Audit and Risk Committee reviews and recommends to the Board processes for identifying and managing risk, internal control systems and processes for complying with related laws and regulations. The committee also oversees the administration, investment approach and financial reporting of our pension plans.

The committee met four times in 2022 and average meeting attendance was 85%.

Both of the above committees are mandated under the *Canadian Tourism Commission Act*.

Executive Team

The President & CEO is accountable to the Board and has responsibility for day-to-day operations. Senior Management plays a vital role in strategic leadership, working closely with the Board to set objectives, develop strategies, implement actions and manage performance.

The executive team also recommends to the Board strategic priorities, identifies business risks and manages the complex intellectual, capital and technical resources of Destination Canada.

Membership

As at October 1, 2023

Marsha Walden

President & CEO

Joanna Mukai

Interim Vice President, Finance and Chief Financial Officer

Gracen Chungath

Senior Vice President, Destination Development

Meaghan Ferrigno

Chief Data and Analytics Officer

Gloria Loree

Senior Vice President, Marketing Strategy and Chief Marketing Officer

Maureen Riley

Vice President, International

David Robinson

Senior Vice President, Public Affairs and Corporate Secretary

APPENDIX C: PLANNED RESULTS

The following planned results are based on total parliamentary appropriations consisting of base funding plus one-time limited funding to attract major international conventions, conferences and events to Canada. Incremental funding is blended with base parliamentary appropriations to work as a collective investment towards the achievement of our objectives. As such, performance results will be reported in aggregate.

Additionally, some targets, such as attributable tourism revenue, are reflective of expected multi-year impacts of marketing activities, even after the time-limited funding associated with the activity has elapsed.

Short-term outcome: Driving Economic Recovery			
OUTCOME	PERFORMANCE INDICATOR	TARGETS	DATA SOURCE / METHODOLOGY
Partners are aligned	Partner alignment in international programs	2024: $37.5 million*	Internal tracking
Target decision makers choose Canada for their next business event	Value of international business events booked by industry for future years	2024: $2.24 billion	Destination Canada Pace reports on industry bookings (monthly)
Tourism economy grows from hosting visitors	Attributable tourism revenue	2024: $1.70 billion	Internal assessment of impacts based on incremental search, travel trade activities and business events sales activities

* Corresponds to the Budget 2017 funding decision for Destination Canada stipulating that $37.5 million in international marketing activities must be matched with partner co-investments on a 1:1 basis.

Medium term outcome: Stimulating Demand			
OUTCOME	PERFORMANCE INDICATOR	TARGETS	DATA SOURCE / METHODOLOGY
Target decision makers choose Canada for their next business event	Value of international business events booked by industry for future years	2026: $2.45 billion	Destination Canada Pace reports on industry bookings (monthly)
Tourism economy grows from hosting visitors	Attributable tourism revenue	2024-2026: $5.61 billion	Internal assessment of impacts based on incremental search, travel trade activities and business events sales activities

Long-term outcome: Increasing Competitiveness			
OUTCOME	PERFORMANCE INDICATOR	TARGETS	DATA SOURCE / METHODOLOGY
Target decision makers choose Canada for their next business event	Value of international business events booked by industry for future years	2027: $2.56 billion	Destination Canada Pace reports on industry bookings (monthly)
Tourism economy grows from hosting visitors	Attributable tourism revenue	2024-2027: $7.76 billion	Internal assessment of impacts based on incremental search, travel trade activities and business events sales activities
Canadians value hosting visitors in their communities	Canadians' perception of the contribution of the visitor economy to their wealth and wellbeing	2021 benchmark: 83.8% 2022 benchmark: 84.7% 2030: 90%	Resident Sentiment Index
Increase Canada's competitive standing internationally	Canada's ranking in the World Economic Forum Travel & Tourism Development Index	2009 benchmark: 5 2021 benchmark: 13 Top 7 by 2030	World Economic Forum

APPENDIX D: FINANCIAL STATEMENTS AND BUDGETS

Financial Condition

As the global tourism industry recovers from the COVID-19 pandemic, Destination Canada's aspiration is to provide leadership in rebuilding the industry to generate wealth and wellbeing for all Canadians and enrich the lives of our guests. In order to sustain a vibrant and profitable Canadian tourism industry, which is the first object in the Canadian Tourism Commission Act, Destination Canada is required to be agile, move quickly and leverage opportunities as they arise. We continue to rapidly pivot all aspects of our business to help mitigate the adverse impacts to our visitor economy and build back tourism better. The 2024-2028 Corporate Plan Financial Statements and Budgets reflect this new reality and take into account our updated long-term strategy to address the current dynamic environment. As such, our program spending investments have been rebalanced to expand our strategy in the areas of insights and analytics, destination development and other new initiatives.

We are taking a data and analytics driven approach to where and when we invest, as international and domestic travel demand improves compared to past years. We are investing in our research and analytics capacity with the intention of sharing information with our partners to help inform better decision-making and judicious and impactful spending. In addition, our work in destination development will help to sustain and create a premier four-season, regenerative tourism economy.

The 2021 Federal Budget announcement included an additional $100 million over three government fiscal years (2021-2022 through 2023-2024) for domestic and international marketing for Helping Visitors Discover Canada.

The 2023 Federal Budget announcement included an additional $50 million over three government fiscal years (2023-2024 through 2025-2026) to support and attract international business events.

This 2024-2028 Corporate Plan reflects base parliamentary appropriations of $96.2 million per year, incremental decreases starting in 2024 to Refocus Government Spending, and the one-time $50 million funding from Budget 2023. Appropriations were $156.2 million in 2022, are expected to decrease to $121.8 million in 2023, and will fall further to $105.3 million in 2025.

We continue to focus on corporate efficiency that will result in total corporate services and strategy expenses representing less than 10% of total expenses for 2024. This will allow us to allocate the majority of our parliamentary appropriations directly into marketing and sales, insights and analytics, and destination stewardship programs.

Major Assumptions

The financial statements, operating budgets and capital budgets are based on the following assumptions:

- One-time funding of $100 million from Budget 2021 that sunsets in 2024.

- Incremental reductions in parliamentary appropriations related to the Refocusing Government Spending initiative which will result in base appropriations being $93 million starting in 2026.
- One-time $50 million in funding from Budget 2023 over three government fiscal years to support and attract international business events.

Statement of Financial Position

As at December 31, 2022 to December 31, 2028

(in thousands of Canadian dollars)	Actual Dec 31, 2022	Estimated Dec 31, 2023	Planned Dec 31, 2024	Planned Dec 31, 2025	Planned Dec 31, 2026	Planned Dec 31, 2027	Planned Dec 31, 2028
Financial assets							
Cash and cash equivalents	27,411	17,649	14,218	15,117	14,979	12,833	12,808
Accounts receivable							
Partner	839	964	831	475	475	475	475
Government of Canada	1,194	750	750	750	750	750	750
Other	8	8	8	8	8	8	8
Other - Agency Credit	1,480	-	-	-	-	-	-
Accrued benefit asset	2,525	2,525	2,525	2,525	2,525	2,525	2,525
Portfolio investments	852	859	865	871	874	878	881
	34,309	22,755	19,197	19,746	19,611	17,469	17,447
Liabilities							
Accounts payable and accrued liabilities							
Trade	12,307	15,909	12,341	12,943	12,780	10,662	10,662
Employee compensation	2,537	2,406	2,445	2,509	2,561	2,561	2,561
Government of Canada	652	254	254	254	254	254	254
Accrued benefit liability	2,528	2,497	2,468	2,440	2,415	2,391	2,369
Deferred revenue	-	-	-	-	-	-	-
Deferred lease inducements	286	187	88	-	-	-	-
Asset retirement obligation	112	112	112	112	112	112	112
	18,422	21,365	17,708	18,258	18,122	15,980	15,958
Net financial assets	15,887	1,390	1,489	1,488	1,489	1,489	1,489
Non-financial assets							
Prepaid expenses	3,358	3,359	3,359	3,358	3,357	3,356	3,355
Tangible capital assets	755	524	245	188	227	207	187
	4,113	3,883	3,604	3,546	3,584	3,563	3,542
Accumulated surplus	20,000	5,273	5,093	5,034	5,073	5,052	5,031

Our financial position will remain relatively stable throughout the 2024-2028 planning period, with the exception of a $20.0 million accumulated surplus at the start of 2023. This arose primarily from marketing efforts deferred from 2022 to 2023. The majority of this surplus, $14.4 million, was reinvested in the US leisure market, global marketing and analytic projects. The remainder of this surplus consists of the amortization of tangible capital assets, accrued benefit assets, and lower than budgeted Corporate services and strategy costs.

Assets

Financial assets are expected to decrease in 2023 as we use up our accumulated surplus, continue to decrease through 2024 as the one-time funding from Budget 2021 ends, stabilize over 2024-2026, and further decrease in 2027-2028 as the one-time funding from Budget 2023 sunsets.

Liabilities

Our overall liabilities are expected to increase in 2023, decrease through 2024, stabilize over 2024-2026, and further decrease in 2027-2028. This is driven by the changes in the accounts payable balance following the fluctuation of marketing and sales, insights and analytics and destination stewardship programs in the same period, aligned to the timing of the 2021 and 2023 Federal Budgets' one-time funding.

Accumulated Surplus

We plan to spend all our appropriations and cash partnership contributions over the next five years, and in addition, show annual deficits or a very small surplus. These deficits represent the amortization of tangible capital assets, any actuarial losses on pension plans and deferred lease inducements. The sum of these expenses and revenues accounts for the entire in-year deficit and is covered by previous years' accumulated surplus. We plan to utilize most of the accumulated surplus to enhance marketing efforts in 2023, resulting in a larger in-year deficit.

Statement of Operations

For the years ending December 31

* Operating expenses include expenses for Corporate services and Strategy; Marketing and sales expenses includes Marketing and sales, Analytics and Destination stewardship.

(in thousands of Canadian dollars)	Actual 2022	Estimated 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027	Planned 2028
Revenues							
Partner revenues	1,803	8,122	7,000	4,000	4,000	4,000	4,000
Other	1,307	1,383	1,100	1,000	900	900	900
	3,110	9,505	8,100	5,000	4,900	4,900	4,900
Expenses							
Marketing and sales	131,794	116,129	88,096	93,704	92,624	73,117	73,117
Analytics	9,552	14,986	11,673	11,683	11,632	11,632	11,632
Corporate services and strategy	8,920	10,447	10,409	10,620	10,461	10,521	10,521
Destination stewardship	860	4,151	2,800	2,718	2,548	2,548	2,548
Amortization of tangible capital assets	317	342	319	97	60	60	60
	151,443	146,056	113,298	118,822	117,326	97,879	97,879
Net Cost of operations before funding from the Government of Canada	(148,333)	(136,551)	(105,198)	(113,822)	(112,426)	(92,979)	(92,979)
Parliamentary appropriations	156,160	121,825	105,017	113,764	112,465	92,958	92,958
Surplus / (Deficit) from operations	7,827	(14,727)	(182)	(58)	39	(21)	(21)
Accumulated operating surplus, beginning of year	12,242	20,069	5,342	5,160	5,102	5,141	5,120
Accumulated operating surplus, end of year	20,069	5,342	5,160	5,102	5,141	5,120	5,099
Ratio of Operating expenses to Marketing and sales expenses*	**6%**	**8%**	**10%**	**10%**	**10%**	**12%**	**12%**

Revenues

Parliamentary Appropriations

We are financed mainly by Government of Canada parliamentary appropriations which were $156.2 million in 2022. Appropriations decreased in 2023 and 2024 due to the conclusion of the one-time incremental funding for Helping Visitors Discover Canada.

In 2022 through 2024, we have and will receive three sources of appropriations as follows:

- Base funding of $96.2 million in 2023;
- $100 million in incremental funding over three years from Budget 2021 for Helping Visitors Discover Canada;
- $50 million in incremental funding over three years from Budget 2023 for attracting international business events;

(For a description of how we reconcile the government fiscal year with our calendar fiscal year, see *Reconciliation of Parliamentary Appropriations to Government Fiscal Year*.)

Partnership Contributions

We leverage the value of appropriated funding by partnering with other organizations on marketing campaigns to strengthen the Canada brand. For marketing campaigns that we lead, partner organizations either provide cash or in-kind contributions. Only cash contributions are recognized and reported as partnership contributions in the Statement of Operations.

We partner with provincial and territorial marketing organizations, national, regional and local companies, destination marketers, media, non-traditional partners and tourism associations.

Our estimates show an increase in cash contributions in 2023, and a decrease and levelling out over the remainder of this planning period as partners work with us on various programs; however, these are expected to still be lower when compared to pre-pandemic years as we anticipate the impact of COVID-19 travel restrictions to have lasting financial consequences for all our partners. Even before the pandemic, several of our traditional partners had experienced budget declines which decreased the capital pool available to invest in our marketing campaigns.

Expenses

Expenses are higher in 2022 and 2023 due to the additional $100 million funding. They then become fairly consistent with our appropriation levels.

Programs

We are committed to invest a minimum of 90% of all revenues and parliamentary appropriations in marketing and sales, insights and analytics and destination stewardship throughout the 2024-2028 planning cycle. Shifts in annual parliamentary appropriations and the anticipated decrease in cash partnership contributions have a direct impact on program spending levels and percentages.

Corporate Services and Strategy

Over the planning period, the cost of corporate services and strategy as a percentage of program spending is expected to remain below the 15% maximum set by the Treasury Board Secretariat in 2013. We are committed to spend well below this threshold in corporate services throughout the 2024-2028 planning cycle, including the years when appropriations will decrease to base levels.

Corporate services and strategy expenses are expected to increase in 2023 to support the larger scope, higher volume and complexity of new strategic efforts which have expanded beyond marketing and sales. These investments are also required to strengthen and modernize our computer hardware and internal control framework, and optimize operational processes for greater efficiency. These expenses will stabilize through 2024-2028.

Training continues to be a focus at Destination Canada. The intention is to ensure we have an agile, high-performance workforce, to provide opportunities for staff to learn and develop as a key part of our employee value proposition, to recruit and retain talent and to increase employee engagement and enablement.

Amortization

The Statement of Operations includes amortization expenses of tangible capital assets, unamortized pension plan loss and amortization of leasehold improvements.

Statement of Remeasurement Gains and Losses

For the years ending December 31

(in thousands of Canadian dollars)	Actual 2022	Estimated 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027	Planned 2028
Accumulated remeasurement gains (loss), beginning of year	(36)	(69)	(69)	(69)	(69)	(69)	(69)
Unrealized loss attributable to foreign exchange	(69)	(35)	(35)	(35)	(35)	(35)	(35)
Amounts reclassified to the statement of operations	36	35	35	35	35	35	35
Net remeasurement loss for the period	(33)	-	-	-	-	-	-
Accumulated remeasurement loss, end of year	(69)	(69)	(69)	(69)	(69)	(69)	(69)

Statement of Change in Net Financial Assets

For the years ending December 31

(in thousands of Canadian dollars)	Actual 2022	Estimated 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027	Planned 2028
Surplus (Deficit) for the year	7,827	(14,727)	(182)	(58)	39	(21)	(21)
Acquisition of tangible capital assets	(113)	(111)	(40)	(40)	(100)	(40)	(40)
Amortization of tangible capital assets	317	342	319	97	60	60	60
	204	231	279	57	(40)	20	20
Effect of change in other non-financial assets							
Decrease in prepaid expenses	1,215	(1)	-	-	2	1	1
	1,215	(1)	-	-	2	1	1
Net remeasurement loss	(33)	-	-	-	-	-	-
Increase (decrease) in net financial assets	9,213	(14,497)	98	(1)	1	0	0
Net financial assets, beginning of period	6,674	15,887	1,390	1,489	1,488	1,489	1,489
Net financial assets, end of period	15,887	1,390	1,489	1,488	1,489	1,489	1,489

Statement of Cash Flows

For the years ending December 31

(in thousands of Canadian dollars)	Actual 2022	Estimated 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027	Planned 2028
Operating transactions:							
Cash received from:							
Parliamentary appropriations used to fund operations and capital transactions	170,495	121,825	105,017	113,764	112,465	92,958	92,958
Partners	930	7,997	7,133	4,356	4,000	4,000	4,000
Other	663	502	501	512	600	600	600
Interest	545	782	500	400	300	300	300
	172,633	131,106	113,152	119,033	117,366	97,859	97,859
Cash paid for:							
Cash payments to suppliers	(138,555)	(120,941)	(97,163)	(98,236)	(97,122)	(79,632)	(77,514)
Cash payments to and on behalf of employees	(17,328)	(19,809)	(19,373)	(19,851)	(20,277)	(20,328)	(20,326)
Cash (used in) provided by operating transactions	16,750	(9,645)	(3,384)	946	(34)	(2,101)	19
Capital transactions:							
Acquisition of tangible capital assets	(113)	(111)	(40)	(40)	(100)	(40)	(40)
Cash used in capital transactions	(113)	(111)	(40)	(40)	(100)	(40)	(40)
Investing transactions							
(Acquisition) redemption of portfolio investments	(311)	(7)	(6)	(6)	(4)	(4)	(3)
Cash (used in) provided by investment transactions	(311)	(7)	(6)	(6)	(4)	(4)	(3)
Net remeasurement loss for the year	(33)	-	-	-	-	-	-
Net increase (decrease) in cash during the year	16,293	(9,763)	(3,430)	900	(137)	(2,145)	(24)
Cash and cash equivalents, beginning of year	11,118	27,411	17,649	14,218	15,117	14,979	12,833
Cash and cash equivalents, end of year	27,411	17,649	14,218	15,117	14,979	12,833	12,808

Reconciliation of Parliamentary Appropriations to Government Fiscal Year

For the years ending December 31

(in thousands of Canadian dollars)	Actual 2022	Estimated 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027	Planned 2028
Amounts provided for operating and capital expenditures							
Amounts voted: in the prior year							
Main estimates	121,160	156,160	121,825	95,266	94,292	92,958	92,958
Funding for the attraction of international business events	-	-	9,751	19,472	19,507	-	-
Less: portion recognized in prior year	(86,579)	(121,579)	(87,244)	(60,685)	(59,711)	(58,377)	(58,377)
Amounts recognized in current year	**34,581**	**34,581**	**44,332**	**54,053**	**54,088**	**34,581**	**34,581**
Amounts voted: in the current year							
Main estimates	156,160	121,825	95,266	94,292	92,958	92,958	92,958
Funding for the attraction of international business events		9,751	19,472	19,507			
	156,160	131,576	114,738	113,799	92,958	92,958	92,958
Less: portion to be recognized in following year	(34,581)	(44,332)	(54,053)	(54,088)	(34,581)	(34,581)	(34,581)
Amounts recognized in current year	**121,579**	**87,244**	**60,685**	**59,711**	**58,377**	**58,377**	**58,377**
Parliamentary appropriations used for operations and capital in the year	**156,160**	**121,825**	**105,017**	**113,764**	**112,465**	**92,958**	**92,958**

Operating Budget

For the years ending December 31

(in thousands of Canadian dollars)	Actual 2022	Planned 2022	Variance	Estimated 2023	Planned 2023	Variance	Planned 2024
Partnership contributions	1,803	-	1,803	8,122	4,000	4,122	7,000
Other revenues	1,307	974	333	1,383	1,250	133	1,100
Operating costs:							
Marketing and sales	133,121	134,812	(1,690)	116,129	111,456	4,673	88,096
Analytics	9,552	10,296	(744)	14,986	14,439	547	11,673
Corporate services and strategy	8,453	10,780	(2,327)	10,656	10,987	(331)	10,547
Destination stewardship	860	1,883	(1,023)	4,151	4,312	(161)	2,800
	151,986	**157,771**	**(5,785)**	**145,923**	**141,194**	**4,729**	**113,116**
Net cost of operations	**(148,876)**	**(156,796)**	**7,920**	**(136,418)**	**(135,944)**	**(474)**	**(105,016)**
Funded by:							
Parliamentary appropriations	156,160	156,160	-	121,825	121,825	-	105,017
Net surplus / (deficit)	**7,284**	**(636)**	**7,920**	**(14,594)**	**(14,119)**	**(474)**	**1**
Adjustments for accrual basis	**543**	**(276)**		**(133)**	**(249)**	**116**	**(182)**
Net surplus / (deficit) - accrual basis	**7,827**	**(912)**		**(14,727)**	**(14,368)**	**(358)**	**(182)**

In 2022, borders reopened and we welcomed more visitors to Canada than in 2021. However, due to new waves of COVID-19, different regulations across the country and in our target markets, and changing regulations throughout the year, the restart did not exactly follow the approach outlined in the 2022-2026 Corporate Plan and we needed to adjust to dynamic market conditions continuously throughout 2022.

In addition, while we estimate an increase in partnership cash contributions in 2023 aligned with economic recovery, these are still expected to be lower than pre-pandemic levels as many factors, as described earlier in the Travel Demand and Recovery section, continue to impact the financial situations of all our partners.

Capital Budget

For the years ending December 31

(in thousands of Canadian dollars)	Actual 2021	Actual 2022	Estimated 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027	Planned 2028
Tangible capital assets								
Leasehold improvements and decommissioning	-	-	-	-	-	-	-	-
Office furniture	-	-	7,693	5,000	5,000	5,000	5,000	5,000
Computer equipment and software	135,678	113,000	103,171	35,000	35,000	95,000	35,000	35,000
Total	**135,678**	**113,000**	**110,864**	**40,000**	**40,000**	**100,000**	**40,000**	**40,000**

The 2022 year included some modest capital investments in updated computer equipment and software to enable staff to work efficiently both from home and from the office in our hybrid working environment. In 2023, we anticipate continuing with regular investments in computer equipment and software. For 2026, capital expenditures reflect an upgrade to our data storage and power supply at headquarters. No additional investments are planned.

Actual and Forecasted Expenditures for Travel, Hospitality and Conferences

For the years ending December 31

(in Canadian dollars)	Actual 2022	Estimated 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027	Planned 2028
Travel							
Operational activities	3,007,000	5,276,203	5,228,809	4,486,397	3,469,581	3,469,581	3,469,581
Key stakeholders	154,000	270,215	267,787	229,766	177,691	177,691	177,691
Internal Governance & Training	141,000	214,066	212,143	182,022	140,768	140,768	140,768
Hospitality	590,000	1,035,238	1,025,939	880,271	680,762	680,762	680,762
Conferences	72,000	126,334	125,199	107,423	83,076	83,076	83,076
Total	3,964,000	6,922,056	6,859,878	5,885,878	4,551,878	4,551,878	4,551,878

Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards (“PSAS”). Significant accounting policies are as follows:

a) Parliamentary appropriations

We are funded primarily by the Government of Canada through parliamentary appropriations. Parliamentary appropriations used to fund core operations and capital expenditures are considered unrestricted and recognized as revenues when the appropriations are authorized and any eligibility criteria are met. Parliamentary appropriations used to fund one-time activities are considered restricted when they have eligibility criteria and stipulations that give rise to an obligation that meets the definition of a liability. Restricted appropriations are recognized as deferred revenue when the stipulation gives rise to a liability. Restricted appropriation revenue is recognized as the stipulation liabilities are settled.

As a result of our year-end date (December 31) being different from the Government of Canada’s (March 31), we are funded by portions of appropriations from two government fiscal years.

We will have a deferred parliamentary appropriations balance at year-end when the restricted funding received for the period exceeds the restricted appropriations recognized for the related fiscal period. We will have a parliamentary appropriations receivable balance when restricted appropriations recognized exceed the restricted funding received.

We do not have the authority to exceed approved appropriations.

b) Partnership contributions

We conduct marketing activities in partnership with a variety of Canadian and foreign organizations. When we assume the financial risks of conducting a marketing activity, contributions received from a partnering organization are recognized as income over the effective life of the contract or when the event has taken place. Partnership contributions received for marketing activities yet to take place are recognized as deferred revenue.

c) Other revenues

Other revenues consist of cost recoveries from co-location partners, interest revenues, capital asset sales and other miscellaneous revenues. These items are recognized as revenue in the period in which the transaction or event occurred that gives rise to the revenue.

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 are 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 expenses of tangible capital assets are translated at historical rates to which the assets relate. Realized gains and losses are considered Operating Expenses and are included in the Statement of Operations as Corporate services and strategy. Unrealized gains and losses are reported on the Statement of Remeasurement Gains and Losses and in the Statement of Change in Net Financial Assets. We do not hedge against the risk of foreign currency fluctuations.

e) Cash and cash equivalents

Cash and cash equivalents include cash in bank and mutual funds. These items are readily convertible to a known amount of cash and are subject to an insignificant risk of change in value.

f) Portfolio investments

Portfolio investments are measured at amortized cost. Interest income related to these investments is calculated based on the effective interest method.

g) Prepaid expenses

Payments made prior to the related services being rendered are recorded as prepaid expenses. Prepaid expenses are recognized as expenses as the related services are rendered. Prepaid expenses consist of program and operating expenses such as subscriptions, marketing activities with provincial and territorial marketing organizations, and tradeshow expenditures.

h) Tangible capital assets

Tangible capital assets are recorded at cost less accumulated amortization and the amount of any write-downs or disposals. Tangible capital assets are written down when conditions indicate they no longer contribute to the ability to provide services and are accounted for as expenses in the Statement of Operations.

Tangible capital assets are amortized on a straight-line basis over the estimated useful life of the assets as follows:

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

Intangible assets are not recognized in these financial statements.

i) Deferred revenue

Deferred revenue consists of contributions from partnering organizations and restricted appropriations received from the Government of Canada. When contributions are received from partnering organizations, they are recognized as deferred revenue until the related marketing activity or event has taken place or are recognized as partner contributions over the effective life of the contract. When restricted appropriations are received from the Government of Canada, they are recognized as deferred revenue until the criteria and stipulations are met that gave rise to the liability. As at December 31, 2022, there was no deferred revenue balance.

j) Deferred lease inducements

Deferred lease inducements consist of various office lease inducements including reimbursement of leasehold improvement costs and free rent periods. These inducements are deferred and recognized as a straight-line reduction to office lease expenses over the term of the lease.

k) Asset retirement obligation

Asset retirement obligation consists of decommissioning costs for various office leases. We recognize 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 amortized on a straight-line basis over the term of the lease. The amortization expense is included in Corporate services and strategy in determining the net cost of operations.

l) Employee future benefits

We offer a number of funded, partly funded and unfunded defined benefit pension plans, other unfunded defined benefit plans (which include post-employment benefits, post-retirement benefits and non-vested sick leave), and defined contribution pension plans. Pension plans include a statutory plan, a supplemental plan and a plan to cover certain employees working outside of Canada. Other benefit plans include post-employment severance benefits and post-retirement health, dental and life insurance benefits and non-vested sick leave. The defined benefit pension plans provide benefits based on years of service and average pensionable earnings at retirement.

The defined benefit component of the statutory plan and the supplemental plan was closed effective December 30, 2017 and benefits and service of plan participants were frozen as of that date. We fund 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 plan assets are based on the market value of plan assets.
Past service costs arising from plan amendments are recognized in the years in which the plan amendment occurred.

The unamortized actuarial gains and losses incurred prior to the plan settlement that relate to the obligation settled are recognized in the period of settlement. This amount is included as part of the gain or loss arising on settlement. Gains and losses determined upon a plan settlement are accounted for in the Statement of Operations in the period of settlement.

Actuarial gains and losses are amortized over expected average remaining service lifetime ("EARSL") of active employees. If no active employees are remaining, actuarial gains and losses are amortized fully in the next fiscal year. For 2022, EARSL has been determined to be 0 years (0 years – 2021) for the Supplementary Retirement Plan for certain employees of the CTC ("SRP"), 12 years (13 years – 2021) for the Pension Plan for Employees of the CTC in Japan, South Korea and China ("WWP"), 0 years (0 years – 2021) for non-pension post-retirement benefits, 14 years (14 years – 2021) for severance benefits and 14 years (14 years – 2021) for sick leave benefits.

Employees working in the UK participate in the Global Affairs Canada 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. Our 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 we are 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 to us for these employees and are charged to operations during the year in which the services are rendered.

Gains and losses determined upon a plan curtailment are accounted for in the period of curtailment.

m) Financial instruments

Financial assets consist of cash and cash equivalents, accounts receivable and portfolio investments, while financial liabilities consist of accounts payable and accrued liabilities. Financial assets and financial liabilities are measured at amortized cost, which approximates their fair value.

n) Measurement uncertainty

The preparation of financial statements in accordance with Canadian PSAS 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 the employee future benefits liability and related accrued benefit asset, the fair value of the asset retirement obligation, contingencies, partner revenues, prepaid expenses and accrued liabilities.

o) Related party transactions

Through common ownership, we are related to all Government of Canada created departments, agencies and Crown corporations. Our transactions with these entities are in the normal course of operations and are measured at the exchange amount.

Related parties also include key management personnel (KMP) having authority for planning, controlling, and directing the organization's activities, as well as their close family members. We have defined our KMP to be members of the Board of Directors and management employees at the Senior Vice-President level and above.

p) In-kind partnership contributions

In the normal course of business, we receive in-kind contributions from our partners including the transfer of various types of goods and services to assist in the delivery of programs. The in-kind contributions from partners are not recognized in the financial statements.

q) Inter-entity transactions

Inter-entity transactions are transactions between commonly controlled entities. We record inter-entity transactions at the exchange amount except for the following:

- Audit services received without charge between commonly controlled entities; and
- In-kind contributions received from commonly controlled entities.

The value of the audit services is considered insignificant in the context of the financial statements as a whole and inter-entity in-kind contributions are not recognized in the financial statements.

APPENDIX E: RISK MANAGEMENT

Overview

Background

As part of good governance, we regularly assess the risks which may impact our ability to meet our objectives.

Using the expert advice and support of an independent consultant, we led formal risk review processes with staff and our Board of Directors. In addition, the Office of the Auditor General of Canada annually audits our financial statements and notes, and monitors us through periodic special examinations as required by the *Financial Administration Act*. By identifying strategic risks that impact our organizational objectives, we can address them proactively so that they are effectively managed.

Our independent consultant facilitates the enterprise risk management (ERM) process for the organization. While our staff manage the identification of the risks and mitigations, our independent consultant supports by facilitating:

- Regular workshops with staff to identify risks and potential mitigating activities;
- Regular workshops with senior management to evaluate key risks (i.e. identifying the impact and likelihood of each risk); and
- Discussions with senior management on the results of the risk ranking workshop to agree on final risk rankings, mitigating actions and risk categories (industry, corporate strategic and corporate operational).

The strategic risks are presented to the Audit and Risk Committee for review and discussion. Additional updates are made to the risks following the committee's input and recommendations.

Approach and Criteria

Our approach to evaluating risks follows leading practice ERM frameworks that allow us to follow a set of coordinated activities enabling risks to be identified and managed in a consistent, systematic, credible and timely way.

- We assess our **risk appetite** in terms of the amount and type of risk we are willing to accept in pursuit of our business objectives. Although we have not produced a statement on risk appetite, management has a moderate risk appetite when it comes to the fulfilment of our mandate.
- We determine our **risk tolerance** which reflects our risk appetite at the specific risk level.
- We have developed a 5-point scale to **evaluate the impact and likelihood of our strategic risks**. The risk rating descriptions and rating criteria are provided in the following table. Consistent with best practices identified by our external consultant, we evaluate and report risks on a "residual risk" basis, i.e. after considering mitigating activities. Reporting residual risk is considered appropriate, given the level of understanding of our risks required by our internal and external stakeholders in the development of our strategic objectives, the maturity of our ERM process, and the size of our organization. Inherent risk is considered in the development of our risk-based internal audit plan.

Risk Monitoring

The full, formal risk assessment process is conducted annually; however, management reviews changes to risks and assesses progress on mitigation action plans periodically throughout the year.

Risk Rating Description and Scoring Criteria

When performing our formal risk evaluation, we use the following 5-point scale (High/Medium High/Medium/Medium Low/Low) to evaluate the impact and likelihood of risks occurring on a residual basis, after taking into consideration our mitigation activities. The following risk rating descriptions and rating criteria are used:

IMPACT RATING	DESCRIPTION	LIKELIHOOD RATING	DESCRIPTION
High	The risk would have a significant negative impact with material consequences to Destination Canada (e.g. complete inability to function) and our customers, shareholder / stakeholder relations, budget and financial operations, internal operations and learning and growth.	High	There is an almost certain likelihood the risk would occur (80% or greater). There is potential for the risk to occur frequently.
Medium High	The risk would have a negative impact on Destination Canada. Consequences would limit our ability to function effectively and efficiently.	Medium High	It is somewhat likely the risk would occur (60-80%). It is possible the risk could occur more than once.
Medium	The risk would have a negative impact on Destination Canada. Consequences would impact our ability to function effectively and efficiently.	Medium	There is a possible likelihood the risk would occur (40-60%). It is unlikely the risk would occur more than once.
Medium Low	The risk would have a minimal impact on Destination Canada. Consequences would be minor or restorable.	Medium Low	There is a possible likelihood the risk would occur (20-40%). It is unlikely the risk would occur more than once.
Low	The risk would have an insignificant impact on Destination Canada.	Low	There is a rare likelihood the risk would occur (20% or less). It is very unlikely the risk would occur at all.

Risks and Risk Responses

Our risk framework goes beyond standard business and financial risks and begins with first understanding the macro risks facing the economy and the industry risks uniquely impacting the tourism sector. Together, this knowledge provides a foundation for identifying the strategic risks facing our organization, categorized under the following four lenses:

- Economic – This lens includes changes in macroeconomic conditions, such as inflation, supply chain disruptions, technological disruptions, geopolitics and major global events, which could negatively impact business strategies, operations and investments.
- Environmental – This lens includes monitoring climate change, reducing emissions and supply chain sustainability.
- Social – This lens includes labour, diversity, inclusion, truth and reconciliation with Indigenous Peoples, customer values and social license.
- Governance – This lens assesses leadership, internal controls and ethics to promote greater accountability and transparency.

High residual risk (red) | Medium-high residual risk (orange) | Medium residual risk (yellow) | Low-medium residual risk (cyan) | Low residual risk (green)

ECONOMIC — **2022:** High (red) **2023:** High (red)

There is a risk that activities do not result in increased tourism due to aggressive competition from other countries, persistent border and travel inconveniences, inability to persuade consumers, and/or insufficient labour supply and tourism development to satisfy demand or generate real growth.

Mitigation activities: We will use research and data analytics to make decisions about the best opportunities for Canada internationally to improve our competitive edge. We will work closely with our provincial, territorial and city partners to ensure alignment, and our decisions will be informed by the experience of our partners. We will continue to develop our destination development capabilities to improve sector capacity and reallocate funds throughout the year as conditions dictate. We will support industry with research, information, tools, media assets and sales opportunities.

ENVIRONMENTAL — **2022:** Medium-high (orange) **2023:** Medium-high (orange)

There is a risk that our operations, and that of our tourism and travel industry, could be perceived negatively in terms of environmental sustainability and responsibility. Further, the effects of climate change could also negatively influence travellers' perception of the health and safety of our country. Both have the potential to cause reputational damage, loss of shareholder confidence and/or reduced tourism in Canada.

Mitigation activities: We are stewarding destination development based on values that are place-based, community-led and environment-centered, and that are also balanced with economic viability. This values-based approach will contribute to mitigating the unintended and negative impacts on the tourism assets we promote and improve the wealth and wellbeing in communities. As a national leader, we will raise awareness and reinforce messages to our marketing and industry partners about capacity challenges of destinations and the need for environmental sensitivity when developing their programs. We will encourage them to meet Canada's greenhouse gas goals and to work alongside communities to instill actions that are regenerative. Further, we will promote these values to our travellers.

High residual risk | Medium-high residual risk | Medium residual risk | Low-medium residual risk | Low residual risk

SOCIAL	2022: Medium	2023: Medium-high

There is a risk that our operations and activities do not adequately consider all stakeholders and are not equitable towards all peoples and affected local communities.

Mitigation activities: We are working across multiple initiatives to ensure that our activities reflect the diversity of Canada. This includes working with our agency partners to showcase all elements of diversity in our global marketing; refining our processes in human resource recruitment, procurement and other practices; training our staff to be aware of biases and striving for inclusion of traditionally underrepresented groups; working to support Indigenous reconciliation through tourism; and following a community economic empowerment strategy. We are deploying our internal diversity, equity and inclusion strategy to ensure that we embrace diversity in our operations and reflect the communities we serve.

GOVERNANCE	2022: Medium	2023: Medium

There is a risk that our corporate governance activities – leadership and oversight, internal policy and controls, ethics, and performance measurement – do not respond to the rapidly changing global business environment and policy environment, leading to lower overall organizational effectiveness, efficiency and compliance, reputational damage and not being able to meet stakeholders' expectations.

Mitigation activities: We have conducted an extensive environmental scan exploring the big shifts in the tourism industry and aligned our governance activities in the changing environment. This starts with engaging with a Board of Directors made up of seasoned industry and business professionals who ensure that our strategic direction is aligned with the rapidly changing conditions. We will continue to consult broadly with the industry to develop a strong business strategy focused on taking a regenerative approach to tourism growth and development, refresh our policies governing day-to-day operations, provide more robust enterprise risk management, and continue to engage an internal audit function in order to identify process improvements. We measure our performance against our own targets and our stakeholders' objectives, we are benchmarking some areas of market performance against key competitors, and we have implemented appropriate information technology controls to protect against the cyber risks of doing business in today's environment.

APPENDIX F: COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

As a Crown corporation, we are subject to various legislations, Treasury Board policies, and Governor in Council and ministerial directives. Below are examples of our efforts to comply with applicable governing instruments.

Pay Equity Act

Achieving pay equity in Canada's federally regulated workplaces is a key step towards closing the gender pay gap. Implemented in 2021, the Government of Canada's *Pay Equity Act* calls on federally regulated employers to proactively implement pay equity within their workplaces. An important milestone under the Act is for organizations to create a pay equity plan by September 2024. Destination Canada has established a Pay Equity Committee that is carrying out the work of developing our Pay Equity Plan in advance of this deadline.

Official Languages Act

We prepare and submit annual reports to the Treasury Board Secretariat and Canadian Heritage on our efforts to comply with our obligations under the *Official Languages Act*. Our last report was submitted in May 2023 for the 2022-2023 government fiscal year.

To further align with the spirit of the *Official Language Act* and to foster the linguistic duality of Canada, we continue to take steps to strengthen our official languages practices and ensure that all staff have a sound understanding of their official languages responsibilities.

Access to Information Act and *Privacy Act* (ATIP)

We provide access to records under our control upon receiving a formal request for information, unless the records or portions thereof are exempted or excluded from disclosure as determined under the respective Act. We also maintain internal policies and procedures on the processing of such requests.

To modernize service delivery and streamline the processing of requests, in early 2023, we onboarded to the Government of Canada's ATIP Online Request Service. By joining this shared digital platform, we enable users to complete access to information requests and submit them to any of the institutions that are subject to the *Access to Information Act* and *Privacy Act* through a simple and centralized website.

We prepare and submit annual reports to Parliament on the administration of both Acts. Our last reports were submitted in May 2023 for the 2022-2023 government fiscal year.

Conflict of Interest Act

All staff, advisory committee members and board members appointed through the Governor-in-Council process are expected to act honestly, openly and ethically. We have established codes of conduct and a code of ethics that all are required to adhere to, and all are required to disclose any conflicts of interest.

In addition to these requirements, the Government of Canada requires Governor-in-Council appointees to comply with the *Conflict of Interest Act* and with the pertinent sections of the *Financial Administration Act* on conflict of interest. To monitor compliance with these regulations, board members and advisory committee members are required to submit annual declarations to management affirming their compliance.

Employment Equity Act

Destination Canda is committed to identifying and eliminating employment barriers against persons in designated groups, in accordance with the *Employment Equity Act*. Our actions in this regard include collecting information and conducting an analysis of our workforce to determine the degree of the underrepresentation of persons in designated groups, conducting a review of our employment systems, policies and practices in order to identify employment barriers, and preparing an employment equity plan that specifies policies, practices, goals and measures we will take to correct underrepresentation.

Canadian Human Rights Act and *Canada Labour Code*

The *Canadian Human Rights Act* and the *Canada Labour Code* form the basis of our Respectful Workplace policies. These policies support our commitment to provide a positive work environment that promotes the respect and dignity of all our team members. It is important for our employees to feel safe and free from harassment, discrimination and bullying at work. In response to updates made to the *Canada Labour Code* to strengthen the existing framework for the prevention of harassment and violence, we updated our internal policies and staff were trained on the new protocols in 2021.

Directive on Travel, Hospitality, Conference and Event Expenditures

Pursuant to Section 89 of the *Financial Administration Act*, in 2015 we were issued a directive to align our travel, hospitality, conference and event expenditure policies, guidelines and practices with those of the Treasury Board's. We have been fully compliant with the requirements of this directive, and have also been compliant with a subsequent update to this directive issued in 2017 that provides operational clarity, increases operational flexibility and reduces the administrative burden of Crown corporations.

Trade Agreements

Our contracting policy establishes the guiding principles for the procurement of goods and services at Destination Canada. Reflecting the principles of integrity, fairness and open competition, the policy takes into account our obligations under various trade agreements that apply to us as a federal Crown corporation.

Pension Plan Reform Directives

Pursuant to Section 89 of the *Financial Administration Act*, in December 2014 we were issued a directive to implement pension plan reforms. These reforms were to ensure that pension plans of Crown corporations were affordable and financially sustainable. The directive called for a 50:50 current service cost-sharing ratio between employee and employer for pension contributions by December 31, 2017. We implemented the 50:50 cost-sharing ratio and were fully compliant with this directive by the end of 2017.

APPENDIX G: SUPPORT FOR GOVERNMENT PRIORITIES AND DIRECTION

Federal Tourism Growth Strategy

Launched in July 2023, the Government of Canada's Federal Tourism Growth Strategy establishes a vision to harness the power of tourism to generate economic growth in communities across the country and to drive the sector to the next level of international success by 2030. It sets an active and intentional approach to tourism and concentrates on actions designed to build for the future.

The five priorities of the strategy are to: invest in tourism assets; embrace recreation and the great outdoors; partner to grow Indigenous tourism; attract more international events; and improve coordination with a federal ministerial council. Destination Canada's own strategy is closely aligned with the Federal Tourism Growth Strategy and we will help drive its success through our own activities and networks, including with our NorthStar partners.

Climate Change

In 2022, the Government of Canada introduced Canada's 2030 Emissions Reduction Plan, and Destination Canada supports the move to a cleaner, more prosperous economy.

We are committed to being more environmentally conscious and understand that while this is an urgent priority, it will require sustained effort over the years and decades ahead. We are currently in the process of measuring our carbon footprint for our global operations for the 2022 year. Having a concrete understanding of our environmental impact will enable us to increase awareness within the organization of how we can collectively work to adopt more sustainable operating practices. This will also allow us to assess options and pursue initiatives that will support our goal to reduce our overall carbon footprint, and to routinely consider the environmental impacts of our business decisions over the long-term.

In addition to the above, and as noted earlier in the document, we are advancing a regenerative approach to tourism growth. We will continue to advocate for responsible travel that will help preserve nature, promote environmental sustainability, support socio-cultural vitality, and generate smart economic growth.

In addition, our *Canadian Business Events Sustainability Plan* focuses on improving the economic, social and environmental sustainability practices of business events hosted in Canada. The plan includes coaching, training and education opportunities to domestic partners to advance their own sustainability programs.

A More Resilient Economy

Our strategy is about helping to grow a vibrant tourism sector in Canada. In the short-term, our focus will be to drive rapid revenue recovery while setting the foundations for greater growth and resilience over the long-term. Our aspiration draws on the restorative and transformative power of regenerative principles that will enable Canada's tourism sector to be more prosperous and resilient – supporting the wealth and wellbeing of people, businesses and communities.

Official Languages

To align with the spirit of the *Official Language Act* and to foster the linguistic duality of Canada, we are taking steps to strengthen our official languages practices and ensure that all staff have a sound understanding of their official languages responsibilities.

Reconciliation

We understand that tourism can play an important role in reconciliation. As an organization, we will continue to develop genuine relationships with, and deepen our understanding of, Indigenous communities and businesses and their unique perspectives so that, together, we can share Indigenous contributions, past and present, with Canadians and the world. To support this work, we strengthened our commitment to the Indigenous Tourism Association of Canada through a five-year Memorandum of Understanding which will help propel the recovery and resilience of Canada's Indigenous tourism businesses and communities, and contribute to reconciliation.

Diversity and Inclusion

We recognize that a diversified workforce and a leadership team that embraces a multiplicity of viewpoints and cultures drives innovation and increases engagement. Our representation of women, visible minorities and women in leadership roles exceeds those of the public service and general population averages. We are striving to meet the 50-30 Challenge set out by the Government of Canada.

Fifty-eight percent of our Board of Directors comprises women. For our executive team, female representation is even higher at 71%, and visible minorities comprise 29%. Taking into account all our Canada-based staff, 76% are women and 30% are visible minorities.

Gender-Based Analysis Plus

To execute on our mandate, we consider a variety of Gender-Based Analysis Plus (GBA+) factors in the selection of our target audiences. Travel habits and patterns are greatly influenced by such factors as geographic location, gender, sexual orientation, age, socio-economic status, education level, marital and family status, and cultural norms. These factors are taken into account when developing our marketing plans and activities. In addition, on an operational level, we've updated corporate service practices to address diversity and inclusion. Procurement practices reflect assessments of bid proponents in terms of their diversity and inclusion policies and/or statements, and recruitment practices have been updated to understand candidates' views on diversity and inclusion which helps determine job suitability and alignment with organizational values.

APPENDIX H: PLANNED BUDGET 2023 SPENDING REDUCTIONS

The refocusing of government spending from the 2023 Budget has mainly resulted in a reduction in travel and hospitality activities in the marketing area and a reduction in professional service activities in the legal, finance and IT areas. We are mitigating the expected impact of the cost reduction by reviewing all travel and hospitality events, ensuring that Destination Canada is focusing efforts on events with the highest return on investment, and ensuring that we have the appropriate staff compliment with the required skills to offset the reduction in professional services.

Capital Budget

For the years ending December 31

(in Canadian dollars)	Estimated 2023	Planned 2024	Planned 2025	Planned 2026	Planned 2027	Planned 2028
Type of spending						
Operating	n.a.	894,000	1,868,000	3,202,000	3,202,000	3,202,000
Total	n.a.	894,000	1,868,000	3,202,000	3,202,000	3,202,000