



Canadian Tourism
Commission

Commission canadienne
du tourisme

CORPORATE PLAN SUMMARY

For the 2007 to 2011 Planning Period

This 2007-2011 Corporate Plan was approved by the CTC Board of Directors in October 2006 and by the Governor in Council on December 13, 2006 in accordance with the provisions of the Financial Administration Act.

Table of Contents

Executive Summary	1
Section 1: CTC Corporate Profile	3
Overview	3
CTC's Vision, Mission, and Mandate	5
CTC Business Model	6
CTC's Governance Framework	8
Financial Partnerships.....	11
Section 2: Industry Environment	13
Economic Overview.....	13
Key Issues.....	17
Trends.....	18
Section 3: CTC Operating Environment.....	21
Linkages to Government-wide Priorities	21
CTC's 2006 Achievements - Progress to Date	22
CTC Organizational Risks	24
Integrated Planning at the CTC	25
CTC Performance Measurement and Evaluation Tools	26
Section 4: 2007-2011 Corporate Strategy	29
The Strategy	29
CTC Strategic Objectives.....	29
Priorities: CTC Action Plan.....	30
From Priorities to Planned Activities.....	31
Section 5: Associated Risks, Performance Projections and Linkages to Horizontal Federal Initiatives	35
Section 6: Financial Overview	39

Figures & Tables

Figure 1: Map of International CTC Office Locations (non-U.S.).....	7
Figure 2: Map of CTC U.S. Office Locations.....	7
Figure 3: Identified Risks of the CTC Priorities	35
Table 1: Overview of CTC 2005 Partnership Contributions (in millions)	11
Table 2: The Canadian Economy.....	13
Table 3: Consumer Confidence (1991=100 Index)	14
Table 4: International Tourist Receipts/Trips 2002-2005*	14
Table 5: Canada’s International Market Performance	15
Table 6: Key Market Information	16
Table 7: Total Trips to Canada (millions).....	17
Table 8: % of Total Trips in Canada	17
Table 9: Population Forecasts (Age 25-64) (In millions)	18
Table 10: Performance Measurement Targets 2007-2011	26
Table11: Market Yield Forecasts	28
Table 12: CTC 2007 Strategic Objectives and Priorities Matrix	31
Table 13: CTC 2007-2011 Key Activities by Priority	32

Executive Summary

Tourism activity in Canada represents approximately 2% of Canada's overall gross domestic product (GDP), making tourism a significant economic sector in Canada with a GDP value similar to the Agriculture, Forestry, Fishing and Hunting sectors combined.¹ The tourism sector influences both urban and rural communities throughout all regions of the country. In many parts of Canada, small and medium sized tourism enterprises are the backbone of local economies and foster strong economic, social and cultural benefits. As an organization entirely directed to marketing Canada as a tourism destination, the CTC's goal is to generate export revenues for the Canadian economy.

In 2001, the Canadian Tourism Commission (CTC) transitioned from a Special Operating Agency (SOA) to a Crown corporation. As a Crown corporation of the Government of Canada, the CTC is specifically legislated to assist the Canadian tourism industry and market Canada as a desirable tourist destination through collaboration and partnerships amongst the private sector and the governments of Canada, the provinces and the territories. Through the CTC, the Government of Canada has been at the forefront of working nationally with the tourism sector to maintain its competitiveness and market Canada as a premier four season destination for international travellers.

In recent years, Canada's tourism industry has been undergoing some fundamental challenges. Both current and emerging risks continue to afflict the tourism sector. The environment in which Canada competes for international visitors has become more global and competitive. While the number of individuals traveling internationally has grown significantly there are an increasing number of new tourism destinations that are competing for the same traveller. The result for all established destinations, including Canada, has been a loss of market share. The continued record decline in trips from U.S. visitors to Canada is another example of the significant challenges facing Canada's tourism sector.

Identifying and responding to current challenges and new opportunities, the CTC is working with industry and non-traditional partners to promote the 'Canada' brand internationally and encourage travellers to visit Canada. The Commission is also actively working with industry to diversify its tourism markets. In this manner, Canada becomes a more competitive destination and the Canadian economy benefits from the infusion of export wealth, generated from external sources. The CTC also recognizes the value and importance of domestic travel to the Canadian economy and dedicates 4% of its budget to its Canada marketing program.

¹ Based on Statistics Canada 2006 data for Gross Domestic Product at basic prices.

The CTC 2007-2011 Corporate Plan provides a short overview of the Commission's corporate history, its principal activities, its organizational structure, and governance mechanisms. The Plan also includes an analysis of current trends and forecasts and progress to date in addressing the recommendations identified in the recent Special Examination by the Office of the Auditor General. Finally, the Plan includes detailed financial information on the cost of the relocation of the CTC's headquarters from Ottawa to Vancouver.

The CTC 2007-2011 Corporate Plan reflects the foundation set in the 2006-2010 Plan. It reaffirms the Commission's new marketing strategy, which includes redefining its international markets, revitalizing the Canada Brand and developing new approaches to reaching the potential tourism customer. To maximize its resources and impact, the CTC is continuing to focus its marketing efforts and resources on the eleven primary international markets that provide Canada with the majority of its annual tourists and demonstrate the greatest return on investment (ROI).

The CTC Corporate Plan identifies four strategic objectives for the Commission:

- Convert high yield customers;
- Focus on markets of highest return on investment;
- Brand consistency; and
- Research new market opportunities.

It also sets out seven strategic priorities for the 2007-2011 planning period, which relate directly to the mandate and mission established for the Commission. The seven priorities are:

- Develop one-to-one relationships with customers;
- Align market allocations for maximum ROI;
- Differentiate Canada;
- Leverage partner investment;
- Leverage media exposure afforded by the 2010 Olympic Games;
- Create demand for increased air access; and
- Organizational excellence.

Each of these priorities is an area of focus within the Corporate Plan. Action plans developed by the CTC's core function areas and supporting units for 2007-2011 will enable the Commission to deliver on these priorities and realize its corporate goal and objectives over the course of the Planning period.

Section 1: CTC Corporate Profile

Overview

The Canadian Tourism Commission (CTC) is a federally funded national marketing organization that integrates the key marketing components of supply, demand and research to promote and grow tourism export revenue in Canada. Created in 1995 as a Special Operating Agency within Industry Canada, in 2001 the Commission was made a Crown corporation under the *Canadian Tourism Commission Act* (the Act). The Commission reports to Parliament through the Minister of Industry.

Tourism Benefits to Canadians

- Spending by leisure and business travellers totalled \$62.7 billion in 2005;²
- Tourism GDP reached \$26 billion in 2005, a 7% increase over 2004. Tourism activity represents approximately 2% of Canada's GDP.¹
- In 2005, over 625,000 jobs were generated by tourism;¹
- Approximately 30 cents of every tourism dollar spent in Canada contribute to tax revenues. In 2005, \$18.8 billion in tax revenue was generated for all levels of government³
- Federal: \$9.3B
- Provincial/territorial: \$8.5B
- Municipal: \$1.0B
- GST revenue from tourism in 2005 was \$2.6 billion²

The CTC is a unique organization founded on the principle of partnership between public sector and private industry. As such, the CTC takes an innovative approach to tourism—one that is industry-led, market-driven and research-based. Together, public and private sectors drive economic growth and create jobs for Canada.

The Canadian Tourism Commission focuses on marketing Canada as a tourism destination for the purpose of generating export revenues to the Canadian economy. Tourism is considered export revenue as it provides new dollars to the Canadian economy. An item sold to an international tourist is considered an item exported. The immediate benefactor of this approach is Canada's tourism industry. In fact, Canada's tourism industry recognizes this benefit by investing dollars in the marketing efforts of the CTC at a ratio greater than 1:1.

² *National Tourism Indicators*, 2005

³ StatsCan, *Government Revenue Attributable to Tourism (GRAT)*, 2005

The ultimate benefactor, however, is the Canadian taxpayer. The taxpayer enjoys the programs and services funded through taxes generated from international 'export' revenues. In addition, tourism contributes to the quality of life of Canadians, through tourism investments in public improvements such as parks, transportation infrastructure, facilities, events and attractions.

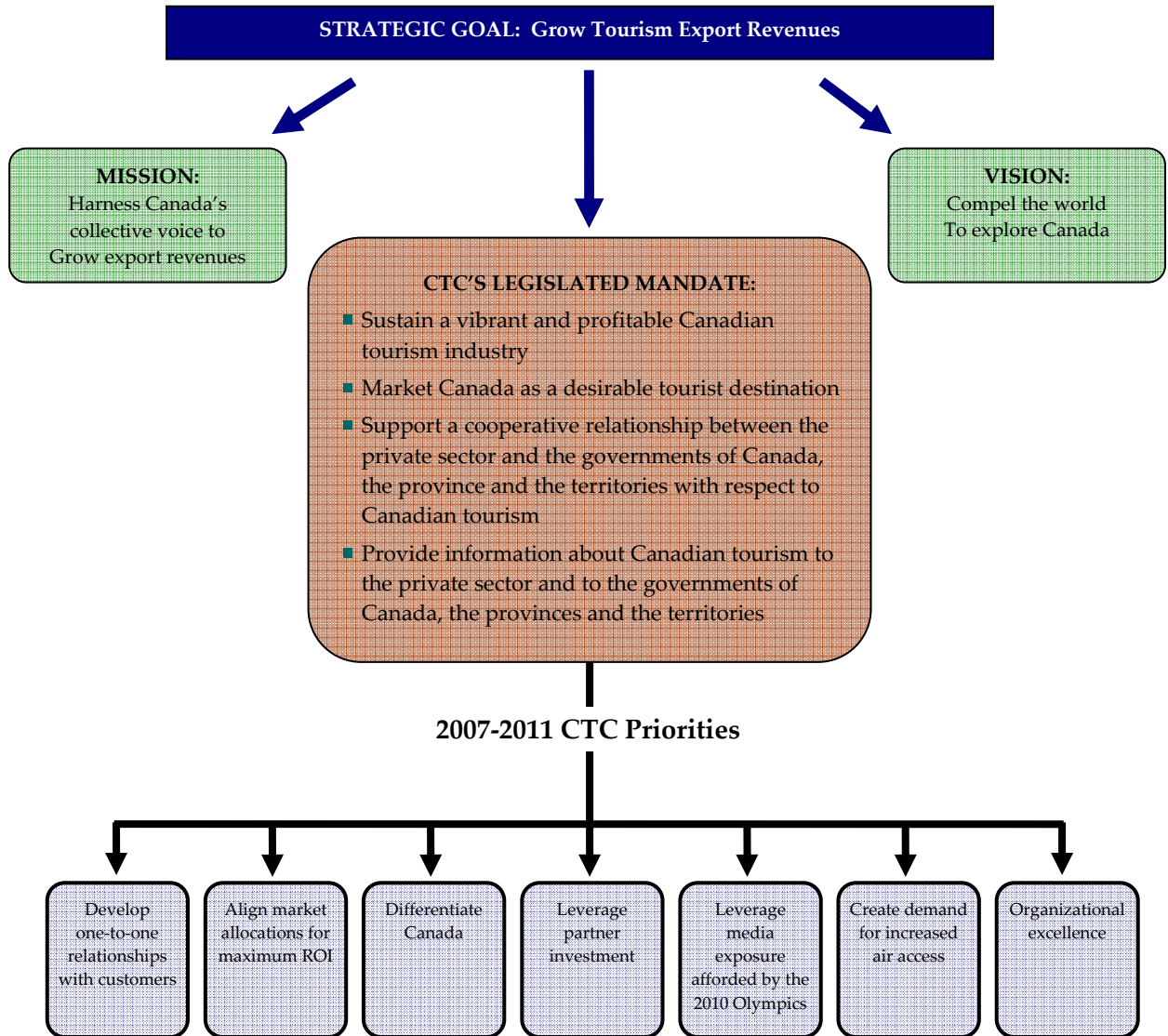
Tourism activity in Canada represents approximately 2% of Canada's overall GDP, making tourism a significant economic sector in Canada with a GDP value similar to the Agriculture, Forestry, Fishing and Hunting sectors combined⁴. With approximately \$26 billion in GDP in 2005, tourism is a significant economic sector in Canada that influences all regions of the country. According to the Statistics Canada National Business Registry, there are 169,147 tourism-related businesses in Canada, of which 87.5% are small & medium sized enterprises having fewer than 20 employees (2005). In many parts of Canada, these businesses are the backbone of the economy and foster strong economic, social and cultural benefits for both rural and urban communities.

The Commission works with industry to promote the 'Canada' brand internationally and to encourage travellers to visit Canada. In this manner, Canada becomes a more competitive tourism destination and the Canadian economy benefits from the wealth generated

The CTC currently focuses its marketing programs in the following international markets: United States, United Kingdom, Germany, France, Mexico, Japan, China, South Korea, and Australia. Approximately 77.5% of the CTC's overall budget is dedicated to marketing Canada internationally. While provinces, territories, destination marketing organizations and industry take the lead role for marketing Canada to Canadians, the CTC recognizes the value and importance of domestic travel to the Canadian economy and dedicates 4% of its budget to its Canada marketing program. The objective of the Canada program is to encourage Canadians to choose Canada as their travel destination and keep their travel dollars within the country

⁴ Based on Statistics Canada 2006 data for Gross domestic product at basic prices, primary industries.

CTC's Vision, Mission, and Mandate



CTC Business Model

The following provides a brief overview of the CTC's governance structure.

Governance Structure

Board of Directors

A 26-member Board of Directors manages the Commission, which is operated in partnership with the public and private sectors. The Board of Directors establishes the Commission's policies and strategic direction, and approves the corporate plan, the strategic plan, and the allocation of resources.

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

CTC Staff and Organizational Structure

The Commission employs 159 staff (as of October 2006). Just over 60 percent of the staff are located at the headquarters office in Vancouver and are engaged in marketing, research activities, and providing corporate and information services. Recognizing the importance of its accountability to the Government of Canada, the Commission has retained a corporate office in Ottawa with two employees. The remaining 38 per cent of the Commission's total staff work in CTC offices around the world. The CTC has 61 full-time international marketing and sales staff. The Commission operates international offices in the United States, Mexico, England, France, Germany, China, Japan, South Korea, and Australia. (See maps in Figure 1 & 2).

CTC staff support the Board of Directors and its Working Committees, serving the committees by liaising with industry stakeholders, facilitating partnership initiatives and implementing action plans for marketing, research, and product innovation and enhancement.

Figure 1: Map of International CTC Office Locations (non-U.S.)

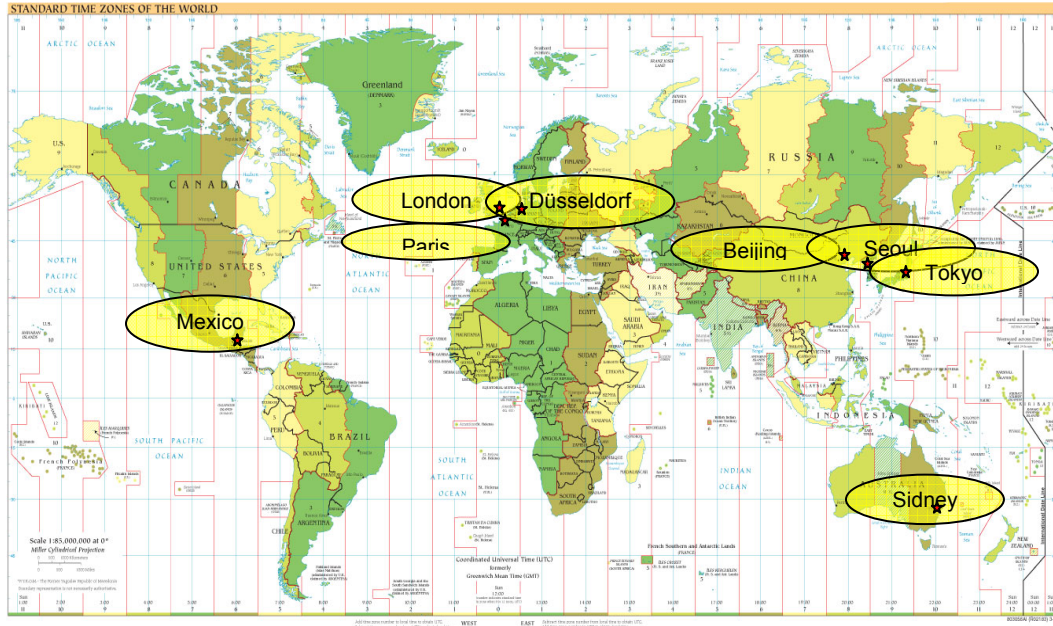
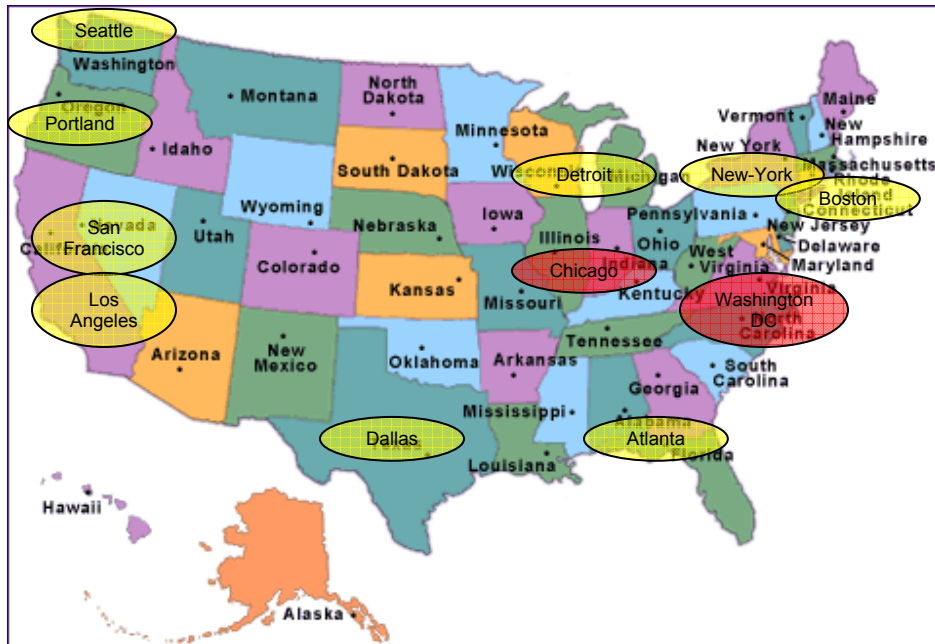


Figure 2: Map of CTC U.S. Office Locations



CTC's Governance Framework

Strengthening Crown corporation governance is an important element in the Government of Canada's agenda to improve public sector management and includes clarification of accountability structures.⁵ The Minister of Industry is responsible for the CTC and is accountable to Parliament for all CTC activities. While the Commission's Board of Directors is accountable to the Minister of Industry for the stewardship of the corporation, the President & CEO is accountable to the Board of Directors. The primary vehicles for reporting to the Crown are the CTC's Annual Report and the 5-year Corporate Plan.

Board Governance

In the arena of corporate governance, the Commission continually strives to exceed stakeholder governance expectations by rigorously scrutinizing its performance in comparison to both public sector and industry best practices. For the fifth consecutive year, the CTC conducted its Board of Directors survey, including peer-to-peer assessments, in March 2006. As in previous years, the survey's intent was to gain a deeper understanding of Directors' view on overall board governance. To further that understanding, surveys assessing Board committee performance were also administered. All results were analyzed and recommendations developed with the overall goal of improving the Board's governance practices.

Several specific recommendations arising from the most recent Board survey are being actioned in 2006. These include the amalgamation of the Governance and Nominating committees, development of an identification process for new prospective board directors, the review of board agendas to allow for ample time for discussion, and an updated mandate and terms of reference for the Ad Hoc Small and Medium Sized Enterprises (SME) Committee.

Codes of Conduct and Conflict of Interest

The CTC has a *Code of Ethics* and *Conflict of Interest Guidelines* entrenched in its corporate by-laws that apply to all directors, members of working committees and employees of the CTC.

In general, the Code requires all employees, directors, and working committee members, both during and after employment or appointment, to act honestly, ethically and openly, with the highest regard for maintaining public trust in the integrity, objectivity and impartiality of the CTC. Each person must conduct himself or herself in a manner that will bear the closest public scrutiny and must ensure their private interests do not create, or appear to create, real, potential or apparent conflicts of interest.

⁵ See *Meeting the Expectations of Canadians: Review of the Governance Framework for Canada's Crown Corporations*. Treasury Board Secretariat. 2005.

Similarly, directors and working committee members and employees may not knowingly take advantage of, or benefit from, information that is obtained in the course of their official duties and that is not available to the public. Directors and committee members must refrain from voting on a matter in which they may have a personal or corporate stake, although in certain instances, they may contribute to the discussion. Declarations of interest that are indicated at meetings, as well as subsequent withdrawals from voting, must be recorded in the meeting minutes.

Additionally, directors as part-time Governor-in-Council appointees, are subject to the principles set out in Part I of the *Conflict of Interest and Post Employment Code for Public Office Holders*. They are also subject to Sections 116-118 of the *Financial Administration Act* regarding disclosure of interests.

The Commission is currently developing a *Whistle Blowing Policy*. The policy is intended to encourage and enable employees to raise serious concerns within the Commission rather than overlooking a problem or seeking a resolution outside the Commission. It is also intended as a clear statement that if any wrongdoing by the Commission's employees is identified and reported through the appropriate channels, it will be dealt with expeditiously and thoroughly investigated and remedied. The policy will be presented to the Board of Directors in November 2006 and is targeted for implementation in 2007.

Financial Accountability

Accountability and responsibility are stressed for those who manage the resources of the Commission. Quarterly financial variance systems are distributed and explained directly to the President. Commission policies in all areas are documented and underscored with all who have budgetary responsibilities. The target rule of one per cent as an acceptable variance for budget management has been implemented. Sole-source contracts are kept to a minimum, with an extensive request-for-proposal (RFP) system utilized for almost all contracts.

Comprehensive performance measures are implemented to ensure this accountability and openness. With both efficiency and effectiveness measures being introduced for each business unit, the CTC will be better positioned to identify resources that can be allocated to the right market. The performance measures for each business unit will be cascaded up to the overall strategic goals and objectives of the CTC in the years ahead.

Internal Audit

The Commission, with approval from the Audit committee of the Board, engaged an internal auditor several years ago. The auditor works with management in determining potential operational areas of risk that require examination. The auditor reports to the Audit committee and is directed by them in the work he carries out.

2005 Special Examination by the Office of the Auditor General

During 2005 the Commission underwent a Special Examination by the Office of the Auditor General (OAG). This is a requirement of the *Financial Administration Act* and must be completed once every five years. The CTC became a Crown corporation in 2001; hence this was the first such audit for the CTC. The final special examination report was published in April 2006. Since that time, the CTC has been working to implement the recommendations made by the OAG as a means of improving CTC's core business practices.

The OAG special examination assessed whether: (1) systems and practices ensured CTC assets were safeguarded and controlled; (2) resources were managed economically and efficiently, and; (3) operations were carried out effectively.

Through their special examination, the OAG concluded that during the examination period, the Commission largely designed and operated its systems and practices to provide reasonable assurance that assets were safeguarded and controlled, resources were managed economically and efficiently, and operations were carried out effectively. In their special examination, the OAG found that in most areas the Commission has:

- the core elements of a good governance framework in place;
- research and marketing activities that provide information to meet the needs of the industry and to support the Commission's strategic and operational objectives;
- systems and practices to manage its operational information needs;
- the necessary systems and practices to manage its human resources and ensure that it has an adequate number of competent employees in the right places, doing the right things at the right time; and
- designed the procurement policy and partnering guidelines to ensure the economic, efficient, and effective acquisition of goods and services, to meet defined requirements.

However, two exceptions were in the areas of strategic management, and planning and accountability for marketing activities. In each of these areas the OAG made several suggestions for improvement. In response to the OAG's special examination findings and recommendations, the Commission has made several improvements in these areas since the OAG Special Examination Report was published in April 2006. Over the next year, further refinements will also be implemented.

Financial Partnerships

The CTC matches its funding with partnership contributions in order to support marketing initiatives. The Commission works closely with the tourism sector, both public and private, to achieve the maximum return on investment for its financial resources. There are four types of partnership arrangements that the CTC enters in to: (I) CTC led marketing or sales campaigns that the partner will choose to invest by providing funds directly to the CTC to contribute to the cost of such campaigns. During 2005, this type of CTC-led partnering generated \$6.8 million in revenues; (II) The CTC may choose to invest in partners' initiatives in which case the partner takes the lead in managing the campaign. Payments to partners for these types of initiatives totalled \$33.3 million in 2005; (III) Parallel partnerships where the CTC will run parallel advertising with our partners. Through mutual agreement, the CTC will first advertise the Canada brand and the partners will then follow such ads with their own directed campaigns. In these cases monies are therefore not forwarded to the CTC, but campaigns are funded directly by each partner. Parallel partnerships in 2005 totalled \$27.2 million; and (IV) The Commission also receives contributions in-kind. Such contributions can range from airfare for media familiarization tours to unpaid advertising in TV programs. In-kind contributions in 2005 had a value of \$19.3 million. Total partnership contributions in 2005 were \$86.6 million compared to \$95 million in 2004.

Table 1: Overview of CTC 2005 Partnership Contributions (in millions)

	2005 Partnership Contributions	2005 CTC Core Budget Allocation	Ratio of Partnerships Contributions to CTC Core Budget
(I) CTC Led Initiatives - \$ Contributions	6.8		
(II) Partner Led Initiatives - \$ Contributions	33.3		
(III) Parallel Partnerships - \$ Contributions	27.2		
(IV) Partner In-Kind Contributions	19.3		
Total	86.6	78.8	1.1 : 1.0

Non-Traditional Partnerships

The CTC must recruit new partners and expand its partner base to sustain support. Recognizing that the extent of partner contributions is limited by the size of the Canadian tourism industry, the CTC will seek to recruit non-traditional partners who will jointly invest in tourism marketing. Non-traditional partnerships leverage popular culture and association with other non-travel brands to influence a consumer's travel behaviours. These types of unique and novel partnerships have become a core aspect of the CTC's marketing activities since 2005.

A current example of this type of CTC partnership can be seen with *American Express Publishing*, where a fully integrated marketing platform has been created that encompasses advertising, direct mail, e-marketing, 500 retail travel agencies, and in-market promotions leveraging the American Express card member and subscriber database, and provides an unprecedented opportunity to reach high-yield travellers in the U.S., Japan, and the U.K. Specifically, this partnership established in 2006 provides the CTC U.S. Leisure program the opportunity of:

- Print ads in national publications such as *Travel + Leisure*, *Food & Wine*, *T&L Golf*, *T & L Family*, *Departures* and *Centurion*;
- Direct mail to over 300,000 U.S. card members targeting demographic and psychographic profiles matching those of likely Canada travellers;
- *Pure Canada* mailings to American Express Travel agents across the U.S.;
- Editorial features in Japan, and;
- U.S. travel counsellor training in both Spring and Fall to complement CTC and partner campaign timing.

In measuring the success of this program, the CTC will benchmark and track incremental spend in Canada and target consumers with strong conversion potential.

Section 2: Industry Environment

This section provides a general economic and market performance overview and highlights key issues and trends that guide the development and execution of the CTC's marketing strategy. The CTC monitors economic and market trends on a regular basis and uses this information to guide its decision-making. This information is also made available on the Commission's internet site so that industry may also use the information to support their business decisions.

Economic Overview

The global economic outlook is generally positive, but vulnerable to a number of potential risks. Among these risks are the continued effects of increasing oil prices and instability in some oil-exporting countries, the continued threat of terrorism, a possible pandemic (e.g., avian flu), and the military conflict in the Middle East.

According to *Global Insight*, Canada's economy is expected to continue to perform well into the near future. Private consumption should maintain its strength with slight weakening into 2007 and 2008. The Canadian dollar is forecast to stabilize around \$0.87 - \$0.88 American.

	2005	2006	2007	2008
GDP Growth	2.8%	2.8%	2.7%	2.8%
Private Consumption	4.0%	3.1%	2.4%	2.2%
Unemployment Rate	6.9%	7.0%	7.0%	7.1%
Inflation Rate Change	2.2%	1.8%	1.4%	1.7%
Exchange Rate (\$Cdn/\$US)	0.83	0.88	0.87	0.87

Global Insight Data

This positive economic outlook for Canada bodes well for the domestic tourism sector. Economic highlights particularly important for the domestic tourism industry include:

- Consumer views for present and future finances remain unchanged.
- After a slight drop in May, consumer confidence has rebounded as consumers seem to be more positive about employment conditions.
- Unemployment remains relatively stable, holding around 7%.

Table 3: Consumer Confidence (1991=100 Index)

	2006: March	2006: April	2006: May	2006: June
Consumer Confidence Index	122.4	124.4	120.5	124.1

Source: The Conference Board of Canada

Market Performance

In 2005, the United Nations World Tourism Organization (UNWTO) reported the best results in international tourism in the last twenty years, with international tourist arrivals reaching an all-time record of 803 million, for an increase of 5.7%. International travel to the United States grew by 7% over the same period, reaching 49.4 million visitors.

Canada however experienced a 3% decrease in international tourism receipts between 2004 and 2005. Specifically, Canada experienced a decrease of 4.6% in arrivals from the United States. Factors contributing to this decline include: border issues, higher gas prices and a strong Canadian dollar. While performance has been declining in the U.S., this decline has been offset by gains of 6.5% overall in the CTC's non-U.S. markets. In 2005, international tourist receipts from Mexico, China, Australia and South Korea, each reached record levels for Canada.

Table 4: International Tourist Receipts/Trips 2002-2005*

	Overnight Receipts (\$M)				% Change			Overnight Trips ('000)				% Change		
	2002	2003	2004	2005*	2003/02	2004/03	2005*/04	2002	2003	2004	2005*	2003/02	2004/03	2005*/04
US Leisure	6,834	5,928	6,585	5,938	-13.3%	11.1%	-9.8%	14,213	12,524	13,097	12,427	-11.9%	4.6%	-5.1%
US MC&IT	1,578	1,361	1,583	1,524	-13.8%	16.3%	-3.8%	1,955	1,708	1,991	1,964	-12.6%	16.6%	-1.3%
Total US	8,412	7,289	8,168	7,462	-13.3%	12.1%	-8.6%	16,168	14,232	15,088	14,391	-12.0%	6.0%	-4.6%
UK	993	945	1,116	1,248	-4.8%	18.1%	11.8%	721	691	801	888	-4.2%	15.9%	10.8%
Japan	666	348	553	559	-47.7%	58.9%	1.1%	423	250	391	398	-40.9%	56.4%	1.8%
France	374	365	405	463	-2.4%	11.0%	14.3%	312	275	337	351	-11.9%	22.5%	4.3%
Germany	385	345	398	410	-10.4%	15.4%	3.0%	292	253	297	311	-13.4%	17.4%	4.9%
Australia	216	206	279	288	-4.6%	35.4%	3.2%	149	136	174	179	-8.7%	27.9%	3.0%
Mexico	229	206	232	240	-10.0%	12.6%	3.4%	161	132	169	179	-18.0%	28.0%	6.1%
South Korea	244	222	232	238	-9.0%	4.5%	2.6%	143	133	164	173	-7.0%	23.3%	5.0%
China	185	143	171	213	-22.7%	19.6%	24.6%	95	77	95	113	-18.9%	23.4%	18.8%
Total Overseas	3292	2780	3386	3659	-15.6%	21.8%	8.1%	2296	1947	2428	2592	-15.2%	24.7%	6.8%
Totals	11,704	10,069	11,554	11,121	-14.0%	10.8%	-3.7%	18,464	16,179	17,516	16,983	-12.4%	8.3%	-3.0%

Source: Statistics Canada, International Travel Survey

* 2005 = preliminary data

Market Share

Canada's performance in international visitation has decreased since 2002, mainly due to a decrease in visitors from the United States. Canada's market share of key overseas markets has begun to recover, currently registering 5.7% of total potential long-haul outbound travellers. However, Canada's market share of outbound travel from the United States has steadily fallen since 2002, dropping by more than 5% to 22.6%. Canada's competitive position has eroded internationally with the drop in share representing an estimated opportunity loss in revenue of \$2.4 billion.

Table 5: Canada's International Market Performance

	2002	2003	2004	2005
Total Long-Haul * Outbound Travel from Overseas (million)	39.7	37.6	43.1	45.5
Total Overnight Overseas Arrivals to Canada (million)	2.3	1.9	2.4	2.6
Overseas Market Share (%)	5.8	5.1	5.6	5.7
Total Outbound Travel from United States (million)	58.1	56.3	61.8	63.8
Total Overnight U.S. Arrivals to Canada (million)	16.2	14.2	15.1	14.4
U.S. Market Share (%)	27.9	25.2	24.4	22.6
Overall Market Share (%)	18.9	17.2	16.7	15.5

**Total Long-Haul Outbound – represents potential travellers from all CTC Core International Market who travel to global destinations outside of their respective continent*

Market Yield⁶

From Canada's key international markets, American business travellers are Canada's highest spenders on a per night basis at \$251.19. Canada's highest yielding key overseas markets are Japan, Australia and the United Kingdom. Visitors from China represent the largest per trip expenditures at \$1,878; however, their spending per night is \$57.74.

⁶ Market Yield refers to the average spend per visitor.

Table 6: Key Market Information

	2005		2004	
	Ave. # of nights	Ave. \$ per night	Ave. # of nights	Ave. \$ per night
Asia/Pacific				
Japan	11.92	\$117.75	12.12	\$116.62
Australia	13.99	\$115.05	14.09	\$114.00
China	32.52	\$57.74	32.64	\$54.86
South Korea	24.62	\$55.92	23.70	\$59.60
Key Asia/Pacific	17.60	\$85.44	17.22	\$91.38
Europe/Latin America				
United Kingdom	13.35	\$105.30	12.76	\$109.14
Germany	15.76	\$83.66	15.47	\$86.65
France	16.57	\$79.55	14.53	\$82.77
Mexico	17.13	\$78.32	17.12	\$80.40
Key Europe/Latin America	14.83	\$92.09	14.09	\$104.54
U.S. Business	3.09	\$251.19	3.2	\$248.33
U.S. Leisure	4.12	\$115.87	4.15	\$121.13

Source: Statistics Canada, International Travel Survey

Trip Forecast

- Overall, trips to and within Canada are expected to increase by 18.3 million from 117 million in 2005 to 135 million in 2009.
- Domestic trips are expected to account for 83% of the total.
- Trips from the United States are forecast to fall, reducing their share of the total Canadian market from 15% to 11%.
- Person trips from overseas countries are expected to maintain their 5% share of the Canadian market.

The following Tables 7 and 8 illustrate recent trends and forecasts regarding total trips to Canada for 2004 to 2009. While Table 7 shows trips overall increasing, Table 8 highlights the continued decrease anticipated in trips by Americans to Canada.

Table 7: Total Trips to Canada (millions)

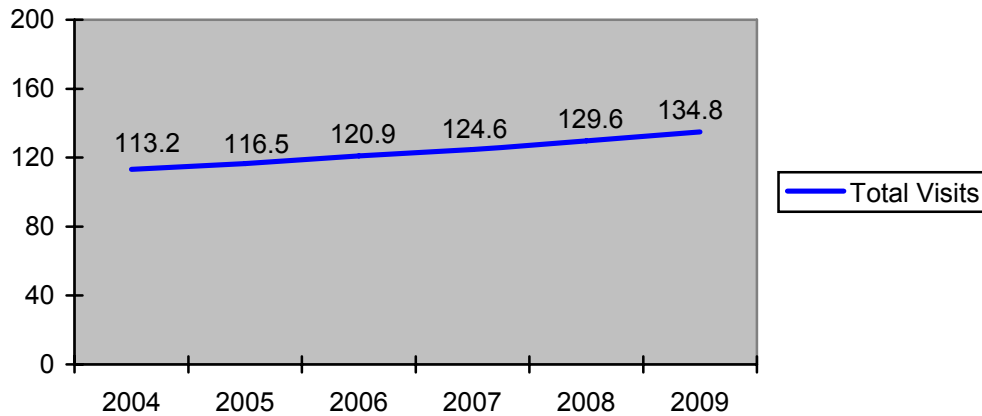
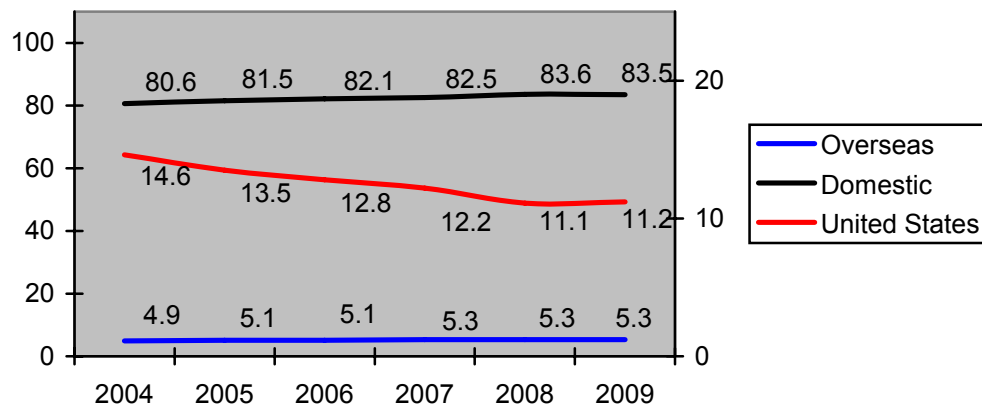


Table 8: % of Total Trips in Canada



Source: The Conference Board of Canada.

Key Issues

Western Hemisphere Travel Initiative (WHTI) Forecasted Impact

To improve security at its borders the U.S. will implement the WHTI under the Intelligence Reform and Terrorism Prevention Act of 2004. The WHTI will require all travellers, including Americans, entering the U.S. to have a passport or other accepted document that establishes the bearer's identity and citizenship. Starting January 8, 2007, travellers entering the U.S. by air will need a passport. The implementation date for travellers crossing U.S. land and sea borders with a required passport or alternative accepted documentation could happen anytime between January 1, 2008 and June 1, 2009.

The WHTI could prove highly detrimental to the Canadian tourism industry as many Americans may opt to travel within the U.S. instead of obtaining the documents that will be necessary for them to return home after travelling outside their country. A recent study by the *Conference Board of Canada*, for the period between 2005 and 2010, estimates that a Western Hemisphere Travel Initiative (WHTI) requirement for travellers between the U.S. and Canada to have a passport, or an alternative approved identification card, will result in an estimated loss of over 14 million same-day and overnight inbound trips compared to the best case forecast for the same period. The study estimates a cumulative gross shortfall in international export receipts by the Canadian tourism industry of \$3.6 billion, as well as a net shortfall of \$3.2 billion in overall industry revenues adjusting for domestic substitution effects. In the meantime, considerable confusion exists on both sides of the border regarding the identification required to travel to the other country. Based on a *TNS Canadian Fact* study, three of ten individuals on either side of the Canada - U.S. border mistakenly believe that they must present a valid passport to cross the border. The Conference Board of Canada has estimated that the uncertainty and misconception around WHTI dampened cross-border travel demand by 1 % in 2005.

Trends

Population

- Population growth in the 25-64 age range in CTC's core markets is expected to reach 1.2 billion by 2011, a 6.3% increase (71 million) from 2005. The Asia/Pacific markets account for the majority of this increase.
- The U.S. target market is forecast to increase by 5.8% (9 million) to reach 165 million in 2011.
- The Europe/Latin America target market (France, Germany, UK, and Mexico) is forecast to increase by 4.5% (7 million) from 2005-2011 to reach 164 million.
- The Asia/Pacific target market (China, Japan, South Korea, and Australia) is forecast to increase by 6.7% (54 million) to reach 865 million in 2011.

Table 9: Population Forecasts (Age 25-64) (In millions)

	2005	2006	2007	2008	2009	2010	2011
United States	156	158	160	161	163	164	165
Europe / Latin America	157	158	159	160	162	163	164
Asia / Pacific	811	818	830	840	848	856	865
TOTAL	1,124	1,133	1,149	1,161	1,172	1,183	1,195
% Change		0.8	1.4	1.0	0.9	0.9	1.0

Source: U.S. Census Bureau.

Demographic

Consumers to Watch: While the baby boomers make up the largest and wealthiest portion of the U.S. demographic, adults between the ages of twenty-five and forty, labelled Generation X, now spend more per leisure trip than American baby boomers.

A younger generation of U.S. travellers is emerging as an increasingly important segment of the market. They place a higher premium on unique travel experiences and tend to spend more on activities such as entertainment, dining and shopping, but less on transportation and accommodation.

Factors of Influence: The UNWTO has identified the following shifts in tourist behaviour:

- late bookings;
- trips being taken closer to home;
- sensitivity to price;
- business travel cost cutting;
- individual (not organized) travel and do-it-yourself;
- internet bookings and travel reservations; and
- low cost airlines.

Niche Markets: Spas are the fastest growing leisure sector in North America, growing faster than golf and skiing combined.

Technological

According to the *Consumer Preference Index (CPI) "2006 Summer Travel"* poll from *Prospectiv*, 83% of United State's Internet users go online to research or book summer travel. The Internet is becoming the ideal medium to reach consumers with branding messages and travel promotions.

According to *Forrester Research*, the Internet population is growing at 17% annually and consumers are becoming more comfortable purchasing online.

A new study by *Jupiter Research* entitled "Market Forecast Report, Travel 2004" finds that the U.S. online travel market has grown at a fast pace over the last year, totalling \$54 billion in 2004 or 23% of travel purchased.

Jupiter projects that for every one dollar generated online, another five dollars is generated offline as a result of online sales leads, as many consumers opt to call the hotel operator directly to book options researched online.

E-commerce consumer revenues are growing 24% annually. Travel has become the largest e-commerce category and will stay this way for the foreseeable future. The online market is projected to grow to \$91 billion in 2009 or 33% of travel purchased.

Section 3: CTC Operating Environment

This section provides an internal scan of the CTC's current position and corporate resources to deliver on its 2007-2011 Corporate Plan. An overview of CTC linkages to government-wide priorities is included, as well as an update on 2006 corporate performance to date. The Commission's successes regarding risk management, integrated planning and performance measurement are also outlined, as well as goals regarding enhancements in these areas during the 2007-2011 planning period.

Linkages to Government-wide Priorities

The CTC 2007-2011 Corporate Plan and Strategy have been considered within the context of current federal policy and objectives and fit well within the Government of Canada's overall plan of building a stronger Canada through job and wealth creation. The following highlights a number of ways the CTC's mandate, priorities and objectives both reflect and contribute to the current Federal policy agenda.

A fundamental priority of the Government of Canada is to ensure that Canada and Canadians remain competitive in the global economy. Tourism clearly fits within this primary Government of Canada objective. The marketing activities of the CTC increase global awareness of Canada, which in turn has the potential to create opportunities for trade, investment and the attraction of highly qualified workers – therefore elevating Canada's position on the world stage. Tourism marketing is an investment that creates wealth for Canadians and an opportunity to promote Canada's global image.

One way the Government of Canada endeavours to be competitive and create greater opportunity for Canadians is by creating an environment for jobs and growth. The tourism industry, which is dominated by approximately 170,000 small and medium sized businesses, stands to benefit from this direction. The focus of all CTC activities continues to be to grow tourism export revenues, which supports not only Canadian tourism businesses and their employees, but also Canadian taxpayers as a whole.

The Government of Canada is committed to re-asserting Canada's Arctic sovereignty and developing the economy of the North through supporting private-sector job creation. Tourism is one means by which this goal can be achieved. The growth in nature-based, as well as Aboriginal, tourism products provides an opportunity for economic, social and cultural development in Northern communities. Through its Product Innovation and Enhancement program the CTC continues to work with its industry partners to research and identify new tourism development opportunities for urban, rural and Northern communities.

Another commitment of Canada's government is to support the delivery of a successful Olympic and Paralympic Winter Games in 2010. The CTC will be actively working with federal, provincial and territorial government agencies in the lead up and following the 2010 Games, in order to leverage the global exposure from hosting the Olympic and Paralympic Games to grow national tourism export revenues as part of the Games legacy.

CTC's 2006 Achievements - Progress to Date

The CTC 2007-2011 Corporate Plan and Strategy set out to support and strengthen the foundation established in the 2006-2010 CTC Corporate Plan and 2006-2009 Strategic Plan. The following provides an overview of corporate results to date and planned performance, in relation to the *CTC Directions 2006-2010* outlined in last year's corporate plan.

Implement a new brand and messaging

Throughout 2006, the CTC has been actively engaging staff, industry and stakeholders in the work necessary to 'bring to life' the new Canada brand, which will enable the CTC and others to effectively market Canada as a premier four destination travel destination. The official CTC launch of the renewed brand is targeted for January 2007, with a full global brand roll out across all its markets.

Conduct more in-depth analysis regarding customers and partners

The CTC continues to implement the Explorer Quotient (EQ), a unique global traveller segmentation tool to better understand global types of travellers and build one to one relationships with them. The EQ tool will continue to be extremely important for learning more about consumer travel trends as the CTC moves forward to establish one-to-one relationships with consumers.

Introduce new e-business systems to support better business decisions (sales force automation, e-marketing and customer analytic systems)

In 2006, the CTC created an E-Marketing program responsible for executing a global e-business platform for the CTC. An important initiative currently underway is the implementation of the CTC's Epiphany database, a dynamic, powerful customer analysis and partner analysis tool.

Make the travelcanada.ca website CTC's call to action for all of its marketing activities globally

The CTC and Canada are positioned as an innovator in e-marketing by having taken a leadership position globally with the dot travel initiative and as the global case study for dot travel. As part of CTC's Canada.travel strategy, the CTC has come up with an innovative way to ensure the integrity of the dot travel consumer value proposition. In essence, the model ensures the protection of place names in Canada, and then encouraging Canadian destinations to register and activate their dot travel domain name, enabling consumers to be able to find virtually any destination, heritage site, and attraction in Canada online by entering the destination name followed by dot travel – which will make Canada easier to access online by travellers worldwide. Since January 2006, the International Travel Trade has featured the CTC and Canada as a leader in E-Marketing.

E-Marketing has also re-launched the global consumer sites for the CTC's core markets (US, Canada English, Canada French, Mexico, China, Japan (Q4, 2006), South Korea (Q4, 2006), Australia, UK, France, and Germany, as well as a new MCIT website for the US market.

The CTC's Product Innovation and Enhancement (PIE) program is simultaneously working to formulate a web content strategy designed to ensure the Canada.travel website contains planning and product information that is relevant to the target audiences it seeks to influence.

Rebalance the marketing mix so that the CTC place greater emphasis on public relations and e-marketing as an alternative to traditional mass marketing

In 2006, the CTC has invested more heavily in public relations and e-marketing channels in all markets as a means to more efficiently reach target customers with relevant messaging. While traditional advertising remains part of the marketing mix, it is used as part of fully integrated campaigns. The result is higher awareness in the target markets, and strong partner participation. Conversion result will determine overall impact of this approach.

Adopt a content distribution strategy to reach the customer at the right time, with the right partner, with the right message, reaching the customer repeatedly in his daily routine

The CTC continues to make significant investments in the area of e-marketing and customer relationship management towards creating valuable online experiences ultimately converting interested visitors into customers. With the formation of the E-Marketing team, an increased emphasis is being placed on using the Web as a primary communication tool. In moving Web activity from the periphery to the centre of a fully integrated marketing solution, strategy implementation is leveraging the CTC's services and tools and streamlining the way it interacts and communicates with consumers in a more effective way.

Implement better management information systems

In 2006, CTC focused on upgrading information systems in Canada and in CTC global offices to ensure reliability and maximum performance. Specifically, and in addition to ongoing desk top and lap top replacement, all finance systems servers were replaced, and all file and print servers (nine) were replaced (with nine virtual servers on two physical boxes). The finance system (software) is also being upgraded to the latest version.

On an operational level, Epiphany Sales and Campaign Manager, and Epiphany Analytics have been rolled-out. The sales application is being used by headquarters as the central repository for organizations and contacts information. This database is being accessed, and used to report operational project outcomes by the following in-market offices: US MCIT, US Media, US Leisure, Canada group, Mexico, United Kingdom, Australia, and Japan. The Campaign Manager is an outbound communications application allowing CTC marketing groups to communicate more effectively with travellers by segmenting their profile. This allows for more targeted messaging, which in-turn yields to better consumer retention and campaign response.

Develop a succession planning system

In 2006, the CTC developed a Succession Plan addressing the senior levels of employees – Directors, Executive Directors, Managing Directors and Vice Presidents. The Succession Plan focuses on the identification of “at risk” positions and internal “backfills” and their development needs, as well as methods of mitigating risks. A yearly report on Succession Plan Implementation will be provided to the Board.

Place greater emphasis on measuring CTC activities and individual business unit performance measures

CTC is currently developing a common evaluation framework to support the assessment of its various marketing campaigns. This framework will establish a consistent approach for undertaking pre-campaign, post-campaign and conversion studies. In addition, the Commission intends to develop a standard evaluation cycle for each of its international markets.

CTC Organizational Risks

The CTC has developed and implemented a risk management strategy. A process has been established to identify and assess risks on an annual basis in order to determine the necessary steps to manage and monitor the key risks identified. The ongoing strategic planning cycle ensures the Board of Directors is kept apprised of key risks and that these are considered in the development of the annual strategic plan.

In 2004, the CTC undertook an Enterprise Risk Management Assessment (ERMA) designed to identify and prioritize the CTC's business risks, and to develop and implement a risk mitigation strategy. In 2006, an update to this risk assessment was conducted in light of the changes that had taken place both within and external to the organization over the previous 18 months.

CTC Crisis Management Strategy

While global and unforeseen events can impact all economic sectors, the tourism industry is particularly susceptible to crisis. In fact, a principal lesson learned during the SARS crisis was that at any time Canada could face another major crisis, which could severely impact the Canadian tourism sector. The media continues to report heavily on a potential influenza pandemic and natural disasters always pose a risk. In addition, the full potential impacts of Western Hemisphere Travel Initiative (WHTI) are uncertain.

Recognizing a role for the CTC in taking the lead in preparing a response plan, in 2006 the Commission developed a generic crisis management plan which could be applied to crises as they arise.

Integrated Planning at the CTC

The CTC has developed a comprehensive planning cycle to integrate planning for marketing and sales and financial planning within strategic and corporate planning. The integration of all CTC planning activities ensures a consistent and coordinated approach that considers all relevant information in decision-making and aligns efforts and results with the organization's overarching goal and objectives.

The CTC planning cycle begins with *Execution and Reporting* and the rolling out of the market campaigns and preparation of performance analysis of the previous year. Phase two, *Priority Setting*, supports the development of proposed market allocations and strategic recommendations for the coming year. The Board reviews the objectives and priorities of the CTC annually, and when necessary, adjusts or updates them to ensure they continue to reflect current realities, emerging issues and new challenges. The third phase, *Strategic Planning* focuses on the development of the overall Strategic Plan for the CTC and the development of the Marketing Strategies for each market. Phase four, *Operational Planning*, involves the development of the tactical plans and budget estimates to roll out the marketing strategies. This final phase includes planning tools such as the Corporate Plan, market evaluations and budget allocations to programs and business units.

Strategic Planning

Strategic Planning is a key component of the overall corporate planning cycle at the CTC.

The Commission conducts strategic planning on a five year basis, and updates the plan annually. The Plan identifies the goal and objectives of the Commission and outlines the key priorities it will focus on to support their achievement. In developing its Strategic Plan the CTC examines the environment in which it operates, explores trends that affect tourism in Canada and identifies key issues that will need to be addressed in order to deliver on its mandate. The CTC Board of Directors plays an important role in setting the strategic directions for the Commission.

Strategic Planning is a key component of the overall corporate planning cycle at the CTC. The Plan is developed by analyzing the various marketing strategies from the previous year, reviewing performance, and identifying and assessing overall market trends. This analysis is then presented to the Board to establish key priorities for the coming year and the allocation of resources by market.

CTC Performance Measurement and Evaluation Tools

The CTC evaluates performance at a number of different levels. The following table outlines how the CTC evaluates its corporate performance as a whole, and specifically the performance targets to measure the CTC's strategic outcomes over the next five years.

Table 10: Performance Measurement Targets 2007-2011

Priorities	Measure	Benchmark	2007	2008	2009	2010	2011
Grow tourism export revenues	Tourism Revenues	\$1,752.6 (2005)	↑ 3.9%	↑ 0.2%	↑ 2.2%	↑ 4.0%	↑ 4.5%
	UNWTO Ranking	#12 (Revenue)	Aim to improve ranking back towards #10	Aim to improve ranking back towards #10	Aim to improve ranking back towards #10	Ranked in top 10	Ranked in top 10
Align market allocations with ROI	MPA/MIM	Score of 30 = Tier 1	Maintain alignment with Tier 1 markets	Maintain alignment with Tier 1 markets	Maintain alignment with Tier 1 markets	Maintain alignment with Tier 1 markets	Maintain alignment with Tier 1 markets
	ROI		The CTC will create a tool to assess ROI of market investments	TBD	TBD	TBD	TBD

Table 10: Performance Measurement Targets 2007-2011

Priorities	Measure	Benchmark	2007	2008	2009	2010	2011
Develop one to one relationship	Qualified consumers in databases with email	1,000,000 in database (25% with email)	↑ 12%	↑ 15%	↑ 15%	↑ 15%	↑ 15%
	# of unique visitors to Canada.travel consumer site	1,931,942 (2005)	The CTC will establish a tool to track visitors in 2007	TBD	TBD	TBD	TBD
	% of customers converted		The CTC will establish a benchmark and measurement tool in 2007	TBD	TBD	TBD	TBD
Differentiate Canada	Brand awareness	-	The CTC will establish a benchmark in 2007 to measure brand awareness	TBD	TBD	TBD	TBD
Market Yield*	Increase average per person spend per night	\$103.4 (2005)	↑ 1.9%	↑ 1.6%	↑ 2.9%	↑ 4.0%	↑ 4.6%
			\$105.9	\$107.6	\$110.7	\$115.1	\$120.4
Leverage partner investment	Partnership ratio	1:1	Maintain 1:1	Maintain 1:1	Maintain 1:1	Maintain 1:1	Maintain 1:1
Organizational Excellence	Employee Survey	Overall satisfaction of employees from 2006 survey	TBD	TBD	TBD	TBD	TBD

* The CTC's overall average market yield, which is measured by the average money spent per night, is forecasted to reach \$120.40 by 2011, increasing on average by 2.5 % per year. As shown below in Table 11, more significant gains in growth are mainly expected by China, France and Mexico and will be partially offset by lower than average growth mainly by U.S. business and leisure travellers. The overall average money spent per night level will be partially diminished by lower average money spent per night by market such China, South Korea and Mexico, as a result of longer length of stays by tourists.

Table11: Market Yield Forecasts

	2005 Ave. \$ per night	2011 Ave. \$ per night	Average growth 2011/2005
Asia/Pacific			
Japan	\$117.75	\$136.68	2.6%
Australia	\$115.05	\$132.59	2.8%
China	\$57.74	\$69.01	3.0%
South Korea	\$55.92	\$58.44	2.5%
Europe/L.A.			
United Kingdom	\$105.30	\$120.42	2.2%
Germany	\$83.66	\$92.53	1.7%
France	\$79.55	\$94.62	2.9%
Mexico	\$78.32	\$85.95	1.8%
U.S. Business	\$251.19	\$269.82	1.2%
U.S. Leisure	\$115.87	\$125.12	1.3%
Total CTC Core Markets	\$103.50	\$120.40	2.5%

The CTC performance measures are an aggregate of overall business unit measures. The CTC also evaluates performance at the business unit level and at the program activity level. Conversion and evaluation studies assist the CTC in determining the success of its marketing campaigns. The results of these studies guide decisions regarding future campaign launches.

In recent years the CTC has developed a number of evaluation tools to assist it in making more informed decisions regarding its strategic direction. The Market Portfolio Analysis (MPA) index helps evaluate the potential and performance of markets and then establish priorities based on the results. The Market Investment Model (MIM) assists in determining budget allocation by market. Finally, Epiphany, the CTC's Customer Relationship Management (CRM) tool, aids in the collection and analysis of in-house data to evaluate marketing campaigns and measure performance.

Section 4: 2007-2011 Corporate Strategy

The Strategy

Canada enjoys a positive image in the world, consistently ranking number one or two by the United Nations as a country where people would like to live. International travellers rank Canada as a dream destination. Despite awareness of certain icons however, international travellers are often uncertain of the type of travel experiences they might have in Canada thus Canada is not their first choice of destination in a given year. In this way Canada remains a 'some day destination' for many people who possess the strong desire to travel here. The challenge therefore, is to intrigue potential visitors with compelling ideas of experiences they could have in Canada thus introducing urgency to the travel decision.

In response to this challenge, and toward the achievement of the goal – grow export revenues - **the CTC strategy is to reposition Canada as a destination where travellers can create extraordinary personal experiences.**

By implementing a targeted, focused approach to marketing, the CTC will strive to establish one-to-one relationships with customers and implement marketing strategies that are relevant to their individual needs and the personal experiences that they are seeking in their travel destinations

Building on the foundation set in the 2006-2010 Plan, the CTC's 2007-2011 Corporate Plan identifies the following four objectives:

1. Convert high yield customers;
2. Focus on markets of highest return on investment;
3. Brand consistency; and
4. Research new market opportunities.

The CTC's approach to growing export revenues is based on deepening the relationship with high yield consumers in an effort to influence their travel decisions and convert them to a travel purchaser.

The CTC's Leadership Role

- Promoter of Canada brand
Canada – Keep Exploring
- Expert on the Canadian tourism product and services
- World class research capacity
- Leading source of information
- Lead all other National Tourism Organizations in leveraging technology and the Internet.

Second, the CTC's approach focuses on those global markets or consumer market segments where it is felt there is the highest potential for return on investment. Promoting brand consistency is central to marketing Canada as a desirable tourism destination. Over the 2007-2010 planning period, the CTC will work closely with industry to communicate the advantage of a strong global brand Canada and work collaboratively to leverage the brand. Finally, the Commission's strategy will focus on identifying new market opportunities by developing a research and development strategy to assess the potential of emerging markets and position Canada to diversify its marketing strategy.

Priorities: CTC Action Plan

For the CTC to deliver on its objectives, activities need to be undertaken in each of the priority areas during the 2007-2011 period. Seven priorities have been identified as part of the CTC's 2007-2011 strategic planning process. In the development of these priorities, research regarding the external and internal CTC environments was examined, perspectives of the tourism sector were considered, and the Commission's performance in its core function areas was reviewed. There is a chart beginning on page 32 that highlights the key planned activities for each of the seven priorities.

1. Develop one-to-one relationships with customers;
2. Align market allocations to achieve highest ROI;
3. Differentiate Canada;
4. Leverage partner investment;
5. Leverage media exposure afforded by the 2010 Olympic Games;
6. Create Demand for Increased Air Access; and
7. Organizational Excellence.

The matrix table below links these seven priorities to the CTC's four key objectives.

Table 12: CTC 2007 Strategic Objectives and Priorities Matrix

	Objective One: Convert High yield customers	Objective Two: Focus on markets of highest return on investment	Objective Three: Brand consistency	Objective Four: Research new market opportunities
Priority One: Develop one-to-one relationships with customers	X	X	X	
Priority Two: Align market allocations for maximum ROI	X	X	X	X
Priority Three: Differentiate Canada	X	X	X	
Priority Four: Leverage partner investment	X	X	X	
Priority Five: Leverage media exposure afforded by the Vancouver 2010 Olympic Winter Games	X	X	X	
Priority Six: Create demand for increased air access	X	X	X	X
Priority Seven: Organizational excellence	X	X	X	X

From Priorities to Planned Activities

As part of the CTC's integrated planning cycle, each of the Commission's core functions and enabling units develop operational action plans in line with the recently updated strategic plan. These plans outline specific activities and initiatives that will be undertaken in order for the Commission to deliver on its strategic goal and objectives. The following table presents a crosswalk to highlight 2007-2011 Key Planned Activities for each of the seven 2007-2011 Priorities and links these initiatives to the lead CTC Core Function areas responsible.

Table 13: CTC 2007-2011 Key Activities by Priority

Priority	Key Planned Activities	Lead Function Area(s)
#1 - Develop one-to-one relationships with customers	Customize research based on product cluster or customer segments.	Product Innovation & Enhancement (PIE)
	Integrate “experience product” into marketing initiatives and new campaign development.	PIE/ Marketing & Sales
	Expand consumer based intelligence, analytical tools and services to support marketing, product and industry development.	Research
	Create more valuable online experiences that excite consumers to travel to Canada (lead generation) and create a data capture environment.	E-Marketing
	Turn customer data into intelligence so it can be leveraged to create targeted and personalized campaign.	E-Marketing
	Marketing to the ‘customer’ and targeting of market segments based on research analysis.	Marketing & Sales
	Use CRM to identify, reach and communicate with target customers.	Marketing & Sales
	Create alliances with non-traditional partners to market Canada in non-traditional ways with partners who evoke the target customers’ interests.	Marketing & Sales
#2 - Align market allocations to achieve highest ROI	Monitor, assess and analyze global market conditions.	Research
	Improve business intelligence that measures and targets Canada’s competitive position, the export performance of the Canadian tourism sector and the CTC’s Tier One markets.	Research
	Target marketing strategies to high yield niche groups as well as high yield demographic and geographic groups.	Marketing & Sales
	Work with industry to identify other high yield niche markets and develop and market “experience” product targeted to these markets.	Marketing & Sales
	Explore expanding the MC&IT program to other (non-U.S.) international markets.	Marketing & Sales

Table 13: CTC 2007-2011 Key Activities by Priority

Priority	Key Planned Activities	Lead Function Area(s)
<i>#3 - Differentiate Canada</i>	Align the CTC's marketing efforts behind the brand to ensure efficiency and impact for its marketing dollars. Globalize public and media relations activities to strengthen brand position and distribute content about Canadian tourism experiences.	Marketing & Sales/ Brand Canada/ Communications
	Engage and align the industry behind the brand to ensure that consumers receive the most compelling messages to explore and experience Canada.	Brand Canada/ Communications
	Incorporate brand message though focusing positioning of MC&IT destinations, facilities and services as a quality alternative to the U.S. (M&C) and overseas incentive competitors.	Marketing & Sales
	Work with industry to develop "experience product" targeted to high yield niche markets.	PIE/ Marketing & Sales
<i>#4 - Leverage partner investment</i>	Enhance and build partnerships with traditional and non-traditional partners that will launch and create exposure for experiential products.	Marketing & Sales
	Create and leverage existing alliances with non-traditional partners that have similar targets and a need for new, fresh content.	Marketing & Sales
	Develop enhanced Canada specialist program linked and supported by in-market and Canadian industry partners.	Marketing & Sales
<i>5 - Leverage media exposure afforded by the 2010 Olympic Games</i>	Create new partnerships and business opportunities with Olympic sponsors and associated companies.	Business Development/ Marketing & Sales
	Leverage the 2008 Beijing Summer Olympic Games and 2012 London Olympic Games to profile Canada as 2010 Games host.	Business Development/ Marketing & Sales

Table 13: CTC 2007-2011 Key Activities by Priority

Priority	Key Planned Activities	Lead Function Area(s)
#6 - Create Demand for Increased Air Access	Create alliances and programs with airline partners to increase access/capacity and ensure program sustainability.	Marketing & Sales
	Focus on new market development within Canada to introduce product, drive demand to new destinations, and add incremental visitation.	Marketing & Sales
	Develop shoulder season business and maximize the potential of high demand periods in specific target markets through both charter and scheduled air capacity.	Marketing & Sales
#7 – Organizational Excellence	Provide timely, accurate and relevant business intelligence and data (market and industry) to support strategic and effective business, marketing and investment decisions.	Research
	Use a solid technology infrastructure that allows for content management and data management on one global platform.	E-Marketing
	Invest in continuous learning and development.	Human Resources
	Promote CTC’s ethics and core values - collaboration, innovation and respect – and ensure that they are fully integrated in the culture and behaviour.	Human Resources
	Place strong focus on management of change.	Human Resources
	Establish effective internal communication processes.	Communications
	Promote integrated planning across the CTC to ensure that all planning activities (marketing, sales, finance and human resources) are driven by the strategic plan.	Planning & Evaluation
	Develop and implement an evaluation framework for all CTC marketing programs and a performance measurement framework for all programs and business units.	Planning & Evaluation
	Establish alliances and ensure key decision-makers realize the potential of Canada’s tourism industry in Canada and around the world.	Government Relations
	Continue to streamline financial and business processes; assess reporting needs and develop reports to assist in identifying risks/ opportunities, and; enhance internal controls.	Finance
	Move to a centralized hosting service for all CTC web, data, and systems assets; and a single common repository for retrieval and repurposing of content to achieve cost savings, efficiencies, and flexibility.	Information Technology
	Provide support to business units and our suppliers to ensure the CTC receives the best possible value for its money without sacrificing quality, accountability or effectiveness.	Procurement

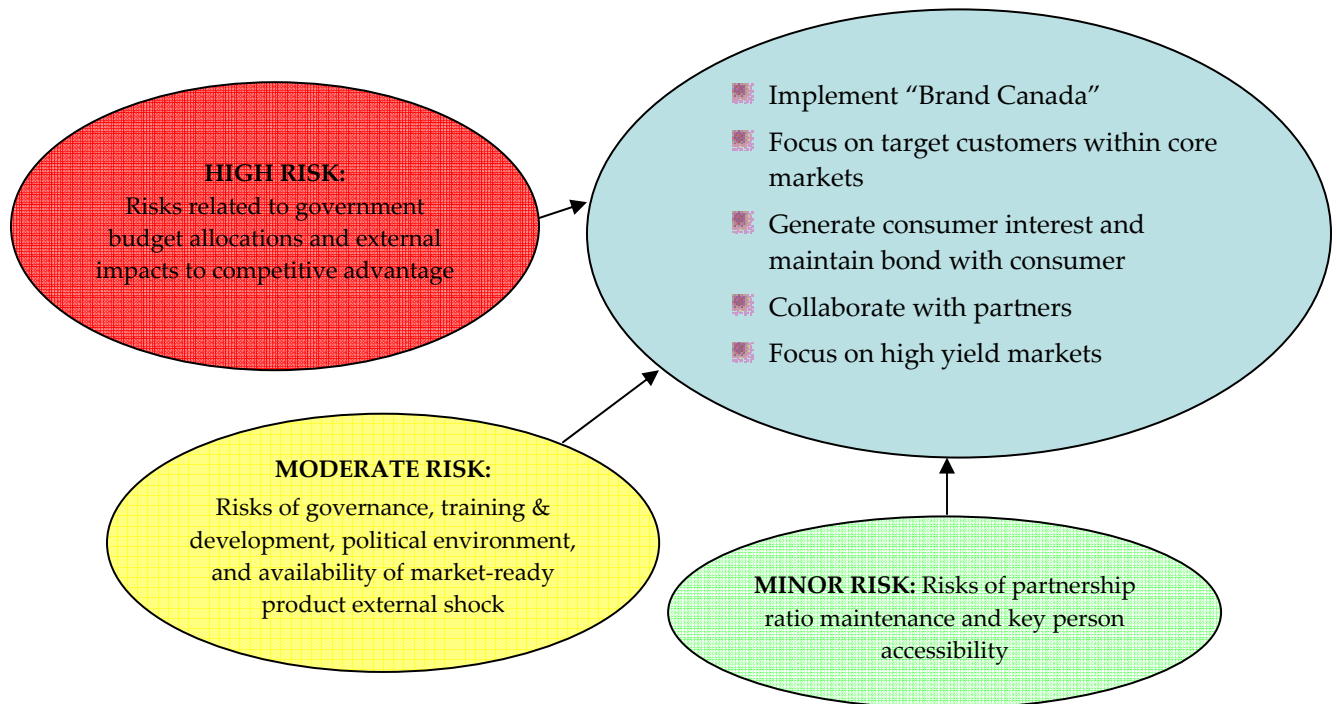
Section 5: Associated Risks, Performance Projections and Linkages to Horizontal Federal Initiatives

Associated Risks of 2007-2011 Priorities

Following on the Enterprise Risk Management Assessment (ERMA) commissioned by the CTC in 2004, a *Risk Assessment update: Final Report* was prepared for the CTC by Mercer Oliver Wyman in June 2006.

The following diagram provides a graphical depiction of these key risks identified as part of the update to the ERMA, categorized in terms of severity. Minor risk elements (those resulting in a score of 2.0 – 2.9/5) are shaded as green; moderate risks (those yielding a score of 3.0 – 3.9/5) are shaded as yellow; and major areas of risk (those producing a score of 4.0 – 4.9/5) are shaded as red.

Figure 3: Identified Risks of the CTC Priorities⁷



⁷ The information below is taken from the June 2006 *Risk Assessment update: Final Report* prepared for the CTC by Mercer Oliver Wyman and therefore relates to Strategic Priorities identified in the 2006 -2008 Corporate Plan.

In the coming years, the CTC will aim to mitigate both these risks and new risks that evolve. A comprehensive risk management assessment planned for quarter four of 2006 will examine the risk areas within the context of the strategic priorities identified for the 2007 – 2011 period. CTC will undertake risk assessments on an annual basis to ensure risks are continually monitored and minimized.

Measuring Performance

As outlined in *Section 3: CTC Operating Environment*, the CTC evaluates performance at a number of different levels. The following is a list of performance measurement and evaluation tools used by the CTC:

- Performance Measurement dashboard: evaluates overall performance of the CTC and reflects an aggregate of overall business unit measures;
- Business unit performance measures;
- Conversion and evaluation studies: determine the success of marketing campaigns and guide decisions regarding future campaign launches;
- The Market Portfolio Analysis Index (MPA): evaluates the potential and performance of markets and then establishes priorities based on the results. The outcome of the model provides a framework for rating markets according to a tier structure;
- The Market Investment Model (MIM): assists in determining budget allocations by market.

Next Steps for 2007-2011:

Over the next five years, the CTC will develop and implement a common evaluation framework to support the assessment of its marketing campaigns. This framework will seek to develop an evaluation cycle for each of its markets, and will establish a consistent approach for undertaking pre-campaign, post-campaign and conversion studies. In addition, this standardized framework will be developed with the intention of linking planned CTC programs and activities to its strategic priorities identified in the 2007 – 2011 Strategic Plan.

CTC Action Plans for Horizontal Federal Policy Initiatives

FIP

The Commission has acknowledged Treasury Board's decision regarding Federal Identity Program (FIP) compliance and has referred to the Treasury Board *FIP policy* and associated *FIP Manual* to prepare a CTC FIP implementation strategy for 2006. Specifically, key changes underway relate to the following three areas:

1. **Corporate identification** in accordance with FIP requirements. The FIP signature (with flag symbol) and 'Canada' wordmark will be the official identifiers on corporate fields of application of the Commission. The CTC will adhere to FIP design standards for corporate fields of application, integrating them with the CTC's communication strategy.
2. **Corporate title registration:** The present title of "Canadian Tourism Commission" has been registered as an applied title for the purposes of creating a FIP signature.
3. **FIP fields of application:** Specifically defined by FIP policy (e.g. stationery), FIP applications will enter into production and the CTC will begin to prepare all other fields of application.

Official Languages

The CTC is committed to both official languages having equality of status and equal rights and privileges in the way they are used within the Commission. The CTC offers and provides services and communicates with stakeholders, suppliers and partners in their preferred official language from both its headquarters office in Vancouver, B.C., and corporate office in Ottawa. The Commission ensures that its corporate culture promotes the effective use of both official languages in the workplace.

The CTC is also committed to involving the English and French linguistic minority tourism business communities in Canada, so that they have fair access to the tourism support services provided by the Commission. This access to CTC products and services will in turn help achieve the following immediate results of the Government of Canada's Horizontal Results-based Management and Accountability Framework on official languages:

- Enhanced cultural activities in support of Canadian identity;
- Strengthened community economic development;
- Enhanced community vitality;
- Reinforced linguistic duality; and,
- Respect for the *Official Languages Act* (OLA) and the Canadian Constitution.

In 2006, a CTC Official Languages (OL) Policy was developed and approved. Within the OL Policy, CTC monitoring and reporting requirements are clearly outlined, including annual reporting to the Public Service Human Resources Management Commission of Canada and the Minister of Heritage.

The CTC OL Policy also specifies that the CTC will prepare an Annual Official Language Action Plan, including expected results and performance indicators in order to ensure that the Commission is meeting its obligations under the *Official Languages Act*. The Commission will have a 2007 CTC OL Action Plan completed in December 2006.

Regarding Section 41 of the *Official Languages Act* and English and French linguistic minority communities more specifically, the CTC has established a specific 2006-2009 Action Plan to achieve results in each of the six prescribed categories: awareness, consultation, communications, coordination and liaison, funding and program delivery, and accountability.

Section 6: Financial Overview

As a Federal Crown Corporation, the CTC is largely funded through appropriations. Core funding for 2007 is \$76.526 million.

The CTC is an organization that actively partners with industry to develop marketing programs. Although in most partnership arrangements the CTC is not the organization that disburses the funds, this does occur in some cases. In this regard, in 2005 the CTC received approximately \$6.8 million from partners towards CTC-led partnership initiatives. Corresponding expenses offset these funds.