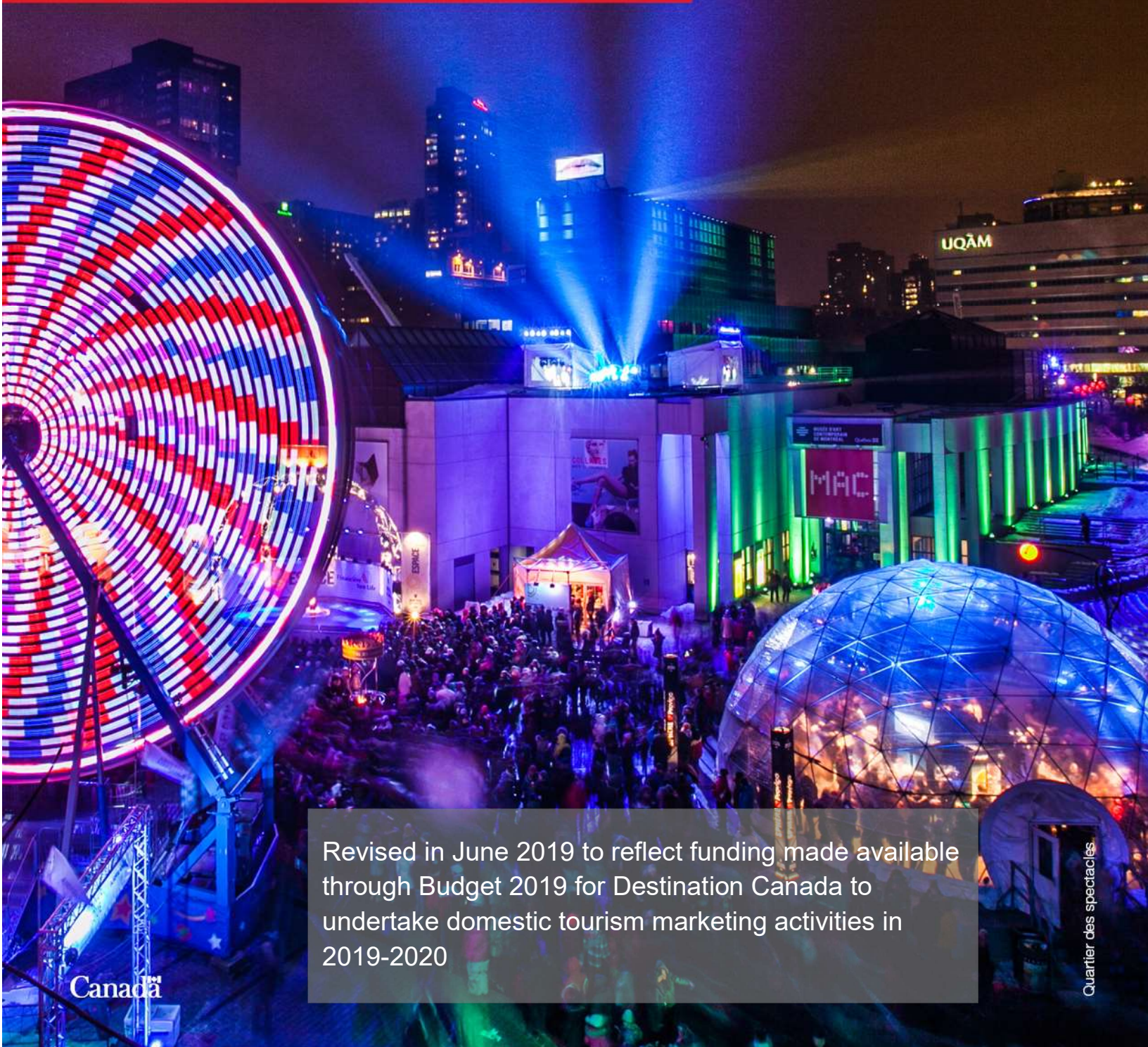
DESTINATION CANADA

2019 – 2023
Corporate Plan Summary



Revised in June 2019 to reflect funding made available through Budget 2019 for Destination Canada to undertake domestic tourism marketing activities in 2019-2020

Quartier des spectacles

Canada

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EXECUTIVE SUMMARY

Tourism is a significant driver of Canada's economy, directly contributing over 736,000 jobs to the sector and supporting over 200,000 small- and medium-sized tourism businesses across Canada in 2017. As the country's number one service export, tourism is larger than agriculture, forestry, fishing and hunting combined. In every region of the country, tourism creates jobs and opportunities for Canada's middle class.

Canada's visitor economy has been performing well over the last few years, including in 2017 when it welcomed a record-breaking 20.8 million international visitors spending $21.3 billion.

The Government of Canada has committed to growing Canada's visitor economy under Canada's Tourism Vision it launched in 2017. Under this initiative, our appropriated funding has stabilized, allowing us to continue our leisure marketing efforts in the US, diversify our impact in other markets and plan with certainty. We have also been working with our industry partners like never before, bringing marketing alignment and how we co-invest together to new heights.

We remain steadfast on our strategy to drive demand for Canada among high-spending international travellers. While the US is still our largest source market, our balanced portfolio approach has proven successful in reducing Canada's reliance on this market. Over the last 15 years, we have seen a remarkable shift to a traveller that is higher-yield and more internationally diversified – a strong indicator that a mixed-market approach is working.

We have been actively pursuing high-yield leisure and business travellers from a diversified set of global markets, and will be expanding our efforts to grow the meetings and incentive business in new markets. In addition, with funding made available through Budget 2019, we will undertake a domestic marketing campaign in 2019-2020. While there remains much uncertainty in the world that can impact tourism, including foreign exchange, air access, or global economic stability, we are leveraging factors within our control to grow the visitor economy to Canada's benefit. By pursuing a strategy to grow visitation from a variety of markets and increase tourism export revenue, we are making a measurable contribution to economic growth and diversification for Canada.

Our strategy over the 2019-2023 period will be to expand visitation into rural and secondary regions in Canada and to strengthen travel in shoulder seasons. We remain committed to pursuing the following three objectives:

- Increase demand for Canada with innovative marketing;
- Advance the commercial competitiveness of the tourism sector; and
- Increase corporate efficiency and effectiveness.

While visitation and spending are on the rise, Canada is far from reaching its potential as a competitive destination for global travellers. We have been working with Innovation, Science and Economic Development to assess the competitiveness of Canada's tourism sector and identify a roadmap of actions necessary for long-term success.

We look forward to continuing to work closely with the federal family and our industry partners to improve Canada's competitive position internationally and ultimately grow market share. We also welcome the Honourable Mélanie Joly as the new Minister of Tourism, Official Languages and La Francophonie.

Calgary Stampede, Alberta

OVERVIEW

Mandate

We are a federal Crown corporation owned by the Government of Canada. Through the Minister of Tourism, Official Languages and La Francophonie, whose duties and powers related to our organization have been delegated by the Minister of Innovation, Science and Economic Development Canada, we are accountable to Canada's Parliament through the submissions of an Annual Report, a 5-year Corporate Plan and an Operating and Capital Budget annually to Parliament.

As an agent corporation, we are provided with overarching public policy priorities, broad strategic goals and expectations. 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.

Role

As Canada's national tourism marketer, Destination Canada is a catalyst to inspire global travellers to choose Canada. We stimulate economic diversity and opportunity by driving increased tourism export revenue as part of the federal government's priority to strengthen Canada's global competiveness in the leisure and business travel sector.

We work with partners in provincial and territorial governments and stakeholders in the tourism industry to help Canada's tourism businesses reach international markets. Leveraging our co-investors' alignment in analytics, marketing, communications and trade tactics in key global markets, we develop innovative strategies to support the long-term prosperity of the thousands of small- and medium-sized businesses who, in turn, create employment opportunities across Canada.

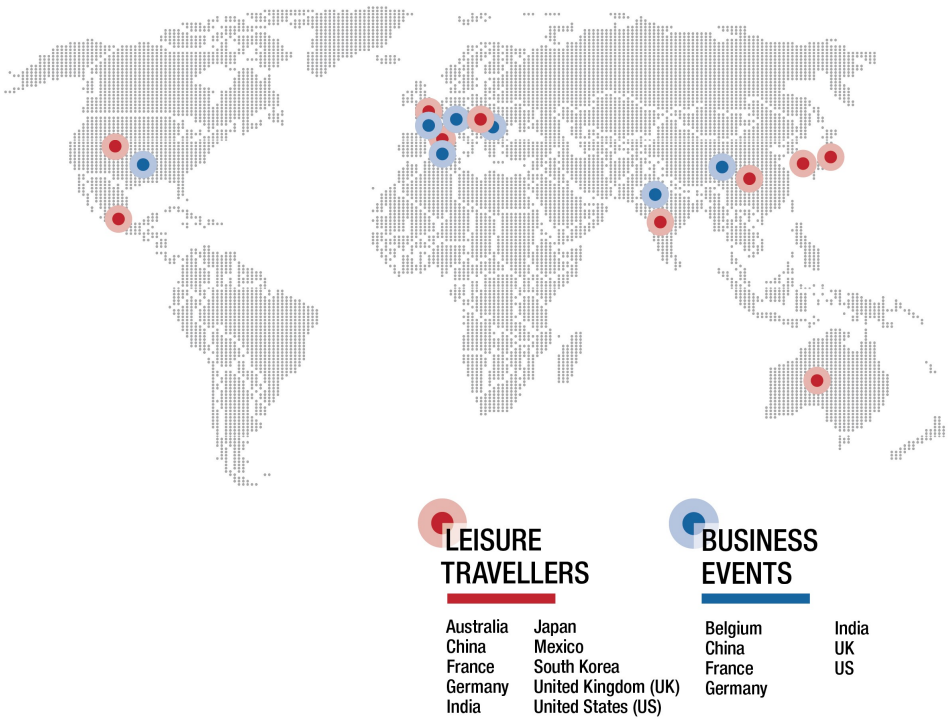
In 2017, our marketing efforts attracted 1.39 million additional visitors to Canada who spent an additional $1.81 billion in Canada from coast to coast to coast. This boost to the visitor economy supported nearly 13,800 tourism related jobs in Canada in 2017.

Additional information on our 2017 performance can be found in our 2017 Annual Report.

Markets

We target 10 leisure markets around the world and seven business markets for the purposes of bringing meetings, conventions and incentive travel programs to Canada. These markets are chosen based on prevailing market conditions and performance potential for Canada.

In addition, in 2020, we will also target Canada as a domestic market.



Presence

As of October 1, 2018, we have a staff complement of 113 full-time equivalent employees around the world. We are headquartered in Vancouver with in-market offices in London, Beijing and Tokyo serving as regional hubs. In addition, we have a small satellite office in Ottawa focused on government relations activities including aligning with government priorities and working with the federal family on tourism-related issues.

OPERATING ENVIRONMENT

External

Global Tourism

2017 marked another year of strong international tourism demand across the globe, with almost all major source markets reporting higher tourism spending[1]. Spending $258 billion USD on outbound tourism and $8 billion USD more than the prior year, China retained its position as the world's biggest spender. This was followed by runner-up the US which spent $135 billion, fueled largely by its robust currency position and representing an additional $12 billion USD over 2016. This strong tourism performance is a reflection of enhanced global connectivity, visa facilitation and economic recovery in many parts of the world.

Tourism in Canada

Canada also benefited from strong demand for travel, welcoming a record-breaking 20.8 million international visitors[2] in 2017. Despite Canada ranking 18th in terms of international tourist arrivals[3], Canada has been operating from a position of strength over the last few years, serving as an economic driver in terms of job creation and support for nearly 200,000 small- and medium-sized tourism businesses across Canada. This strength has been underpinned by growing aviation capacity, a reduction in visa barriers, currency advantages, a strong country brand and increased federal marketing investments. Additionally, Canada's 150th anniversary in 2017 as well as commendations from prominent publications such as Lonely Planet, Condé Nast and the New York Times helped to put Canada in the international spotlight.

Tourism is a significant part of Canada's economy, employing nearly two million Canadians and serving as the country's number one service export. It's share of gross domestic product is approximately 2%, making it larger than telecommunications and agriculture, forestry, fishing and hunting. An industry that is geographically dispersed across the entire country, tourism leads to benefits for communities big and small, from coast to coast to coast. In addition to the economic benefits of revenue generation and employment, as a diversified and inclusive sector, tourism supports the preservation of culture. Over the long-term, the sector benefits local communities and Canadians through the development of new visitor infrastructure and also has the power to stimulate trade between countries in other economic sectors.

Recent performance of Canada's visitor economy has been encouraging, with positive year-over-year growth in international visitation and spending. While growth is typically seen as a measure of success, the rapid growth of global tourism over the years has given rise to compression within the Canadian tourism industry. This issue of "overtourism" has led to internal capacity constraints in the areas of accommodations, local transport and attractions during peak seasons and particularly in major cities.

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[1] UNWTO World Tourism Barometer, Volume 16, March/April 2018.
[2] Statistics Canada, International Travel Survey, 2017.
[3] UNWTO World Tourism Barometer, Volume 16, October 2018, Statistical Annex

Canada has an opportunity to grow off-peak travel and regional dispersion. In general, finding solutions to better manage increased visitation without limiting growth will be important in driving Canada's international competitiveness.

Internal

Human Resources and Pensions

As of October 1, 2018, we employ a total of 113 term and indeterminate staff. In addition, we have one interchange employee. Roughly half of our workforce is unionized. The collective agreement covering this group was renewed in 2017 for five years, providing labour stability. As such, we do not anticipate any major changes in staffing levels.

From a future financial liability standpoint, we expect to transfer future Canadian employees' defined benefit pension risk to the private sector. This will greatly mitigate our financial exposure to future pension liabilities, and this authority was approved in our 2018-2022 Corporate Plan.

Technology

Operating in a technological environment, we can be susceptible to threats of cyber security. As such, we have a formal plan and defense capabilities in place to deal with incidents and threats related to cyber security. From annual network penetration and vulnerability tests to quarterly phishing exercises, we regularly test and monitor our organization's level of security and readiness.

Privacy

As a global operation, we are subject to various privacy regulations. The General Data Protection Regulation (GDPR) is a new data privacy law that came into effect in May 2018 and affords users greater control over their personal data online. The law impacts anyone collecting, storing and sharing personal data of residents of the European Union.

To comply with the law in connection with the use of personal data, we have implemented a compliant consent and transparency tool on all our websites and have reflected changes in our partner agreements on the way we collect, hold and share data. We have also updated our privacy policy which includes information about what we collect from website user activity and how we provide information to our partners.

We have also been working with our agencies and select media partners to review how they intend to comply with GDPR on behalf of their clients.

Lastly, while we are not accountable for how Canadian industry partners conduct business on their own in the European Union, we are sharing our steps to be compliant so that it may service as a guide for their individual efforts.

Special Examination

As per the *Financial Administration Act*, federal Crown corporations are subject to a special examination by the Office of the Auditor General of Canada (OAG) once every 10 years. The most recent special examination was conducted in 2014 and found that our assets are safeguarded and controlled, our resources are managed economically and efficiently, and our operations are carried out effectively.

Internal Audits

Our annual internal audit plan is risk-based and integrated with the enterprise risk assessment to ensure that we focus efforts on mitigating risks carrying the highest likelihood and impact.

We engage an external firm to carry out this function and the internal auditor is independent of Management and reports directly to the Audit and Pension Committee of the Board of Directors.

Over the course of 2018, the internal auditor has been conducting the following audits and reviews:

- Audit of Partnership Management. The objective of this audit was to assess the adequacy of governance, processes and controls in place around the management of partnerships with public and private organizations in Canada and internationally. The audit identified certain good practices as well as opportunities for improvement in the areas of corporate policies and guidance, establishing centralized oversight and valuating and reporting partnerships that are representative of risk. Management has developed an action plan based on these recommendations.

- Performance Measurement Consulting Engagement. This engagement focused on the organization's strategic performance measurement approach. The engagement assessed the alignment of key performance indicators with our strategic objectives, the rigor applied in our processes, methodologies and data sources that are used to calculate results, and the effectiveness of governance practices around reporting. The review concluded that our corporate scorecard is well-structured and aligned with our mandate and strategic objectives. The review also identified certain opportunities to enhance governance processes and automate manual calculations and data extractions. Management will develop an action plan to address the recommendations.

- Risk Assessment of Cybersecurity. This will be a review and detailed risk assessment of the cybersecurity management framework and its effectiveness of addressing key threats. The review will assess whether processes and controls address key risks to the organization, including securing consumer data and other sensitive information and whether controls are documented and consistently applied across the organization. This review will be completed by December 2018.

With direction by the Audit and Pension Committee, we have or will be developing action plans to address the recommendations resulting from each of these audits and reviews in order to improve our processes and internal controls.

Alignment with Federal Priorities

Canada's Tourism Vision

The Government of Canada's Tourism Vision, launched in May 2017, identifies a whole of government approach to seize the global opportunity that tourism offers. Specifically, the plan will invest in stronger and more sustained marketing, address issues related to travelling to and within the country, and support tourism businesses and operators as they work to upgrade their offerings with new, innovative products and services. The Vision focuses on taking action under these three pillars – marketing, access and product – to grow international tourism to Canada.

As Canada's national tourism marketer, we are aligned with the Vision's marketing pillar in the following ways:

- As a result of stabilized annual funding under this Vision, we will continue to market to the US in order to keep growing visitation from our largest source market.
- We will continue to promote the exciting travel experiences that speak to the passions and interests of our target travellers, including featuring content on Indigenous, culinary and LGBTQ2 tourism.
- We will continue harnessing innovative technology to supply us with enhanced segmentation and targeting data that will improve how we market to international travellers.

Canada-China Year of Tourism

In support of Canada's Tourism Vision, 2018 has been designated as the Canada-China Year of Tourism. To support this milestone, we augmented existing marketing programs in China to further strengthen tourism from this lucrative market. Over the course of the year, we have been leveraging social media and influential Chinese video websites to showcase content relevant to this market, and have been leading familiarization tours with Chinese media, key celebrity influencers and trade partners to generate positive media coverage for Canada and to develop new travel itineraries.

In addition, we recently concluded a successful trade mission to China lead by the Government of Canada to strengthen relationships with key Chinese partners. As a result of this mission, we signed two memoranda of understanding with businesses in China to collaborate in research, development and marketing and to promote Canada's tourism brand in China with an increased focus on Indigenous experiences and Atlantic Canada.

Improved Partnerships with Provincial, Territorial and Municipal Governments and Indigenous Peoples

In 2017, we, together with all provinces and territories, 10 major Canadian city/resort destinations and the Indigenous Tourism Association of Canada, signed multi-year commitments to better align investments and marketing in priority international markets. This historic agreement forges a path to sustainable success that is predicated on harnessing Canada's current momentum. It recognizes that improving

Canada's long-term competitiveness entails coming together as a unified Team Canada for the pursuit of a collaborative, high-yield and meaningful strategy.

Directly aligned with the Prime Minister's commitment to forge renewed relationships with Indigenous Peoples which was expressed in the Minister of Tourism, Official Languages and La Francophonie's mandate letter, we have renewed our agreement with the Indigenous Tourism Association of Canada for the continued development of Indigenous tourism destination and product awareness. Under this agreement, we are partnering on research to give Indigenous tourism businesses a competitive advantage and facilitating space within our trade platforms for Indigenous tourism entrepreneurs to gain access to international markets.

The government is committed to working closely with provincial and territorial colleagues through the Canadian Council of Tourism Ministers to grow and increase the competitiveness of Canada's tourism sector. We are aligned with this commitment by undertaking collaborative marketing activities that will support the tourism sector for long-term success.

Building a Strong Middle Class

Our commitment to increase long-term visitation to Canada supports the federal priority to create jobs and broad-based prosperity for middle class Canadians. It also generates essential tax revenue which supports federal programming for those who need it most.

Whole of Industry Approach

The Minister of Tourism, Official Languages and La Francophonie's mandate letter focuses on improving partnerships with provincial, territorial and municipal governments. Our long-term strategy to increase Canada's international competitiveness is premised on a shared goal under a Team Canada approach with our industry partners across the country.

Innovation and Skills Plan

Canada's future success depends on building an economy that is as inclusive as it is innovative. The Government of Canada's Innovation and Skills Plan strives to make Canada a world-leading centre for innovation. Through new and innovative approaches, and in collaboration with Statistics Canada, we are improving our understanding of how consumers make travel decisions and of consumers' spending patterns once in Canada. In support of our mandate, we will continue to share this information with our industry and with government partners in order to improve collective targeting efforts, compete globally in a digital world and inform investment and policy decisions.

Strengthening the Canadian Brand

The Minister of Tourism, Official Languages and La Francophonie's mandate letter focuses on strengthening the Canadian brand abroad for tourists. The objective is to raise Canada's profile of tourism products and help them stand out from the competition. Our leisure and business marketing programs serve to bring the Canada brand to life for global travellers so that Canada climbs to the top of their list of places to visit.

Delivering Results

The Minister of Tourism, Official Languages and La Francophonie's mandate letter focuses on ensuring the delivery of results for Canadians. We employ a rigorous approach to measuring our performance and regularly assess key metrics contained in our scorecard. We are committed to assessing the effectiveness of our work and on reporting on the progress of our commitments in our annual reports.

Supporting a New Federal Tourism Strategy

Budget 2019 proposes to provide $5 million to Destination Canada for a tourism marketing campaign that will help Canadians to discover lesser-known areas, hidden national gems and new experiences across the country. By creating awareness and demand among Canadians for tourism offerings from Canada's top destinations, our domestic campaign will support economic growth and the creation of middle class jobs in the tourism sector.

Whitehorse, Yukon

STRATEGIC OBJECTIVES AND ACTIVITIES

Objective 1: Increase demand for Canada with innovative marketing

Leisure Marketing

We follow a multi-channel approach in all our markets that includes direct-to-consumer campaigns, business-to-business programs, and earned media to drive the Canada travel brand. While our channel strategy is integrated and globally-aligned, our content strategy and channel investments are locally tailored for maximum impact and return.

We are constantly looking to evolve our marketing to become more innovative in the digital marketing space. To continue driving demand for Canada among domestic travellers and high-yield international travellers, we will strive to expand visitation into lesser-known regions in Canada and stimulate travel in shoulder seasons.

Our research insights tell us that travellers want a deeper connection with culture through a change of perspective and self-reflection. This shift from *experiential* travel to *transformative* travel will impact how we engage with our target travellers. While we maintain our strategy to be storytellers, in 2019, we will evolve from showing travellers what they can do in Canada to showing them how Canada will make them feel.

As an example, as part of our leisure marketing program in the US, we have secured a first of its kind content partnership with Amazon Media Group to deliver a content series called *Vacations of the Brave*. The series will highlight brave Americans experiencing rewarding experiences that challenge them culturally, emotionally and physically.

Running from late 2018 until mid-2019, the series will live on Amazon's on-demand streaming service, Amazon Prime, and will leverage their other powerful platforms, including their Internet Movie Database (IMDb) – the #1 entertainment site in the US.

The emotional storytelling of *Vacations of the Brave* is an innovative move to capture the attention of Americans. The series will be followed up with compelling content to incite travel that we will deliver through our strategic partnerships with media publishers.

In the US and in all our other global markets, we will work with partners to create content with bold and clever messaging to inspire transformation and, ultimately, conversion.

Business Events Canada

Our Business Events Canada division is charged with growing Canada's share of international business events. The team helps meeting planners and decision-makers unpack the value of meeting in Canada through expert advice and by hosting educational trips and site inspections.

To elevate Canada's global reputation and position it as a safe, dynamic and smart choice for international conferences, we've been aligned with Canada's global trade priorities and have focused on key economic sectors where Canada is internationally recognized as a centre of excellence. An example of this alignment is Innovate Canada, a multi-day showcase bringing together C-suite executives with global innovators and forward-thinking leaders from a given industry. Following the successful launch of the event in 2018 which focused on the information and communications technology sector, subsequent events will rotate across the country to showcase Canada's expertise in other key sectors such as life sciences, agriculture and agriculture manufacturing, aerospace, natural resources and clean energy.

Complimentary to our sector strategy are our ongoing program activities in our European markets and the US. To seize more of the growing meetings business, in 2019 we will extend our business events efforts to China and India. We are presently examining the viability of other markets for a business events program, including market potential and program logistics, and hope to further extend our activities to our remaining global markets in the years ahead.

Objective 2: Advance the commercial competitiveness of the tourism sector

Trade Shows and Media Events

Many Canadian tourism entrepreneurs rely on the trade shows and media events that we host or participate in to establish a bridge to important export markets. Rendez-vous Canada, our flagship domestic marketplace, annually connects over 500 Canadian tourism businesses with buyers from around the world. Showcase Canada Asia, rotating annually within Asia, links over 100 Canadian businesses with new and existing Asian buyers, and ITB Berlin, the world's largest trade show, provides a gateway to European buyers and media for more than 30 Canadian sellers under the Destination Canada umbrella. Our signature media marketplace, GoMedia Canada, connects over 120 top tier international media with over 150 Canadian tourism industry partners to uncover Canadian travel stories.

Through these and other shows and events, we provide the platforms for small- and medium-sized businesses to bring their products and experiences to a variety of markets and generate international business leads. Leveraging our national leadership and international reach connects them with travel agents, tour operators and media from around the world that can help them generate export success.

We also lead familiarization trips for the most influential sellers of tourism product. Not only do the trips increase the breadth and depth of their product knowledge which assists in better selling Canada, they serve to directly connect sellers with Canadian tourism businesses. Additionally, we will continue to provide training to travel agents to sell the Canada that we want to sell, and will build stronger

relationships with key tour operators to encourage the development of new product and itineraries that feature shoulder season and off the beaten path travel.

Canada's Competitive Positioning

Sustaining a vibrant and profitable Canadian tourism industry is a cornerstone of our mandate. Global travel is a significant economic driver and has the potential to be one of the largest in the country. Given the continued growth in global demand and the favourable image of Canada's tourism brand internationally, Canada is well positioned to grow its visitor economy. However, in order for Canada to continue to benefit economically from global growth in travel demand and be prepared for any possible downturn, investments beyond marketing will be required across the travel and tourism sector.

To inform and enable destination development and help position the industry overall for long-term sustainability, we have consciously expanded our efforts deeper into the provision of competitive data analysis and insights. Together with Innovation, Science and Economic Development, we have jointly commissioned a third party to assess the sector's competitive positioning. The study is examining where Canada excels and the opportunities to enhance global competitiveness, and will provide a third party perspective on how to position the Canadian industry for long-term success.

In collaboration with the federal shareholder and the industry we serve, additional work in 2019 will entail building awareness of the economic importance and growth potential of the sector, including within the business and investment community. This work will serve to assist the Minister in delivering on her mandate to develop a new tourism strategy that will create opportunities and jobs for the middle class, and to address structural barriers within the sector that will help to unlock investment in Canada's tourism industry.

Enhanced Consumer Data

Improving our research analytics and developing stronger industry data is central to delivering on our mandate to share tourism information with the Canadian industry. To this end, we have been working in collaboration with Statistics Canada to acquire better data on visitor spending that are credible, accurate, timely and region-specific. This data will fill in a gap in current tourism statistics – specifically on what, where and how much international visitors truly spend while in Canada. Release of the initial data is planned for fall 2018, and going forward, we will be providing partner-specific analysis based on geographic regions. Having a deep understanding of the spending habits of international visitors in and around the country informs us and the tourism industry on what to promote, who to promote to, who to partner with, and which products and experiences should be developed in order to drive optimal returns.

Marketing Dashboard

In our efforts to develop stronger industry data and insights to inform decision-making, we have been leading the development of common frameworks to measure the impact of our collective tourism marketing efforts. We have created a dashboard for our Team Canada partners containing shared success metrics. A high-level strategic dashboard has now been developed and released, providing insight into the overall health of a given market. A secondary marketing dashboard detailing program performance is planned for release later in 2018, with data to be refreshed on a quarterly basis. Common

sets of performance indicators will allow us to assess areas of marketing improvement, and as marketing programs evolve, we will continue to refine the dashboards.

Objective 3: Increase corporate efficiency and effectiveness

Since 2015, our mission has been to keep corporate costs below 10% and increase productivity and alignment. We are continuing to increase our use of technology across the organization which includes improving our process to better track business events leads and our partnership programs. We will also be reviewing our by-laws and refreshing our governance policies and practices.

From an operations perspective, the establishment of a 5-year collective agreement with our unionized staff has paved the way to merge unionized roles into our non-unionized job evaluation and classification system over the next year. This system is gender-neutral, pay equity compliant and considered an industry best practice. This transition will provide the opportunity to align compensation for unionized roles with the labour market, thereby enhancing our ability to attract and retain talent and provide greater alignment across employee groups.

These activities are part of our strategy to increase our effectiveness and compliance and be at the forefront of best practices within the federal family and with our key partners.


Tourism New Brunswick

EXPECTED RESULTS AND PERFORMANCE MEASURES

We are committed to an industry-wide goal and anticipate long-term outcomes of our strategy to be an enhanced competitive position internationally for Canada, increased market share and investor confidence in the industry premised on sustainable growth.

While we work collaboratively with our industry partners, it is important to distinguish our particular contribution from the industry's collective performance. The table below outlines Canada's historical performance in terms of international arrivals and tourism revenue:

Canada's Tourism Industry Performance

MEASURE	2012 RESULT	2013 RESULT	2014 RESULT	2015 RESULT	2016 RESULT	2017 RESULT
International arrivals*	16.3 million	16.1 million	16.5 million	18.0 million	20.0 million	20.8 million
International visitor spending**	$16.0 billion	$16.3 billion	$17.1 billion	$18.1 billion	$20.0 billion	$21.3 billion

* Statistics Canada, Frontier Counts.
** Statistics Canada, National Tourism Indicators.

Our Scorecard

Consistent with our mandate and recognizing that our performance contributes to the sector's overall performance, the scorecard on the following page outlines our targets for the next five years. These performance targets are attributable to Destination Canada and are based on activities funded by both parliamentary appropriations and partner co-investments that we attract.

Results for 2017 and targets for 2018-2023 are based on federal funding levels as follows: $99.6 million in 2017, $100.2 million in 2018, $100.7 million in 2019 and $95.7 million in each subsequent year.

MEASURE	2017 RESULT	2018 TARGET	2019 TARGET	2020 TARGET	2021 TARGET	2022 TARGET	2023 TARGET
GOAL: Increase arrivals of international visitors to Canada and increase tourism export revenue							
Attributable arrivals	1,393,395	1,320,000	1,308,000	1,288,000	1,326,000	1,366,000	1,407,000
Attributable tourism export revenue[1]	$1.81 billion	$1.57 billion	$1.72 billion	$1.75 billion	$1.83 billion	$1.92 billion	$2.02 billion
Objective 1: Increase demand for Canada with innovative marketing							
Active consideration[2]	7.6%	9%	8.2%	8.6%	8.9%	9.2%	9.5%
Leads to partners[3]	4.3 million	4.7 million	2018 result +10%	2019 result +10%	2020 result +10%	2021 result +10%	2022 result +10%
Objective 2: Advance the commercial competitiveness of the tourism sector							
Partner co-investment ratio	1.1:1	1:1	1:1	1:1	1:1	1:1	1:1
% of partners who indicate Destination Canada activities advance their business objectives	88%	85%	85%	85%	85%	85%	85%
Objective 3: Increase corporate efficiency and effectiveness							
Marketing and sales ratio[4]	93%	90%	90%	90%	90%	90%	90%

[1] Expressed in nominal dollars.
[2] Percentage of long-haul travellers in our markets who name Canada as one of the top three destinations they are likely to visit in the next two years.
[3] The number of potential customers we pass on to our marketing partners to convert into actual visitation. We have identified these potential travellers as having an interest in Canada and looking for destination-specific information which can be found on partner sites.
[4] Percentage of marketing and sales expenditures over total expenditures. Targets for 2019-2023 exclude one-time depreciation costs of the defined benefit pension plan as a result of de-risking the plan.

APPENDIX A: MINISTERIAL MANDATE LETTER

August 28, 2018

Dear Ms. Joly:

I am honoured that you have agreed to serve Canadians as Minister of Tourism, Official Languages and La Francophonie.

We are now in the third year of implementing our plan to grow our economy, strengthen the middle class, and help those people working hard to join it. We are providing more direct help to those people who need it by giving less to those who do not. We are making strong public investments to spur economic growth, job creation, and broad-based prosperity. We implemented a responsible, transparent fiscal plan for challenging economic times.

Canadians will hold us accountable for delivering these commitments, and I expect all ministers to do their part – individually and collectively – to improve economic opportunity and security for Canadians.

It is my expectation that we will deliver real results and professional government to Canadians. To ensure that we have a strong focus on results, I will expect Cabinet committees and individual ministers to: track and report on the progress of our commitments; assess the effectiveness of our work; and align our resources with priorities, in order to get the results we want and Canadians deserve.

If we are to tackle the real challenges we face as a country – from a struggling middle class to the threat of climate change – Canadians need to have faith in their government's honesty and willingness to listen. I expect that our work will be informed by performance measurement, evidence, and feedback from Canadians. We will direct our resources to those initiatives that are having the greatest, positive impact on the lives of Canadians, and that will allow us to meet our commitments to them. I expect you to report regularly on your progress toward fulfilling our commitments and to help develop effective measures that assess the impact of the organizations for which you are answerable.

I made a personal commitment to bring new leadership and a new tone to Ottawa. We made a commitment to Canadians to pursue our goals with a renewed sense of collaboration. Improved partnerships with provincial, territorial, and municipal governments are essential to deliver the real,

positive change that we promised Canadians. No relationship is more important to me and to Canada than the one with Indigenous Peoples. It is time for a renewed, nation-to-nation relationship with Indigenous Peoples, based on recognition of rights, respect, co-operation, and partnership.

We have also committed to set a higher bar for openness and transparency in government. It is time to shine more light on government to ensure it remains focused on the people it serves. Government and its information should be open by default. If we want Canadians to trust their government, we need a government that trusts Canadians. It is important that we acknowledge mistakes when we make them. Canadians do not expect us to be perfect – they expect us to be honest, open, and sincere in our efforts to serve the public interest.

Our platform guides our government. I expect us to deliver on all of our commitments. It is our collective responsibility to ensure that we fulfill our promises, while living within our fiscal plan. Other issues will arise or will be brought to our attention by Canadians, stakeholders, and the public service. It is my expectation that you will engage constructively and thoughtfully and add priorities to your agenda when appropriate.

As Minister, you will be held accountable for our commitment to bring a different style of leadership to government. This will include: close collaboration with your colleagues; meaningful engagement with Opposition Members of Parliament, Parliamentary Committees and the public service; constructive dialogue with Canadians, civil society, and stakeholders, including business, organized labour, the broader public sector, and the not-for-profit and charitable sectors; and identifying ways to find solutions and avoid escalating conflicts unnecessarily. As well, members of the Parliamentary Press Gallery, indeed all journalists in Canada and abroad, are professionals who, by asking necessary questions, contribute in an important way to the democratic process. Your professionalism and engagement with them is essential.

Canadians expect us, in our work, to reflect the values we all embrace: inclusion, honesty, hard work, fiscal prudence, and generosity of spirit. We will be a government that governs for all Canadians, and I expect you, in your work, to bring Canadians together.

You are expected to do your part to fulfill our government's commitment to transparent, merit-based appointments, to help ensure gender parity and that Indigenous Canadians and minority groups are better reflected in positions of leadership.

As Minister of Tourism, Official Languages and La Francophonie, your goals are to promote and increase tourism in Canada which is a fast growing sector that employs nearly two million Canadians, and to harness the full economic potential of this key sector of our economy; safeguard and promote our two official languages as well as ensure Canada's strong and sustained engagement in the Organisation internationale de la Francophonie.

In particular, I will expect you to work with your colleagues and through established legislative, regulatory, and Cabinet processes to deliver on your top priorities:

- Work with your provincial, territorial, and municipal counterparts to promote Canadian tourism and strengthen the Canadian brand abroad for tourists. This should include the development of a

new federal Tourism Strategy, its core objective being the creation of new opportunities and jobs for the middle class in the tourism sector across Canada.

- Work with your Ministerial colleagues to identify and address structural barriers to Canada's tourism sector to help unlock investment in the sector and diversify Canada's source of tourists and attractions. As an example, this work should help us meet our objectives related to the Canada-China Year of Tourism, including doubling the number of Chinese tourists to Canada by 2021.

- Support the Minister of Environment and Climate Change in her responsibilities for Parks Canada, in promoting Canada's National Parks globally, and in working with nearby communities, where possible, to help grow eco-tourism industries and create jobs.

- Continue to implement the Action Plan for Official Languages that you developed, which embodies the government's commitment to support and promote our two official languages and the vitality of our official languages minority communities. In parallel begin an examination towards modernizing the Official Languages Act.

- Prepare celebrations for the 50th anniversary of the Official Languages Act.

- Establish a free, online service for learning and retaining English and French as second languages – the name of this service should honour our late colleague the Honourable Mauril Bélanger, P.C. who developed the idea. The President of the Treasury Board and Minister of Digital Government will support you as required.

- Work with the President of the Treasury Board and Minister of Digital Government to ensure that all federal services are delivered in full compliance with the Official Languages Act.

- Ensure Canada's strong and sustained engagement in the Organisation internationale de la Francophonie, particularly with me at the upcoming summit in Yerevan, and work with members to better define its core mandate, improve its functioning and transparency, and increase its impact.

- In collaboration with other French-speaking countries, defend, strengthen and promote the use of French around the world, including in the digital sphere and within international organizations. This role will include responsibility within the Government of Canada for TV5 Québec Canada and TV5Monde.

These priorities draw heavily from our election platform commitments.

I expect you to work closely with your Deputy Minister and his or her senior officials to ensure that the ongoing work of your department is undertaken in a professional manner and that decisions are made in the public interest. Your Deputy Minister will brief you on issues your department may be facing that may require decisions to be made quickly. It is my expectation that you will apply our values and principles to these decisions, so that issues facing your department are dealt with in a timely and responsible manner, and in a way that is consistent with the overall direction of our government.

Our ability, as a government, to successfully implement our platform depends on our ability to thoughtfully consider the professional, non-partisan advice of public servants. Each and every time a government employee comes to work, they do so in service to Canada, with a goal of improving our country and the lives of all Canadians. I expect you to establish a collaborative working relationship with your Deputy Minister, whose role, and the role of public servants under his or her direction, is to support you in the performance of your responsibilities.

We have committed to an open, honest government that is accountable to Canadians, lives up to the highest ethical standards, and applies the utmost care and prudence in the handling of public funds. I expect you to embody these values in your work and observe the highest ethical standards in everything you do. When dealing with our Cabinet colleagues, Parliament, stakeholders, or the public, it is important that your behaviour and decisions meet Canadians' well-founded expectations of our government. I want Canadians to look on their own government with pride and trust.

As Minister, you must ensure that you are aware of and fully compliant with the Conflict of Interest Act and Treasury Board policies and guidelines. You will be provided with a copy of Open and Accountable Government to assist you as you undertake your responsibilities. I ask that you carefully read it and ensure that your staff does so as well. I draw your attention in particular to the Ethical Guidelines set out in Annex A of that document, which apply to you and your staff. As noted in the Guidelines, you must uphold the highest standards of honesty and impartiality, and both the performance of your official duties and the arrangement of your private affairs should bear the closest public scrutiny. This is an obligation that is not fully discharged by simply acting within the law. Please also review the areas of Open and Accountable Government that we have expanded or strengthened, including the guidance on non-partisan use of departmental communications resources and the new code of conduct for exempt staff.

I know I can count on you to fulfill the important responsibilities entrusted in you. In turn, please know that you can count on me to support you every day in your role as Minister.

I am deeply grateful to have this opportunity to serve with you as we build an even greater country. Together, we will work tirelessly to honour the trust Canadians have given us.

Yours sincerely,

Rt. Hon. Justin Trudeau, P.C., M.P.
Prime Minister of Canada

*This Ministerial Mandate Letter was signed by the Prime Minister in the Minister's first official language.

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 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
- 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 Economic Development Canada (*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.

In 2017, the Board met four times and average attendance at meetings was 81%.

Membership

As at October 1, 2018

Ben Cowan-Dewar

Chairperson of the Board of Directors
Toronto, ON

Term: February 22, 2017 – February 21, 2022

David Goldstein

President & CEO, Destination Canada
Vancouver, BC

Term: December 1, 2014 – November 30, 2019

Guylaine Roy (ex officio)

Deputy Minister, Tourism, Official Languages and La Francophonie
Ottawa, ON

Exercises the role of ex officio member on behalf of the Deputy Minister of Innovation, Science and Economic Development

Patti Balsillie, BA, ICD.D

Tourism, Innovation and Northern Strategist
Whitehorse, YK

Term: April 12, 2017 – April 11, 2021

Julie Canning

Cowgirl and Operating Partner, Banff Trail Riders
Banff, AB

Term: February 1, 2018 – January 31, 2022

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

Monique Gomel

Vice-President, Global Marketing & Communications, Rocky Mountaineer
Vancouver, BC

Term: April 12, 2017 – April 11, 2021

Dave Laveau

Executive Director, Quebec Aboriginal Tourism
Québec, QC

Term: April 12, 2017 – April 11, 2021

Patricia Macdonald

Co-founder & CEO, Old Tomorrow Ltd.
Toronto, ON

Term: April 12, 2017 – April 11, 2020

Dragan Matovic

Chairman and CEO, Halex Capital Inc
Niagara Falls, ON

Term: April 12, 2017 – April 11, 2020

Danielle Poudrette

Executive Advisor, DMVP Solutions
Montréal, QC

Term: April 30, 2015 – April 29, 2019

Committees of the Board

The Human Resources, Governance and Nominating Committee advises and supports directors in applying our corporate governance principles, assists in evaluating potential board candidates and develops recommendations to the Minister on board appointments (excluding the Chair, the President & CEO and the ex officio director). 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 meets approximately four times a year, and comprises six members including the Chairperson of the Board as an ex officio member.

In addition to the duties and functions mandated by the *Financial Administration Act*, the Audit and Pension 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 activities and financial reporting of our pension plans. The committee meets approximately four times a year, and comprises five members including the Chairperson of the Board as an ex officio member.

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

Advisory Committees

From time to time, the Board creates advisory committees to advise it on how best to deliver our programs and services. The committees take their direction from the Board and report to both the Board and the President & CEO. Composed primarily of members from private sector tourism entities, these committees play an important role in linking Destination Canada to the tourism industry. As of October 1, 2018, we have the following four advisory committees: Business Events Canada Advisory Committee, International Advisory Committee, Research Advisory Committee and US Advisory Committee.

Many of the terms of serving advisory committee chairs and members will expire at the end of 2018 and in early 2019. As such, in late 2018, we will conduct an application and selection process to update the membership and staff vacant chairperson positions. At the same time, any recommended changes to the committee structures and/or mandates will be considered and implemented with approval from the Board.

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 sweeping changes, identifies business risks and manages the complex intellectual, capital and technical resources of Destination Canada.

Executive Team

As at October 1, 2018

David Goldstein

President & CEO

Anwar Chaudhry

Senior Vice President, Finance and Risk Management and Chief Financial Officer

Jon Mamela

Chief Marketing Officer

Sarah Sidhu

General Counsel & Corporate Secretary

Emmanuelle Legault

Vice President, International

David Robinson

Vice President, Strategy & Stakeholder Relations

Gloria Loree

Vice President, Global Marketing

APPENDIX C: FINANCIAL STATEMENTS AND BUDGETS

Financial Overview

The 2019 Corporate Plan reflects the newly permanent funding of $95.7 million per year starting in the 2018-2019 federal government fiscal year. 2018 was the final fiscal year to spend the remaining temporary funding for Connecting America and Budget 2016 (Marketing Canada as a Premier Tourism Destination) for a total of $100.2 million, and 2019's parliamentary appropriation level will be slightly lower at the $95.7 million ongoing funding level. The 2019 year will have a $5.0 million time limited incremental domestic campaign funding for a total funding level of $100.7 million, with 2020 returning back to the ongoing $95.7 million funding level.

After making steep cuts in corporate services over 2013 to 2015, reviewing the Ernst & Young internal audit report on corporate efficiency and internal capacity, and knowing our ongoing funding with greater certainty than in past years, we are now in a position to make some small but important investments in corporate services to improve our internal controls and risk management systems, leverage existing and new technologies, and increase service and documentation for our Board of Directors and sub-committee meetings. This incremental investment in corporate services ($1.0 million in 2019) represents less than 1% of our overall expenses. Total corporate services expenses represent less than 10% of total expenses on an ongoing basis. This allows us to allocate the majority of our parliamentary appropriations directly into marketing and sales programs.

Major Assumptions

The Financial Statements and Operating and Capital Budgets are based on the following assumptions:

- Pension funding requirements are based on the most recent valuations.
- Some minor office renovations for the space requirements at headquarters and a new lease for the Ottawa office are planned to occur in 2019.
- Salary costs are based on the existing collective agreement which effective October 2017.
- The purchase of annuities for the Canadian defined benefit pension plan is not reflected in the financial forecast over the 5-year planning period.

Statement of Financial Position

As at December 31, 2017 to December 31, 2023

(In thousands of Canadian dollars)	Actual Dec. 31, 2017	Estimated Dec. 31, 2018	Planned Dec. 31, 2019	Planned Dec. 31, 2020	Planned Dec. 31, 2021	Planned Dec. 31, 2022	Planned Dec. 31, 2023
Financial assets							
Cash and cash equivalents	22,830	24,917	18,780	18,319	18,084	17,851	17,612
Accounts receivable							
Partnership contributions	5,603	2,725	2,092	2,154	2,215	2,286	2,286
Government of Canada	4,007	1,600	1,500	500	500	500	500
Other	23	35	35	35	35	35	35
Portfolio investments	372	372	372	372	372	372	372
Accrued benefit asset	12,114	10,700	9,444	8,188	6,931	5,675	4,419
	44,949	40,349	32,223	29,568	28,137	26,720	25,225
Liabilities							
Accounts payable and accrued liabilities							
Trade	18,766	13,686	13,915	12,750	12,814	12,892	12,893
Employee compensation	1,394	1,394	1,394	1,394	1,394	1,394	1,394
Government of Canada	188	250	250	250	250	250	250
Deferred revenue	122	362	362	362	362	362	362
Deferred lease inducements	807	708	609	510	411	312	213
Accrued benefit liability	5,978	5,928	5,878	5,828	5,778	5,728	5,678
Asset retirement obligation	164	164	164	164	164	164	164
	27,419	22,491	22,572	21,258	21,173	21,102	20,954
Net financial assets	17,530	17,858	9,651	8,310	6,964	5,618	4,271
Non-financial assets							
Tangible capital assets	1,687	1,437	1,487	1,208	957	704	463
Prepaid expenses and other assets	2,163	2,100	2,100	2,100	2,100	2,100	2,100
	3,850	3,537	3,587	3,308	3,057	2,804	2,563
Accumulated surplus	21,380	21,394	13,238	11,618	10,021	8,423	6,835

Our financial position will remain relatively stable throughout the 2019-2023 planning period sustained by new base funding announced in the 2017 Federal Budget. This replaces the previously time limited funding for Connecting America and Marketing Canada as a Premier Tourism Destination.

Assets

Financial assets are expected to decrease between December 31, 2017 and December 31, 2023, driven by the annual amortization of accrued defined benefit pension asset and other tangible capital assets. Canadian public sector accounting standards require the unamortized actuarial losses recorded in accrued benefit assets to be depreciated over the average remaining employment life of pension plan members. As of December 31, 2017, our unamortized actuarial loss was estimated at $7.7 million. The average remaining employment life of pension plan members was estimated at 7.6 years.

As part of our pension plan de-risking strategy, we expect to transfer future Canadian employees' defined benefit pension risk to the insurance industry. This transfer will be accomplished by purchasing annuities from an insurance company licensed to transact such business in Canada to cover the pension plan's liabilities. We will continue to monitor market conditions, interest rates and other economic factors to determine the appropriate time to purchase annuities within a set financial threshold. The full unamortized actuarial loss will be recorded in our statements in the year of purchase. This actuarial loss, estimated at $7.7 million as at December 31, 2017, will produce a temporary accounting deficit in-year. Although there will be no significant incremental cash disbursement generated by this transaction, the figures contained in the forecasted Statement of Financial Position and Operations would change significantly from the versions presented above.

Liabilities

Our overall liability is expected to decrease between December 31, 2017 and December 31, 2023. This is driven by the amortization over 10 years of the headquarters deferred lease inducement received in 2016 and expected reductions in trade payables.

Accumulated Surplus

We plan to spend all our appropriation and cash partnership contributions during the 2019-2023 planning period, and in addition, show annual deficits. These deficits represent the depreciation of tangible capital assets, amortization of the actuarial losses on the pension plans, amortization of the deferred lease inducement and certain one-off expenditures. The sum of these expenses and revenues account for the entire in-year deficit and is covered by previous year accumulated surplus.

Statement of Operations

For the years ending December 31, 2017 to December 31, 2023

(In thousands of Canadian dollars)	Actual Dec. 31, 2017	Estimated Dec. 31, 2018	Planned Dec. 31, 2019	Planned Dec. 31, 2020	Planned Dec. 31, 2021	Planned Dec. 31, 2022	Planned Dec. 31, 2023
Revenues							
Partnership contributions	26,057	26,700	20,500	21,100	21,700	22,400	22,400
Other	1,538	1,369	1,090	1,112	1,134	1,157	1,180
	27,595	28,069	21,590	22,212	22,834	23,557	23,580
Expenses							
Marketing and sales	116,308	117,680	118,692	107,749	108,558	109.202	109,225
Corporate services	7,730	9,018	10,134	10,223	10,059	10,160	10,183
Strategy and planning	1,156	1,200	1,176	1,152	1,129	1,107	1,085
Amortization of tangible capital assets	365	355	400	364	342	342	331
	125,559	128,253	130,402	119,488	120,088	120,811	120,824
Net cost of operations before funding from the Government of Canada	(97,964)	(100,184)	(108,812)	(97,276)	(97,254)	(97,254)	(97,244)
Parliamentary appropriations	99,570	100,199	100,656	95,656	95,656	95,656	95,656
Surplus / (deficit) from operations	1,606	14	(8,156)	(1,620)	(1,598)	(1,598)	(1,588)
Accumulated surplus from operations, beginning of period	19,809	21,415	21,429	13,273	11,653	10,055	8,457
Accumulated surplus from operations, end of period	21,415	21,429	13,273	11,653	10,055	8,457	6,869
Ratio of Corporate Services to Marketing and Sales	**7%**	**8%**	**9%**	**9%**	**9%**	**9%**	**9%**

Revenues

Parliamentary Appropriations

We are financed mainly by Government of Canada parliamentary appropriations, which were $99.6 million in 2017. Appropriations increase to $100.2 million in 2018 as a result of time limited incremental funding for Connecting America and Budget 2016, peak at $100.7 million in 2019 as a result of the new incremental domestic campaign funding to support the growing visitor economy and return to $95.7 million base levels in 2020 and future years.

We receive four sources of appropriations (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*):

- Base funding of $58.0 million in 2017, $85.3 million in 2018, and $95.7 million throughout the remaining planning cycle. The increase in base funding reflects the 2017 Federal Budget announcement and the Treasury Board's approved increase for negotiated salary adjustments;
- Connecting America funding of $30 million over three fiscal years ($11.5 million in 2016, $10 million in 2017, and $8.5 million in 2018);

- Budget 2016 funding of $50 million over three fiscal years ($12.0 million in 2016, $31.6 million in 2017, and $6.4 million in 2018); and
- Domestic campaign funding of $5 million over one fiscal year ($5.0 million in 2019).

Partner Revenues

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

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

We are harvesting the benefits of advancing, by several months, our business planning process to better align with tourism industry partners. After a drop in cash contribution in 2019 due to the Connecting America and the Millennial Travel Programs concluding, we see a steady increase in cash contributions from 2020 onwards.

Expenses

Marketing and Sales

We are committed to invest a minimum of 90% of all revenues and parliamentary appropriations in marketing and sales throughout the 2019-2023 planning cycle. Shifts in annual parliamentary appropriations and fluctuations in cash partnership contributions have a direct impact on the marketing and sales spending levels.

Corporate Services

Over the planning period (2019-2023) the cost of corporate services, as a percent of overall spending, is expected to remain below 15%.

We will undertake some investments in 2019 that will increase corporate services expenses and then stabilize going forward. These investments will enhance support services to our Board of Directors, professional development for staff, and shareholder relations activities (e.g. continued training of staff and board members, additional administrative support, travel related to board and committee meetings and additional support to meet reporting requirements to the Shareholder). These investments are also required to strengthen and modernize our internal control framework and enterprise resource planning systems, and the intention of staff training is to help with employee engagement and retention.

Employee Insurance and Pension Benefits

In September 2018, we were advised by Global Affairs Canada that our locally engaged staff (LES) in the US would no longer be offered benefits under the US LES insurance plan effective January 2019 or the US LES pension plan effective April 2019. As a result, we are in the process of securing new providers for these services; however, the impact of this change is not yet known and therefore is not reflected in this plan.

Amortization

This Statement of Operations includes amortization expense of tangible assets, unamortized pension plan loss, and amortization of the tenant improvement allowance received in 2016. The sum of these expenses and revenues accounts for the entire in-year deficit. The annual deficit is covered by previous year accumulated surplus.

Surplus (Deficit)

Annual deficits are a result of amortization during the year. The 2019 deficit includes additional spending and international marketing efforts by utilizing the prior year's accumulated surplus.

Statement of Remeasurement Gains and Losses

For the years ending December 31, 2017 to December 31, 2023

(In thousands of Canadian dollars)	Actual Dec. 31, 2017	Estimated Dec. 31, 2018	Planned Dec. 31, 2019	Planned Dec. 31, 2020	Planned Dec. 31, 2021	Planned Dec. 31, 2022	Planned Dec. 31, 2023
Accumulated remeasurement gains / (losses) at beginning of year	(53)	(35)	(35)	(35)	(35)	(35)	(35)
Unrealized gains / (losses) attributable to foreign exchange	(35)	(35)	(35)	(35)	(35)	(35)	(35)
Amounts reclassified to the statement of operations	53	35	35	35	35	35	35
Net remeasurement gain for the period	18	-	-	-	-	-	-
Accumulated remeasurement gains / (losses) at end of year	(35)	(35)	(35)	(35)	(35)	(35)	(35)

Statement of Change in Net Financial Assets

For the years ending December 31, 2017 to December 31, 2023

(In thousands of Canadian dollars)	Actual Dec. 31, 2017	Estimated Dec. 31, 2018	Planned Dec. 31, 2019	Planned Dec. 31, 2020	Planned Dec. 31, 2021	Planned Dec. 31, 2022	Planned Dec. 31, 2023
Accumulated surplus / (deficit) for the period	1,606	14	(8,156)	(1,620)	(1,598)	(1,598)	(1,588)
Acquisition of tangible capital assets	(78)	(105)	(450)	(85)	(90)	(90)	(90)
Amortization of tangible capital assets	365	355	400	364	342	342	331
Net disposition of tangible capital assets	-	-	-	-	-	-	-
	287	250	(50)	279	252	252	241
Effect of change in other non-financial assets							
(Increase) / decrease in prepaid expenses	(761)	63	-	-	-	-	-
	(761)	63	-	-	-	-	-
Remeasurement gain	18	-	-	-	-	-	-
Increase / (decrease) in net financial assets	1,150	327	(8,206)	(1,341)	(1,346)	(1,346)	(1,347)
Net financial assets, beginning of period	16,380	17,530	17,858	9,651	8,310	6,964	5,617
Net financial assets, end of period	17,530	17,858	9,651	8,310	6,964	5,617	4,269

Statement of Cash Flows

For the years ending December 31, 2017 to December 31, 2023

(In thousands of Canadian dollars)	Actual Dec. 31, 2017	Estimated Dec. 31, 2018	Planned Dec. 31, 2019	Planned Dec. 31, 2020	Planned Dec. 31, 2021	Planned Dec. 31, 2022	Planned Dec. 31, 2023
Operating transactions							
Cash received from:							
Parliamentary appropriations used to fund operating transactions	99,570	100,199	100,656	95,656	95,656	95,656	95,656
Partner revenues	20,453	29,818	21,133	21,039	21,639	22,329	22,329
Other revenues	1,275	3,678	1,211	2,099	1,100	1,123	1,117
Interest	278	278	278	278	278	278	278
	121,576	133,973	123,279	119,072	118,674	119,386	119,380
Cash paid for:							
Cash payments to suppliers	(107,008)	(117,433)	(113,203)	(103,684)	(103,056)	(103,765)	(103,765)
Cash payments to and on behalf of employees	(13,042)	(14,349)	(15,763)	(15,763)	(15,763)	(15,763)	(15,763)
Cash applied to / (used in) operating transactions	1,526	2,192	(5,687)	374	(145)	(142)	(148)
Capital transactions							
Acquisition of tangible capital assets	(78)	(105)	(450)	(85)	(90)	(90)	(90)
Investing transactions							
Acquisition of portfolio investments	-	-	-	-	-	-	-
Disposition of portfolio investments	76	-	-	-	-	-	-
Net remeasurement gain / (loss) for the period	18	-	-	-	-	-	-
Net increase / (decrease) in cash during the period	1,542	2,087	(6,137)	(459)	(235)	(232)	(238)
Cash and cash equivalents, beginning of period	21,288	22,830	24,917	18,780	18,319	18,084	17,851
Cash and cash equivalents, end of period	22,830	24,917	18,780	18,319	18,084	17,851	17,612

Reconciliation of Parliamentary Appropriations to Government Fiscal Year

For the years ending December 31, 2017 to December 31, 2023

(In thousands of Canadian dollars)	Actual 2017	Estimated 2018	Planned 2019	Planned 2020	Planned 2021	Planned 2022	Planned 2023
Amounts provided for operating and capital expenditures							
Amounts voted in Government year – prior							
Unrestricted							
Main estimates	57,976	57,976	95,656	100,656	95,656	95,656	95,656
Total	57,976	57,976	95,656	100,656	95,656	95,656	95,656
Less portion recognized in prior Destination Canada (DC) fiscal year	(45,894)	(45,894)	(71,742)	(76,742)	(71,742)	(71,742)	(71,742)
Amounts recognized in current DC fiscal year (A)	**12,082**	**12,082**	**23,914**	**23,914**	**23,914**	**23,914**	**23,914**
Restricted (Connecting America)							
Main estimates	17,500	12,500	-	-	-	-	-
Total	17,500	12,500	-	-	-	-	-
Less portion recognized in prior DC fiscal year	(11,500)	(4,000)	-	-	-	-	-
Amounts recognized in current DC fiscal year (B)	**6,000**	**8,500**	**-**	**-**	**-**	**-**	**-**
2016 Federal Budget (Marketing Canada as a Premier Tourism Destination)							
Main estimates	-	25,000	-	-	-	-	-
Supps A – 2016 Federal Budget	25,000	-	-	-	-	-	-
Total	25,000	25,000	-	-	-	-	-
Less portion recognized in prior DC fiscal year	(12,000)	(18,594)	-	-	-	-	-
Amounts recognized in current DC fiscal year (C)	**13,000**	**6,406**	**-**	**-**	**-**	**-**	**-**
Amounts voted in Government year – current							
Unrestricted							
Main estimates	57,976	95,656	100,656	95,656	95,656	95,656	95,656
Total	57,976	95,656	100,656	95,656	95,656	95,656	95,656
Less portion recognized in following DC fiscal year	(12,082)	(22,445)	(23,914)	(23,914)	(23,914)	(23,914)	(23,914)
Amounts recognized in current DC fiscal year (A)	**45,894**	**73,211**	**76,742**	**71,742**	**71,742**	**71,742**	**71,742**
Restricted (Connecting America)							
Main estimates	12,500	-	-	-	-	-	-
Total	12,500	-	-	-	-	-	-
Less portion recognized in following DC fiscal year	(8,500)	-	-	-	-	-	-
Amounts recognized in current DC fiscal year (B)	**4,000**	**-**	**-**	**-**	**-**	**-**	**-**
2016 Federal Budget (Marketing Canada as a Premier Tourism Destination)							
Main estimates	25,000	-	-	-	-	-	-
Supps A – 2016 Federal Budget	-	-	-	-	-	-	-
Total	25,000	-	-	-	-	-	-
Less portion recognized in following DC fiscal year	(6,406)	-	-	-	-	-	-
Amounts recognized in current DC fiscal year (C)	**18,594**	**-**	**-**	**-**	**-**	**-**	**-**
Amounts recognized in current DC fiscal year – Unrestricted (A)	57,976	85,293	100,656	95,656	95,656	95,656	95,656
Amounts recognized in current DC fiscal year – Connecting America (B)	10,000	8,500	-	-	-	-	-
Amounts recognized in current DC fiscal year – 2016 Federal Budget (C)	31,594	6,406	-	-	-	-	-
Parliamentary appropriations used for operations and capital in the year	**99,570**	**100,199**	**100,656**	**95,656**	**95,656**	**95,656**	**95,656**
Parliamentary appropriations receivable / (deferred), opening	-	-	-	-	-	-	-
Parliamentary appropriations received	(99,570)	(100,199)	(100,656)	(95,656)	(95,656)	(95,656)	(95,656)
Parliamentary appropriations recognized in net income for operations	99,570	100,199	100,656	95,656	95,656	95,656	95,656
Parliamentary appropriations receivable / (deferred), ending	-	-	-	-	-	-	-

Operating and Capital Budget

For the year ended December 31, 2017

(In thousands of Canadian dollars)	Actual Dec. 31, 2017	Planned Dec. 31, 2017	Variance
Partnership income	26,057	17,551	8,506
Other revenues	1,538	1,002	536
Operating and capital costs			
Marketing and sales	116,308	109,834	(6,474)
Strategy and planning	1,156	822	(334)
Corporate services	7,730	7,461	(269)
	125,194	118,118	(7,076)
Net cost of operations	**(97,599)**	**(99,565)**	**1,966**
Funded by:			
Parliamentary appropriations	99,570	99,565	5
Accumulated surplus			-
Net surplus / (deficit)	**1,970**	**-**	**1,971**

Note: Expenses include amounts funded by partnership income.

Cash partnership income jumped by 48% over planned levels as a result of advancing the business planning cycle by several months and taking a global approach to partnerships. This incremental cash contribution was invested in marketing campaigns as reflected in the increased marketing and sales expenses for 2017. Other expenses are consistent with plan.

Operating and Capital Budget

For the year ending December 31, 2018

(In thousands of Canadian dollars)	Estimated Dec. 31, 2018 *	Planned Dec. 31, 2018	Variance
Partnership income	26,700	19,000	7,700
Other revenues	1,369	1,002	367
Operating and capital costs			
Marketing and sales	117,680	110,906	(6,774)
Strategy and planning	1,200	686	(514)
Corporate services	9,018	8,609	(409)
	127,898	120,201	(7,697)
Net cost of operations	**(99,829)**	**(100,199)**	**370**
Funded by:			
Parliamentary appropriations	100,199	100,199	-
Accumulated surplus			-
Net surplus / (deficit)	**370**	**-**	**370**

Note: Expenses include amounts funded by partnership income.

* Estimate is based on six months of actual data and six months of forecasted data.

Cash partnership income is forecast to jump by 40% over planned levels, driven by our advanced business planning cycle and earlier engagement of partners in developing marketing plans. This incremental cash is invested directly in marketing campaigns and explains the increase in marketing and sales expenses for 2018.

Operating and Capital Budget

For the years ending December 31, 2017 to December 31, 2019

(In thousands of Canadian dollars)	Actual Dec. 31, 2017	Estimated * Dec. 31, 2018	Planned Dec. 31, 2019
Partnership income	26,057	26,700	20,500
Other revenues	1,538	1,369	1,090
Operating and capital costs			
Marketing and sales	116,308	117,680	118,693
Strategy and planning	1,156	1,200	1,176
Corporate services	7,730	9,018	10,134
	125,194	127,898	130,003
Net cost of operations	**(97,599)**	**(99,829)**	**(108,413)**
Funded by:			
Parliamentary appropriations	99,570	100,199	100,656
Accumulated surplus	-	-	-
Net surplus / (deficit)	**1,970**	**370**	**(7,757)**

Note: Expenses include amounts funded by partnership income.

* Estimate is based on six months of actual data and six months of forecasted data.

Capital Budget

For the year ended December 31, 2017

(In Canadian dollars)	Actual Dec. 31, 2017	Planned Dec. 31, 2017	Variance
Tangible capital assets			
Leasehold improvements and decommissioning	9,000	-	(9,000)
Office furniture	-	5,000	5,000
Computer equipment and software	69,000	140,000	71,000
	78,000	**145,000**	**67,000**

Capital Budget

For the year ending December 31, 2018

(In Canadian dollars)	Estimated Dec. 31, 2018	Planned Dec. 31, 2018	Variance
Tangible capital assets			
Leasehold improvements and decommissioning	10,000	197,000	187,000
Office furniture	5,000	76,700	71,700
Computer equipment and software	90,000	70,000	(20,000)
	105,000	**343,700**	**238,700**

Capital Budget

For the years ending December 31, 2017 to December 31, 2023

(In Canadian dollars)	Actual Dec. 31, 2017	Estimated Dec. 31, 2018	Planned Dec. 31, 2019	Planned Dec. 31, 2020	Planned Dec. 31, 2021	Planned Dec. 31, 2022	Planned Dec. 31, 2023
Tangible capital assets							
Leasehold improvements and decommissioning	9,000	10,000	275,000	10,000	15,000	15,000	15,000
Office furniture	-	5,000	105,000	5,000	5,000	5,000	5,000
Computer equipment and software	69,000	90,000	70,000	70,000	70,000	70,000	70,000
	78,000	**105,000**	**450,000**	**85,000**	**90,000**	**90,000**	**90,000**

We forecast increased capital investment in leasehold improvements and office furniture in 2019 as we plan to repurpose some office space at headquarters and our satellite office in Ottawa, to accommodate additional space requirements.

Actual and Forecasted Expenditures for Travel, Hospitality and Conferences

For the years ending December 31, 2017 to December 31, 2023

(In Canadian dollars)	Actual Dec. 31, 2017	Estimated Dec. 31, 2018	Planned Dec. 31, 2019	Planned Dec. 31, 2020	Planned Dec. 31, 2021	Planned Dec. 31, 2022	Planned Dec. 31, 2023
Travel							
Operational activities	2,160,000	2,203,000	2,247,000	2,292,000	2,338,000	2,385,000	2,433,000
Key stakeholders	255,000	260,000	265,000	270,000	275,000	281,000	287,000
Internal governance and training	204,000	245,000	250,000	255,000	260,000	265,000	270,000
Hospitality	354,000	530,000	541,000	552,000	563,000	574,000	585,000
Conferences	54,000	80,000	82,000	84,000	86,000	88,000	90,000
	3,027,000	**3,318,000**	**3,385,000**	**3,453,000**	**3,522,000**	**3,593,000**	**3,665,000**

In July 2015, the Government of Canada directed all Crown corporations to align their travel and hospitality policies with those of the Treasury Board Secretariat (TBS). For travel after the 2015 effective date of the directive, we have aligned our travel and hospitality practices with those of the relevant TBS instruments.

We implemented the directive with the objective of extracting the greatest value from our travel and hospitality budgets. Forecast spending in Travel and Hospitality over the planning period of 2019-2023 will align with budgeted levels.

Significant Accounting Policies

The 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, such as Connecting America, are considered restricted. Restricted appropriations 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 our year-end (December 31) differs from that of the Government of Canada’s (March 31), we receive parliamentary appropriations from two different 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) Partner cash 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, cash contributions received from a partnering organization are recognized as income when the related marketing activity takes place. Partner cash 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, capital asset sales and other miscellaneous revenues. These items are recognized as revenue in the period in which the transaction or event occurred.

d) Foreign currency translation

Monetary assets and monetary liabilities denominated in foreign currencies are translated into Canadian dollars at the 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. Unrealized gains and losses are reported on the Statement of Remeasurement Gains and Losses and on 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 a money market term deposit. These 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

Prepaid expenses consist of program and operating expenses recognized as an expense based on the term of usage for items such as subscriptions or based on the event date of trade shows.

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 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
Computer software	5 years

Intangible assets are not recognized in the financial statements.

i) Deferred revenue

Deferred revenue consists of deferred revenues from partnering organizations which are recognized as revenues based on an event's date or a license period.

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 office leases. We recognize asset retirement obligations as a result of legal obligations to restore leased office spaces to their original state at the end of the lease. 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 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 were 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. The expected return on plan assets is calculated on market value.

Past service costs arising from plan amendments are recognized in the years of which the plan amendment occurred.

Actuarial gains and losses are amortized over expected average remaining service lifetime ("EARSL") of active employees. For 2017, EARSL is 7.6 years (8.6 years – 2016) for the Registered Pension Plan for Employees of Destination Canada ("RPP"), 0.0 years (0.0 years - 2016) for the Supplementary Retirement Plan for certain employees of Destination Canada ("SRP"), 11.2 years (12.2 years – 2016) for the Pension Plan for Employees of Destination Canada in Japan, South Korea and China ("WWP"), 7 years (7 years – 2016) for non-pension post-retirement benefits, 13 years (13 years – 2016) for severance benefits and 13 years (13 years – 2016) for sick leave benefits.

Employees working in the United Kingdom and the United States participate in the Department of Foreign Affairs defined benefit pension plans administered by the Government of Canada. The assets of these plans cannot be allocated among participating employers, and as such, these plans are deemed "multi-employer" plans and accounted for as defined contribution plans. 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 by us for these employees and are charged to Operations during the year in which the services are rendered.

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 useful lives for amortization of tangible capital assets and the fair value of the asset retirement obligation and contingencies.

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.

p) Services provided without charge and partnership contributions in-kind

Audit services are provided without charge from the Office of the Auditor General of Canada to us for the annual audit of the financial statements. 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. These in-kind contributions received are not recognized in the financial statements.

APPENDIX D: RISK MANAGEMENT

We manage risk through formal risk review processes with staff and our Board of Directors, and by using the expert advice of independent third parties. As well, we are monitored by the Office of the Auditor General of Canada and undergo special examinations periodically 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 within the context of our strategic performance.

Non-financial Risks

High residual risk	Medium residual risk	Low residual risk

KEY RISKS FOR OBJECTIVE 1:

Increase demand for Canada with innovative marketing

GLOBAL ECONOMIC AND GEO-POLITICAL — **2018:** Medium residual risk **2017:** Medium residual risk

There is a risk that global economies of the markets where we invest could experience a significant slowdown in growth, changes in the political landscape or changes in security which would impact international travel to Canada.

Mitigation activities: We will continue to maintain a balanced investment approach across our portfolio of markets, and ensure that country budgets are flexible to allow reallocations if necessary. We will continue to offer support, tools, assets and sales opportunities to the industry to help withstand these issues, facilitate their export readiness and help grow their businesses.

MARKETING EFFECTIVENESS — **2018:** Medium residual risk **2017:** Medium residual risk

There is a risk that we are not effective at promoting Canada as a premier tourism destination.

Mitigation activities: We will continue to maintain a strong brand, employ marketing that is innovative and aligned with a consumer's path to purchase, assess the effectiveness of our marketing, use insights to inform decisions, communicate our value and impact to the tourism industry, and apply human and financial resources optimally.

KEY RISK FOR OBJECTIVE 2:

Advance the commercial competitiveness of the tourism sector

PERFORMANCE MEASUREMENT — **2018:** Medium residual risk **2017:** Medium residual risk

There is a risk that we will be unable to measure the impact, effectiveness and attributable results of our marketing efforts, including the use of new marketing communications technologies in a manner that is meaningful to our stakeholders.

Mitigation activities: We will continue to utilize the latest technology to measure the results of our marketing efforts and we will continue working with our partners to standardize performance measurement approaches.

KEY RISK FOR OBJECTIVE 3:

Increase corporate efficiency and effectiveness

CHANGE AND TALENT MANAGEMENT **2018:** **2017:**

There is a risk that our dynamic and changing needs for skills and talent to support our business will negatively affect the recruitment of key talent, employee engagement and succession planning, impacting our organization's efficiency and effectiveness. These market dynamics potentially impact our ability to recruit, maintain employee engagement and ultimately retain staff due to the competition in the marketplace for these skills, which are new and in demand.

Mitigation activities: We will continue to focus on training, job enrichment opportunities and enhancing employee communications. We will implement a modernized staffing approach and roll out succession plans at the management level to ensure the seamless continuity of business when key leadership positions are vacated.

Financial Risks

High residual risk | Medium residual risk | Low residual risk

KEY RISK FOR OBJECTIVE 3:

Increase corporate efficiency and effectiveness

CURRENCY **2018:** **2017:**

There is a risk that the impact of a lower valuation of the Canadian dollar and the resulting decreased purchasing power will result in diminished reach and reduced impact of our marketing efforts in highly competitive international marketplaces.

Mitigation activities: We employ a balanced portfolio approach where investments are spread across a diversified set of leisure and business markets to balance risk and maximize return. In addition, we make concerted efforts with vendors to transact in Canadian dollars whenever possible.

APPENDIX E: COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

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

Access to Information Act and Privacy Act

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, and are in the process of updating these to ensure we are up to date, efficient and compliant.

We prepare and submit to Parliament annual reports on the administration of both Acts. Our last reports were submitted in June 2018 for 2017-2018 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 Summary of Rules for Public Office Holders* 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.

Official Languages Act

We've recently submitted our report on our efforts for the advancement of English and French (Part VII of the Official Languages Act) for the 2017-2018 government fiscal year. In addition to ensuring compliance with official language reporting requirements, we actively work on and monitor progress against an official languages action plan that includes the promotion of linguistic duality, helping to advance the development of official language minority communities and enhancing our services to the public.

Directive on Travel, Hospitality, Conference and Event Expenditures

Pursuant to Section 89 of the *Financial Administration Act*, in July 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. As such, we implemented a new Travel, Hospitality, Conference and Event Expenditures Policy the following month and were fully compliant with the requirements of this directive.

Pension Plan Reform Directive

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.

Canadian Human Rights Act

The *Canadian Human Rights Act* forms the basis of our Respectful Workplace Policy. This policy was updated in 2018 to more clearly define responsibilities, identify prohibited behaviour and cite our investigation process. Mandatory training sessions were conducted to ensure current staff understand the policy and new staff will be trained on the policy moving forward.

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. In light of recent trade agreements, including the *Canadian Free Trade Agreement*, the *Canada-European Union Comprehensive Economic and Trade Agreement*, and the *United States-Mexico-Canada Agreement*, we will continue to evolve our procurement policies and practices accordingly.

APPENDIX F: GOVERNMENT-WIDE PRIORITIES

Transparency and open government

As part of our ongoing commitment to transparency and good governance, a commitment expressed in the Minister of Tourism, Official Languages and La Francophonie's mandate letter, we proactively disclose information on our operations and expenses on our corporate web site. This includes annual reports on the administration of our obligations under the *Access to Information Act* and of the *Privacy Act*, privacy impact assessments that we've undertaken, and quarterly travel and hospitality expenses of the Board Chair, the President & CEO and the senior management team.

In addition, we have partnered with Statistics Canada on an initiative to secure better data on traveller spending. Providing the Canadian tourism industry with access to data that is more credible, accurate and timely will help to inform their business decisions.

Gender-Based Analysis Plus (GBA +)

As our mandate includes the promotion of Canada abroad, we consider a variety of 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.

From a governance perspective, GBA+ factors are taken into account when reviewing our board composition, including gender and regional representation. This information is routinely shared with the board to inform their recommendations to the Minister for membership.

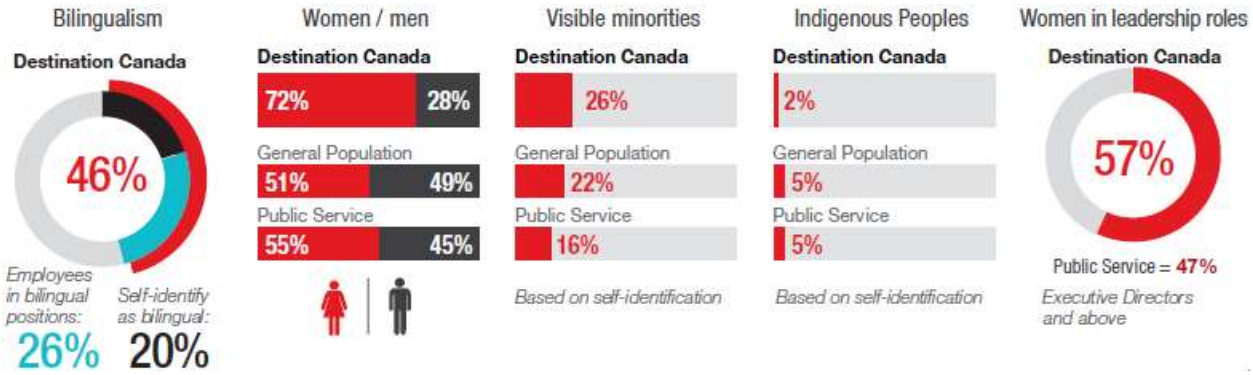
Indigenous issues

We regularly consult with our partners and stakeholders in the development of our marketing plans, including with the Indigenous Tourism Association of Canada (ITAC). Since our original partnership with ITAC signed in 2015, we have actively worked to increase the representation of indigenous tourism businesses at our flagship trade event, Rendez-vous Canada, held annually in Canada. In late 2018, we renewed our relationship with ITAC to ensure that Indigenous tourism businesses continue to have access to our relevant marketing programs, services and partnerships. In particular, this agreement serves to highlight Indigenous tourism experiences through our Business Events Canada marketing, connect travel trade and media to export-ready Indigenous experiences, and increase access to global research and market intelligence.

Diversity and Employment Equity

Our flagship trade event, Rendez-vous Canada, is held annually in Canada and is an opportunity for Canadian tourism businesses to connect with foreign travel buyers. We have been actively taking steps to increase representation of Indigenous and francophone tourism experiences at this event so that the diversity of Canada is showcased domestically and to our target international markets. In addition, many of the businesses featured in our Canadian Signature Experiences are owned or co-owned by women.

Internally, we recognize that a diversified workforce 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. While representation of Indigenous Peoples is slightly lower than the national average, this remains a priority area in our recruitment strategy.



Additionally, the composition of our Board of Directors reflects the diversity of Canadians, including regional diversity and representation from the francophone community, the Indigenous community, visible minority groups and women.

Sustainable Development

Over the years, we have put in place a number of initiatives to encourage environmental consciousness including relocating our headquarters office to a smaller footprint and ensuring that our headquarters office location is transit accessible. We have equipped our headquarters facility with recycling and organic waste amenities, and greater use of digital marketing has significantly reduced our consumption of printed marketing materials. Looking ahead, we will continue to promote and facilitate environmentally sustainable choices and actions to reduce waste and consumption.

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