

DESTINATION CANADA

2025 – 2029 Corporate Plan Summary

TOWARDS 2030: A WORLD OF OPPORTUNITY

**Approved by Destination Canada's Board of Directors
on October 8th, 2024.**

**Submitted to the Minister of Tourism and Minister responsible for the
Economic Development Agency of Canada for the Regions of Quebec
on November 28, 2024.**

Approved by Treasury Board of Canada on December 19, 2024.

ACKNOWLEDGEMENT

At Destination Canada, we embrace our responsibility to acknowledge and honour the Indigenous peoples of the lands where we operate and reside. From coast to coast to coast, we recognize the Inuit, Métis, and First Nations peoples who have called this place home for generations beyond measure.

As storytellers and ambassadors of the diverse tourism sector in Canada, we deeply appreciate the significance of our role in representing the multitude of voices and places that collectively shape Canada. We strive to elevate Indigenous interests and perspectives in our storytelling and tourism experiences, paving the way for an inclusive and authentic portrayal of cultural heritage and natural wonders.

The integration and respect of Indigenous interests are inherently woven into our 2025-2029 Corporate Plan. Our strategy reflects the federal government's priorities for Indigenous tourism and reconciliation. Our approach is focused on ensuring Indigenous peoples have agency over the potential of tourism to enhance their lives. Our actions are a testament to our unwavering dedication to fostering improved relationships among Nations and gaining a profound understanding of the rich cultures and traditions of local Indigenous communities.

TABLE OF CONTENTS

| | |
|----|--------------------------------|
| 5 | Power of Tourism |
| 6 | Executive Summary |
| 7 | About Us |
| 7 | Aspiration |
| 7 | Mandate |
| 8 | Corporate Profile |
| 9 | Internal Operating Environment |
| 9 | Workforce |
| 9 | Corporate Agility |
| 10 | Special Examination |
| 11 | Tourism Landscape |
| 11 | State of Demand and Recovery |
| 11 | The Opportunity |
| 13 | Working Together |
| 14 | Strategic Plan |
| 14 | Overview |
| 15 | Guiding Principles |
| 15 | Strategic Choices |
| 18 | Strategic Drivers |

24 Appendices

| | |
|----|---|
| 25 | Ministerial Mandate Letter |
| 30 | Governance Structure |
| 35 | Planned Results |
| 37 | Financial Statements and Budgets |
| 55 | Risk Management |
| 61 | Compliance with Legislative and Policy Requirements |
| 65 | Support for Government Priorities and Direction |

POWER OF TOURISM

Tourism is unlike any other industry in Canada: it has far-reaching positive impacts on the people, places, and prosperity of our nation. As Canada's #1 export services sector, tourism sustains about one in ten jobs across the country, in both rural and urban areas. It supports local jobs, drives the purchase of local goods and services, and develops amenities that enhance life for residents and visitors alike.

Tourism fosters community wealth and wellbeing, celebrates cultural diversity, and upholds Indigenous heritage, making it a significant driver of social and economic enrichment. As Canada transitions to a more service-based economy, tourism acts as a critical enabler, connecting the nation to the global market and reinforcing Canada's brand as a premier destination.

Tourism's impact extends beyond economic gains. It enriches Canadian life by supporting arts, culture, and recreation, and by promoting environmental stewardship. The industry's regenerative approach aims to preserve natural and cultural treasures, ensuring that tourism thrives in harmony with the environment. This sustainable vision helps maintain community well-being and positions tourism as a key driver of Canada's future prosperity, fostering a loveable and prosperous home for future generations.

In short, tourism is a positive force for Canada.

Tourism is big business in Canada.

Tourism is an economic powerhouse, injecting over **\$300 million per day** to the Canadian economy and **\$38 million of tax revenue per day** to the federal treasury.

Two million jobs in Canada are tourism-related – about one in 10 – which significantly impact local economies, cultural preservation and community development.

Tourism remains a **top service export** for Canada, outpacing the global and Canadian economies. At **2% of national GDP**, it contributes more than double that of mining or automotive manufacturing.

EXECUTIVE SUMMARY

As Canada's tourism sector emerges from the challenges of the post-COVID world, Destination Canada is joining an ambitious and critical journey. Recognizing the necessity for transformative growth and greater resilience within our sector, we are committed to building a foundation that will propel Canada's tourism into a new era of success and prosperity.

Canada's tourism revenue is on a steady path, offering a solid foundation, but there's an exciting opportunity to push beyond and create a significant impact on business profitability and community prosperity. To truly make a difference, we must transcend the status quo and reach unprecedented heights.

In response to this challenge, our 2025 – 2029 Corporate Plan entitled *Towards 2030: A World of Opportunity* is designed to support the development of the visitor economy by unlocking new opportunities and addressing challenges head-on. It sets a definitive course for transforming the sector, aiming to position Canada among the top seven global destinations by 2030 – a key goal of the Government of Canada's strategy entitled *Canada 365: Welcoming the World. Every Day. The Federal Tourism Growth Strategy*. In addition to significantly enhancing Canada's global competitiveness in the tourism sector, this roadmap aims to boost annual tourism revenue by an additional \$20 billion. The goal is to grow total annual revenue from the new baseline of \$113 billion in 2023 to \$160 billion by 2030, which would substantially exceed the \$140 billion projected if current approaches remain unchanged.

Our transformative growth strategy has four strategic drivers, each supported by coordinated initiatives and actions designed to enhance global competitiveness, foster community and economic resilience, invest in sustainable practices, and promote inclusive growth.

This Corporate Plan envisions a future where Canada is recognized as a global leader in tourism, with regenerative principles guiding our growth, improving our resilience, and garnering strong support from Canadians. This future positions tourism as a key component of Canada's global identity, enhancing our appeal as a destination to visit, live, and conduct business.

Collaboration is the cornerstone of our strategy, and partners – both public and private – are crucial to its success. We look forward to journeying the path together towards a sustainable, prosperous and globally competitive tourism sector that benefits our communities, businesses and all Canadians. Together, we will bring Canada's tourism future to life.

ABOUT US

Aspiration

Tourism generates wealth and wellbeing for all of Canada and enriches the lives of our guests.

Mandate

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

- sustain a vibrant and profitable Canadian tourism industry;
- market Canada as a desirable tourist destination;
- support a cooperative relationship between the private sector and the governments of Canada, the provinces and the territories with respect to Canadian tourism; and
- provide information about Canadian tourism to the private sector and to the governments of Canada, the provinces and the territories.

Corporate Profile

Destination Canada is headquartered in Vancouver, with a small satellite office in Ottawa. As of October 1, 2024, we have a global workforce of 138 people, including staff in the United Kingdom (UK) and China.

We promote demand for travel to Canada and influence the supply of legendary tourism experiences across the nation. We drive marketing in nine key geographic leisure source markets: Australia, China, France, Germany, Japan, Mexico, South Korea, the UK and the United States (US). We support thought leadership in destination development and investment attraction to help Canada's tourism offerings remain fresh and globally competitive. We deliver robust insights and analysis to help the public and private sector make informed business decisions.

Our parliamentary appropriations for the 2025 calendar year will be \$121.8 million which includes an additional \$26.3 million from Budget 2023 for the attraction of international business events to Canada.

Additional information on Destination Canada can be found in our [2023 Annual Report](#).

INTERNAL OPERATING ENVIRONMENT

Workforce

While the labour market in Canada remains relatively strong, it has shown signs of softening over the last year. Despite this, we have consistently prioritized enhancing our employee value proposition by focusing on critical aspects such as employee development, health and wellness, work-life balance and a hybrid working model. These initiatives have been instrumental in attracting and retaining talent and we anticipate no significant changes in staffing levels over the next year.

As part of our commitment to maintaining a competitive and fair compensation package, we regularly benchmark our offerings against similar roles in the public and private sectors. Our next comprehensive review will take place in 2025, coinciding with our upcoming collective bargaining for unionized staff. We are dedicated to fostering positive relations with the union to secure a fair agreement for all parties. This will involve open and transparent communication to address workforce needs while maintaining our commitment to equity and competitiveness.

Corporate Agility

Destination Canada is dedicated to transforming internal processes and systems to enhance operational effectiveness, boost productivity and foster innovation. By implementing cutting-edge technologies and optimizing workflows, we aim to streamline our operations and create a more agile and responsive organization.

Over the last several years, we enhanced our human resources technology and systems in order to improve personnel management. We introduced new processes for risk management and mitigation, streamlined procurement and legal review processes, upgraded expense management systems, and in 2024, began implementing a new hiring platform to support talent sourcing, applicant tracking and recruitment.

As artificial intelligence (AI) technology becomes increasingly integral to business operations, we are committed to exploring and adopting AI-powered tools to automate tasks, allowing our team to concentrate on high-value activities. We will evaluate and implement alternative systems and software to enhance our translation capabilities, performance management and procurement practices, and to elevate our marketing and destination development operations. By incorporating AI into our workflows, we aim to drive efficiency, productivity, cost savings and improved decision-making. Enabling smarter and more streamlined operations will ultimately help position us for sustained growth and innovation.

Special Examination

As a Crown corporation, we are required to maintain systems and practices that provide reasonable assurance that our assets are safeguarded and controlled, that our financial, human and physical resources are managed economically and efficiently, and that our operations are carried out effectively. To assess DC's performance in meeting these requirements, a Special Examination audit is conducted periodically by the Office of the Auditor General. This Special Examination was recently conducted in 2023-2024 and their report is expected to be made public in the Fall of 2024.

TOURISM LANDSCAPE

State of Demand and Recovery

According to UN Tourism, international arrivals reached 97% of global 2019 levels in the first quarter of 2024 – a 20% increase over the same period in 2023. Globally, this reflects an almost complete recovery of pre-pandemic numbers and is attributed to continued strong demand for travel, the re-opening of Asian markets, re-building of air connectivity and improved visa facilitation. The strongest growth was seen in the Middle East, followed by Africa and Europe. Complete recovery of international tourism, however, is marred by ongoing economic and geopolitical headwinds, underpinned by the primary factors of higher transportation and accommodation costs and the uncertain economic environment.

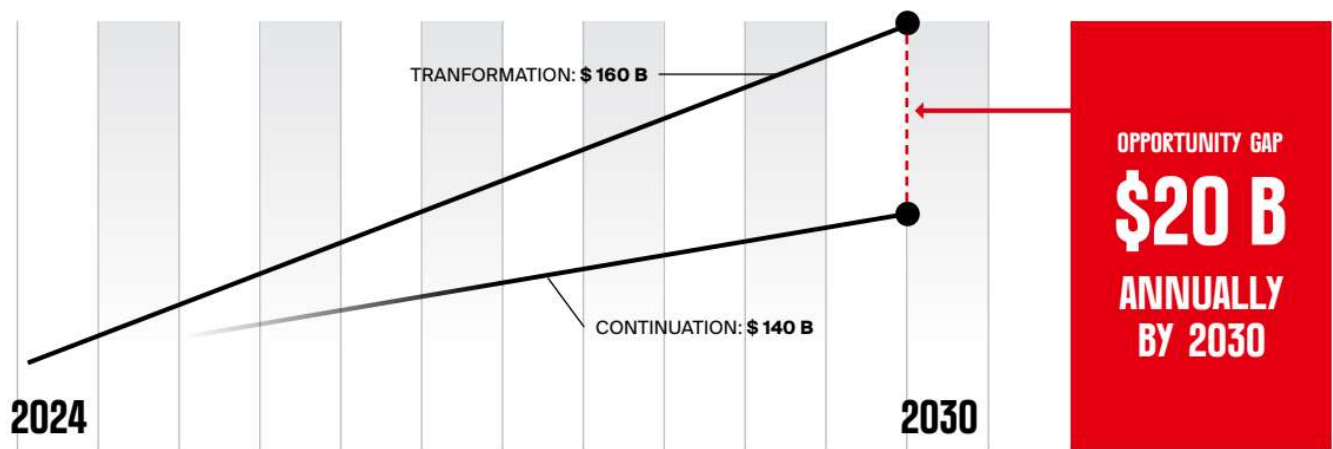
Closer to home, international demand for travel to Canada has yet to fully recover from the pandemic and is also being impacted by global geopolitical uncertainties. There is still a noticeable gap in inbound travel, particularly from East Asia where normal flights paths have been severely disrupted by the Russia/Ukraine conflict. In addition, increasing travel costs linked to surging inflation have together contributed to a shortfall in travel demand when compared to pre-pandemic levels. However, improving economic conditions including lower interest rates and easing inflation should help support a rebound later this year and in 2025.

The Opportunity

In 2019, the Canadian tourism sector set a new benchmark by generating \$105 billion in revenue. Projections based on current market conditions indicate that continuing the expected growth trajectory until 2030 would result in \$140 billion in revenue. While this figure represents nominal growth, it barely compensates for inflation, offering minimal real growth or improved prosperity for tourism businesses and their employees.

However, by aiming for transformative growth, the sector has the potential to achieve \$160 billion in annual revenue by 2030 – a \$20 billion increase that would significantly elevate industry profitability and resilience. This ambitious target equates to a 6.1% year-over-year growth rate – still short of the forecasted 7.1% global growth rate – boosting businesses and communities across Canada. Of the projected \$160 billion in total revenues, \$49 billion is expected to come from international visitors, representing a substantial injection of new export revenue into the Canadian economy.

Pursuing this level of growth is imperative for ensuring the long-term prosperity and resilience of our sector and our communities.



Working Together

In tourism, we all play for Team Canada. Over the past five years, private sector, industry stakeholders and governments at all levels have grown our capacity to work together and generate stronger results. Now that ability is more important than ever. Together, with partners, governments and key industry players, we have the power to shape the conditions that drive Canada’s global competitiveness by 2030.

Ministerial Tourism Council

In July 2023, the new Federal Tourism Growth Strategy – *Canada 365. Welcoming the World. Every Day.* – announced a new cross-government strategy table for coordinating tourism-related policy amongst federal ministers. By better coordinating policies and strategies across government, the Ministerial Tourism Council is an opportunity to more effectively and efficiently support the vitality, profitability and competitiveness of our sector. Federal coordination and policy coherence across multiple ministries will help drive better return on investment for the government, more benefits for Canadians, and a healthier sector.

National Tourism Sector Associations

Many national associations are directly or closely aligned with tourism – in transportation, hotels, hospitality, arts, culinary, and cultural industries. As centralized bodies for advocacy, education and networking, they create partnerships, influence policy, set industry standards and support professional development. They play a critical role in informing our collective strategy to increase Canada’s global tourism competitiveness, realize our shared ambitions, and foster Canadians’ support for our sector.

NorthStar

NorthStar is a national forum for destination marketing and management organizations – provinces, territories, major cities and resorts and two key national associations – that is dedicated to improving the competitiveness of Canada’s tourism sector. Destination Canada and NorthStar partners have come together as a unified Team Canada over the past several years, which has been pivotal to aligning marketing strategies and major investments in key markets, recapturing lost demand and accelerating desperately needed economic recovery.

Looking ahead, we will strengthen our collaboration and drive a common agenda to align key stakeholders, strategies and budgets around Canada’s competitiveness, provide advice on tourism-supportive policies, address structural challenges, prepare for disruptions, and plan for long-term economic growth through greater global competitiveness. Together, we will be destination stewards for Canada.

Industry Stakeholders

There are some 240,000 tourism businesses in Canada of which the vast majority are small- and medium-sized enterprises (SMEs). We exist to support their growth and prosperity and the jobs they create across our nation. We rely on their invaluable expertise to be part of advisory committees and working groups. We will continue to drive widespread collaboration between public and private stakeholders to leverage their strengths and bridge gaps. We will also strengthen efforts to communicate with SMEs and destination marketing organizations to share our strategies and support development across Canada.

STRATEGIC PLAN

Overview

In a post-COVID world, Canada has been facing fierce competition from other countries competing aggressively for international visitors. In this challenging landscape, Destination Canada is uniquely positioned to steer the tourism industry towards a path of growth and resilience. Representing Canada on a global stage, we have the opportunity and responsibility to help communities nationwide create wealth and wellbeing. Our goal is to cultivate a more competitive, prosperous and sustainable industry in the coming years. Achieving this transformation requires collective action, and its success hinges on true collaboration between public and private entities across a very complex ecosystem.

Our strategic plan identifies guiding principles that will shape how we work, strategic choices we have made on where we will compete and for which markets, strategic drivers that focus our work and that are supported by prioritized initiatives, and outcomes defined by key performance indicators to measure our progress.

Guiding Principles

Our strategy is anchored by five principles designed to guide our sector to a vibrant, profitable, and sustainable future. These principles guide our approach to marketing and managing our destination. They're commitments we make to ourselves as stewards, to our land, our communities, our partners, and our guests.

Prosperity

Tourism businesses in Canada grow stronger, are more profitable and more resilient, and tourism's contribution to the economy grows.

Regeneration

Tourism is a force for driving the economic, socio-cultural and environmental vitality of our places, businesses and communities, benefitting all Canadians.

Collaboration

Tourism stakeholders inspire innovation and foster alignment within the tourism sector and the larger economy.

Public Support

Tourism benefits all of Canada, making Canadians welcoming hosts and supporters of the industry.

Reconciliation

By connecting people, tourism helps Canadians to better know and understand one another, breaking down barriers and building unity.

Strategic Choices in Leisure Travel

We want Canada to be a destination that resonates deeply with travellers – not just in the moment of experiencing Canada, but because travel to Canada leaves a mark on their hearts and gives them stories to tell long after they return home.

Adventurers and cultural enthusiasts are among our most valued guests. These travellers appreciate supporting and contributing to local culture. They celebrate diversity and positively influence the economic ambitions of our communities. They value Canada's wild places and city spaces and embody a regenerative approach to travel.

Target Audiences

A deep understanding of key target audiences is critical to ensure we attract the right visitors at the right time of year.

Our focus is on guests with the best return on investment for Canadian communities, businesses and residents. We'll concentrate on travellers who stay longer, spend more, seek local culture, and truly engage with Canada, leaving our destinations better than they found them and becoming advocates for Canada through word-of-mouth.

Key Markets

We target international guests in nine key markets. As we look ahead, the vitality of tourism in Canada will hinge on attracting the right travellers from these key markets.

While domestic travel constitutes over three-quarters of tourism revenue in Canada, international travellers tend to spend much more, driving up yield for tourism businesses and generating valuable revenue for our economy. We anticipate that a robust \$49 billion in revenue will come from international visitors, with almost 80% of this coming from travellers from these nine markets. The US market alone is expected to generate over \$17 billion in revenue annually by 2030.



Australia



Germany



South Korea



China



Japan



UK



France



Mexico



US

Canada in More Seasons

A key objective for transformative growth is to maximize the economic impact of tourism in Canada in more seasons.

To fuel growth, Canada needs to host highest yield clients in peak seasons and create exceptional seasonal experiences for all travellers in all seasons. Furthermore, seasonal and regional dispersion will foster business and community resilience in the face of climate-related crises such as wildfires or lack of snow.

While the peak summer season is Canada's mainstay and offers an opportunity to capture incremental value from our best guests – those who travel further, engage locally, spend more, want to learn, and are likely to return often – fall and winter are under-exploited. There is the potential to increase interest in visitation in non-peak seasons, which may involve expanding operations and creating new product.

Sales & Marketing Channels

In each of our key markets around the world, travellers have different preferences as to how they research and book their travel. The channel preferences of leisure travellers are constantly evolving as new ones emerge. We know that generative AI is rapidly changing how people work, how they source and use information, and how they will make purchases in the future. Our channel strategy will be multi-faceted, incorporating digital platforms, travel trade and media partnerships, shows and events, and direct-to-consumer marketing. It will be coordinated with our partners and will be agile and responsive to the changing needs and interests of our target audiences.

Strategic Choices in Business Events

Business events – conventions, conferences, corporate meetings, and incentive travel – represent significant economic potential for communities across Canada, and particularly benefit urban centres of all sizes. Business events create tremendous benefits for the tourism sector and broadly for the Canadian economy. They have a powerful and positive ripple effect as business travellers tend to make return visits, often as buyers or investors. As C-suite decision-makers see the business prospects that are possible in Canada, they are key in attracting foreign direct investment and innovate businesses. Event delegates often extend their stay as leisure travellers or return at another time with their families. And, importantly, business events create forums for knowledge-sharing and attract new talent in high-growth sectors that are critical to Canada's future economy.

Target Decision-Makers

Our primary focus is on meeting planners and executive leaders who decide where business events will take place – choices that are driven by strategic evaluations of potential host destinations. The competition is fierce, and the sales cycle can extend over several years.

We'll also work with influential third-party agencies to secure incentive travel business, leveraging their international client bases to promote Canada and ensure that our business events assets stand out.

Economic Growth Sectors

Our efforts are strategic and global. We will collaborate with tourism partners, government agencies, and private sector industries to attract events that align with six of the key economic growth sectors of the future identified by the Government of Canada. In addition, we will support international business events that champion our own sector – travel and tourism.

Target Growth Sectors

DIGITAL INDUSTRIES



Many digital and technology leaders call Canada home, including the world's highest concentration of Artificial Intelligence start-ups.

LIFE SCIENCES



In key areas across Canada, medical minds are working on solutions to the world's greatest health concerns.

ADVANCED MANUFACTURING



Made in Canada is something to be proud of. We're a leader in robotics, automation, and 3D printing—driven by a highly educated and skilled workforce.

NATURAL RESOURCES



With our wealth of natural resources, we're experts in a host of industries, from ocean science and forestry to mining and energy.

AGRIBUSINESS



From wheat to canola, we're global leaders in food growth, food security, and technologies to help feed the world.

FINANCE AND INSURANCE



Canada is home to a thriving entrepreneurial and financial ecosystem that encourages investment and business development.

International Convention Attraction Fund

With funding made available through Budget 2023, we launched the International Conventions Attraction Fund (ICAF) in 2024 to bolster Canada's global competitiveness in attracting major international conventions, conferences and events to Canada. The Fund is a major part of an overall \$50 million investment from the 2023 Federal Budget and is a key priority of the *Federal Tourism Growth Strategy*.

The ICAF provides financial commitments for bids on major international conventions. With fierce competition globally for international events, the program is ensuring that Canada can better compete for – and win – the world's major business events. In the first six months of the program, the financial support and backing from Destination Canada's ICAF has been a significant factor in being able to win bids at an increased rate and solidify Canada's position as a premier global destination.

Strategic Driver: Sector Advancement

Canada's global competitiveness as a tourism destination has continued to slip over the last 15 years. From a ranking of 9th in 2009, to 10th in 2019 and to 11th in 2024¹, this decline highlights the continued struggle to keep pace with advancements in other countries' tourism sectors. Competitiveness matters: it attracts investment, creates jobs and fuels sustainable growth. It encourages innovation, infrastructure development and service improvements. It underpins the wealth and wellbeing of Canadians.

As a key convenor within the tourism sector, we are helping to rally industry and governments to achieve common goals that advance our nation's competitiveness. We will benchmark Canada against leading global destinations and we will continue to collaborate with stakeholders to identify key industry needs and supportive policies at all levels of government.

Initiative 1: Communicate the value of tourism to Canadians, stakeholders and governments.

Tourism is big business in Canada, with tourism revenue contributing approximately \$300 million each day to the economy and 2% to the national GDP. It plays a critical role in the employment landscape, largely fueled by some 240,000 small- and medium-sized businesses spread across every province and territory, from coast to coast to coast, and supporting approximately one in 10 jobs. Most people recognize the importance of frontline roles such as flight attendants, housekeepers and tour guides, but they often forget that tourism also creates amazing behind-the-scenes careers for every talent and temperament from event managers to data analysts to aircraft engineers.

Beyond economic value and jobs, tourism is equally valuable for its contributions to Canada's socio-cultural richness. It has the power to strengthen one's sense of identity and national pride; it builds a bridge to celebrate heritage, culture and the arts; it creates opportunities for reconciliation with Indigenous peoples; and it can be a champion for wilderness preservation.

¹ World Economic Forum's *Travel & Tourism Development Index*.

Together with industry partners, we'll help Canadians and governments at all levels better understand and appreciate the vital contributions tourism makes to communities in every nook and cranny of Canada.

Initiative 2: Support the advancement of sector competitiveness.

Enhancing Canada's global competitiveness supports long-term economic growth, business resilience and profitability, and community wellbeing across the nation. To this end, we've identified seven key levers critical to Canada's global competitiveness and are identifying what it means to be world-leading in these spaces.

In our role as convenor, integrator and collaborator, we are bringing together sector experience and subject matter expertise to chart a path toward better global performance and to provide enhanced data that informs policy. Under the leadership of NorthStar, we are convening the sector to advance collaboration around these levers to help address barriers to growth and seize opportunities. In addition, the NorthStar group is facilitating dedicated Task Forces on Public and Policy Support, Workforce Productivity and Digital Transition, and Tourism Investment.



Initiative 3: Support sector adoption of regenerative principles.

Regenerative practices mean balancing economic prosperity with environmental stewardship and social inclusivity so that the industry both thrives and contributes positively to the broader wealth and wellbeing of Canada.

We will support and promote regenerative practices to facilitate sustainable, responsible growth of our sector. This includes sharing low-carbon pathways and practices for tourism, including for business events.

In addition, the recent pandemic, more frequent extreme weather events and severe wildfire seasons in Canada have underscored the need to protect Canada's reputation as a safe and welcoming destination, especially during these times of potential climate emergencies and volatile weather. While management of emergencies is the responsibility of the provinces and territories, we are providing support through clear, authentic and accurate communications, particularly across our international markets.

Initiative 4: Support Indigenous advancement in Canada.

Tourism generates economic prosperity for Indigenous communities, showcases cultures and languages, celebrates music, song and dance, and shares stories, art and cuisine.

Working with key Indigenous partners, including the Indigenous Tourism Association of Canada, we will support capacity-building and marketing efforts in the development of a thriving Indigenous tourism sector that enriches the lives of guests and the wealth and wellbeing of Indigenous communities throughout Canada.

Strategic Driver: Brand Leadership

Canada has incredible stories to tell, and our job is to get more of our target audiences to hear them and be eager to visit.

Canada's unique brand value proposition is an expression of Canada's warm and open hearts, smart open minds and wide-open spaces. It positions Canada as an ideal destination for travel, business events, education, work, investment and living. Destination Canada's work reinforces the Canada brand that unites our country's people, landscapes and ideas.

Our target guests are adventurers, cultural enthusiasts and business event decision-makers. They're travellers who value supporting and contributing to local culture. They celebrate diversity and positively impact the economic ambitions of our communities. Every touchpoint in their journey shapes their impressions of Canada and better defines our brand. To compete, Canada needs to be both meaningful and memorable.

Initiative 5: Differentiate Canada to influence target guests and business decision-makers.

Canada's open spaces, open hearts and open minds will build interest in target audiences and set us apart from others.

To make Canada stand out, we will focus on this unique brand value proposition to showcase what makes Canada special based on the aspirations and values of our target guests. Through strategic partnerships, we will strengthen Canada's reputation in the world to draw international leisure travellers and event decision-makers increasingly into non-peak periods. We will also develop brand strategies, tools and assets to inspire enthusiasm for Canada among target guests.

Initiative 6: Lead global sales and marketing initiatives to support demand generation for leisure travel and business events.

To grow Canada's visitor economy, we'll focus on improving yield – increasing return on investment for tourism businesses and communities. Together with partners, we'll continue to shift our peak season growth focus from volume to value in leisure and business events. We'll market to our target travellers based on the amount they spend as well as their purchase preferences, their travel values, the locations they choose, the timing of their visits and the legacy value of the visit or event. With looming capacity constraints in peak seasons, the goal is to grow yield during peak periods of the year while increasing revenue in non-peak periods with capacity.

To attract business events, we will continue working as Team Canada with 20+ host destinations. We will bring together sellers and buyers at key global marketplace platforms to build interest in Canada as an event destination. We are focusing on positioning and promoting Canada's brand and showcasing the country's state-of-the-art event facilities, world-class

hospitality, exceptional public infrastructure, leading thinkers and innovators, and an open, safe, and welcoming environment for international business visitors.

Strategic Driver: Destination Development

To attract target guests, Canada needs exceptional travel itineraries and experiences that reflect the essence of our country. But to create them and to grow tourism in alignment with communities' broader goals, the sector needs strategic investments from the private sector and all levels of government.

To this end, we will work with communities and corridors to create long-term destination development strategies, and identify needed tourism infrastructure as well as the products, services, workforce, access and experiences required to meet the expectations of visitors and the needs of local communities.

Initiative 7: Lead corridor strategies to create legendary journeys.

Tourism corridors give target guests more ways and reasons to explore more of Canada and visit in different seasons.

In partnership with stakeholders, we will develop and enhance new and existing tourism corridors to help create alluring experiences for travellers who have thousands of competitive travel options across the globe. By creating strategic planning frameworks for corridors that produce legendary journeys, we will help to enhance travel itineraries to drive demand, encourage longer stays and catalyze investments.

A **Tourism Corridor** is a geographic region connecting different destinations that have significant tourist attractions. Corridors that offer a collection of experiences that a target audience desires are known as **Legendary Journeys**.

Initiative 8: Support destination development expertise for the sector.

Part of our role as destination stewards means facilitating networking and knowledge exchange among destination development professionals nationwide. We will provide resources, research, tools, guidance and specialized content to support, inform, and influence destination development efforts throughout the country.

By facilitating partnerships and dialogue between destinations and stakeholders, we will help destinations align their economic development efforts with broader regional, national and international goals and tourism opportunities.

Initiative 9: Support policy and programs to improve access to capital and investment.

We will help drive investment in the tourism sector to support the development of existing or new destinations and experiences.

Growing investment in the sector is essential, and we will collaborate with financial entities, sector associations and governments to raise awareness of the unique financial challenges faced by tourism businesses. We will work with all levels of government to support an enhanced policy environment for entrepreneurship and investment attraction for the sector.

We will also work with regional tourism organizations, industry associations, investment-focused organizations and other stakeholders to identify investment opportunities and showcase them across the country. By raising awareness of opportunities that are aligned with a destination development strategy, we'll promote and cultivate domestic and foreign investments.

Strategic Driver: Collective Intelligence

Information is essential to good decision-making, and we're using data, insights and analytics to guide everything we do. This helps us perform better and provides valuable information resources for partners, industry, innovators, investors and governments. Becoming an insight-driven organization means we're better marketers, more successful in developing destinations, and more accountable to Canadians.

Collective intelligence strengthens our ability to compete globally by not only providing input for policymakers, but also helping us make smart decisions on the ground. Data about local communities helps potential investors and keeps a pulse on local sentiment about support for tourism. New customer-focused data gives us insights into our target guests, while supply-side data shows areas for growth.

Initiative 10: Drive analytics to shape sector strategies and support policymakers.

To help the sector adapt, grow and become more globally competitive, we will leverage data to make smarter decisions, strengthen strategic initiatives, and enhance communication efforts. Through methods such as predictive modeling, deep machine learning and data visualization, we will derive actionable insights and forward outlooks that allow us to advise on global competitiveness, develop evidence-based strategies, adapt to new market dynamics, and stay resilient in the face of future shocks.

Initiative 11: Lead analytics with unparalleled tourism intelligence.

The exponential power of generative AI and large language models will fundamentally change how we, as a sector, use intelligence. Destination Canada is well-positioned to fully leverage this power for industry through the foundations we've built into the Canadian Tourism Data Collective. Together with our national NorthStar partners, we are deploying AI to reimagine our go-to-market strategies, improve the traveller experience from end-to-end, and redefine success in our sector. By applying

AI in strategic ways, we aim to set new standards for the industry and ensure that Canada remains a top competitor on the global stage.

Through integrated data partnerships, we're working to make the Data Collective Canada's most useful and visually intuitive library of tourism data for public and private stakeholders – our cornerstone for driving sector innovation and enhancing competitiveness. We aim to understand what makes people want to visit, what influences their travel choices and how they behave as consumers. This deeper understanding of the demand helps us create specific and personalized marketing campaigns, boost customer engagement and maximize the return on investment.

The **Canadian Tourism Data Collective** is a national platform for tourism data, research and thought leadership. As a source of competitive advantage for Canada's hosting economy, it's a new way for industry, communities and governments to gain reliable and actionable intelligence and drive collaboration. It stands as a centralized resource, while ensuring decentralized access with unparalleled ease. Importantly, innovators can use this powerful data resource to create new applications for the tourism sector.

TourismScapes harnesses the power of geographic information systems to provide localized intelligence on Canada's array of tourism assets, from coast to coast to coast. It identifies opportunities for investment and assesses on-the-ground traveller experiences and gaps in order to strengthen the hosting economy.

In parallel, we are assessing supply dynamics in a region – such as the mix of accommodation, experiences, labour pool, transportation access and capacity – to determine the strengths and weaknesses of destinations in Canada. This helps surface areas to improve and prioritize where to focus development and investment efforts.

Initiative 12: Lead innovation in tourism performance measurement and monitoring.

As we strive for transformative growth, we are at the forefront of pioneering innovative approaches to measure the impact of tourism, and this marks just the beginning of our journey. Through the implementation of new tools and measurement frameworks, we will provide industry partners and all levels of government with real-time insights and advanced analytics into the performance and impact of tourism initiatives. This forward-thinking approach ensures that we not only meet the evolving needs of our local stakeholders but also set new standards in international tourism measurement practices.

APPENDICES

APPENDIX A: MINISTERIAL MANDATE LETTER

Minister of Tourism and Minister responsible
for the Economic Development Agency of
Canada for the Regions of Quebec



Ministre du Tourisme et ministre responsable
de l'Agence de développement économique
du Canada pour les régions du Québec

December 5, 2024

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

liza.frulla@ithq.qc.ca

Dear Liza Frulla:

As the Minister responsible for Destination Canada (DC), I am writing to you to provide you with a Statement of Priorities and Accountabilities letter. This letter sets out the Government of Canada's priorities to guide DC as it develops its corporate strategy and business plan for the upcoming planning period.

As Minister of Tourism, my overarching goal is to support and grow Canada's tourism sector and to establish our country as a global leader by focusing on the priorities for the tourism sector set out in the 2023 Federal Tourism Growth Strategy (FTGS):

- invest in tourism assets;
- embrace recreation and the great outdoors;
- partner to grow Indigenous tourism;
- attract more international events; and
- improve coordination through a Federal Ministerial Council.

...2

Canada

I would like to thank DC for all the work it has accomplished and the progress made since the COVID-19 pandemic. Collectively, we have succeeded in restoring Canada's tourism sector to its rightful position for growth. As of July 2024, Canada welcomed almost 11.3 million international tourists, which is 10.4% higher than the same time period (January through July) in 2023. Additionally, as of Q2, tourism GDP in 2024 was \$18.9 billion, marking a 4.5% increase from the same time period in 2023.

In particular, I would like to acknowledge DC's work to attract business events, conferences, conventions, and meetings, a key pillar of the Federal Tourism Growth Strategy and one of my priorities as Minister of Tourism. Attracting business meetings and events such as these will position Canada competitively in the global market. The International Convention Attraction Fund (ICAF)—established with funding made available by the federal government through Budget 2023—has secured many important early wins for Canada and illustrates how Canada can compete on the international stage with a Team Canada approach.

I also congratulate DC for its ongoing work to develop a strategy to increase the competitiveness of the tourism sector. I am confident that your 2030 Strategy, *Tourism 2030: A World of Opportunity*, will continue to inspire tourism sector stakeholders.

As DC proceeds to develop its 2025–2029 Corporate Plan, one of the outcomes I expect from DC's business activities is increased alignment among tourism sector partners in order to maximize visitation and economic growth in tourism. I request that the following items be reflected in the strategic direction and business activities that will be identified through the Plan.

Creating Winning Conditions for the Canadian Tourism Sector

It is important that the tourism sector position itself favourably in the global market so that we remain competitive. To achieve this, we must create winning conditions, in particular, having a talent pool of available and skilled workers. To this end, I ask that DC:

- continue its collaboration with marketing partners through the NorthStar partnership in order to fully align marketing investments and activities, and to ensure a common vision and understanding of the Canadian tourism market based on insights and analytics;
- work with destination marketing partners to build on the positive momentum of the ICAF. I ask that DC explore opportunities to expand its efforts to attract business events, conventions, and meetings in order to improve Canada's competitive standing as a global leader for

business events, conventions, and meetings. I would also ask that, in collaboration with Innovation, Science and Economic Development Canada (ISED), DC conduct a review of the impact of the ICAF to ensure that the expected benefits are reflected in the Canadian economy;

- leverage its position as a convenor and continue to engage with and draw on the perspectives of partners, including 1) provincial and territorial marketing partners—particularly Alberta—following the wildfires in Jasper, 2) regional development agencies, and 3) other tourism partners to achieve common objectives and to deliver the best possible benefits to the tourism sector and Canadians;
- continue its engagement with airport authorities, airlines, and other partners in order to make Canadian tourism offerings more accessible to a wider audience;
- continue ongoing engagement with partners, such as Tourism HR Canada, to identify workforce challenges that affect the competitiveness of Canada's tourism sector; and
- support the work of the Ministerial Tourism Council while we work together to address issues, such as the impact of climate change, destination access, and workforce. I will draw on the perspectives of key stakeholders as I work with my Cabinet colleagues to develop a whole-of-government solution to key challenges facing the tourism sector.

Promoting the Development of Indigenous Tourism and Economic Reconciliation

Since 2015, the federal government has made reconciliation with Indigenous communities a top priority. The tourism sector is also part of the solution to advancing economic reconciliation with Indigenous Peoples. As Minister of Tourism, I am passionate about the role that Canada can play in setting an example for supporting the growth of Indigenous tourism through increasing the capacity of Indigenous tourism operators and through product development. To support the growth of Indigenous tourism and economic reconciliation, DC should:

- continue its partnership with the Indigenous Tourism Association of Canada and other partners as appropriate to highlight Canada's Indigenous tourism offerings in key international markets;
- engage with Indigenous communities to ensure that the Tourism Corridor Strategy Program includes authentic Indigenous tourism experiences and reflects the needs and voices of these communities; and

...4

- provide ISED with input that DC receives from Indigenous partners on how Indigenous tourism can be advanced in the context of seeking reconciliation, including a special focus on ensuring that Indigenous communities across the country can benefit from DC's expertise.

Continuing to Develop Expertise in Tourism Business Intelligence

If we want the Canadian tourism sector to realize its full potential, we must be able to understand ongoing trends that impact the sector and predict their evolution. It is also vital that reliable data be available in order to properly plan for the needs of the sector and to put in place the conditions for growth. Data is the key to informed decision-making.

To advance the development of tourism business intelligence, I ask that DC:

- continue to provide critical information to support tourism sector businesses and partners, including market studies and research on key trends in the tourism sector, and, through the Canadian Tourism Data Collective, provide data and analytics that will drive improved decision-making;
- work with partners, including Indigenous partners, to expand data sharing through the Canadian Tourism Data Collective; and
- advance the development of metrics for sustainability of the Canadian tourism sector. This work should build on the work DC has undertaken with UN Tourism to develop a global statistical framework for measuring sustainability of tourism.

Promoting Diversity and Inclusion in the Canadian Tourism Sector Workforce

Canada's tourism sector is uniquely inclusive in its workforce. In 2023, women and youth represented higher percentages of the tourism labour force than the overall workforce; additionally, more majority owners of tourism businesses identified as women, racialized Canadians, or newcomers to Canada than in other sectors. To promote equity, diversity, and inclusion in the tourism sector, I ask that DC:

- serve as an example for seeking equity, diversity, and inclusion to tourism sector businesses. This includes continuing DC's commitment to the diversity of its workforce and ensuring that, in appointment processes, it continues to consider diversity factors, especially with respect to executive leadership team positions. As a Crown corporation,

...5

DC is expected to foster the inclusion of a broad range of voices and views in governance and decision-making, including equity-deserving groups such as women, Indigenous Peoples, persons with disabilities, and racialized Canadians.

DC plays a fundamental in promoting Canada as a premier tourist destination to the world. Canadians can be reassured that DC will continue to play a leading role in the growth and development of the tourism industry across the country.

I look forward to our continued collaboration as we work to build a more resilient tourism sector, as the livelihoods of so many Canadians depend on it.

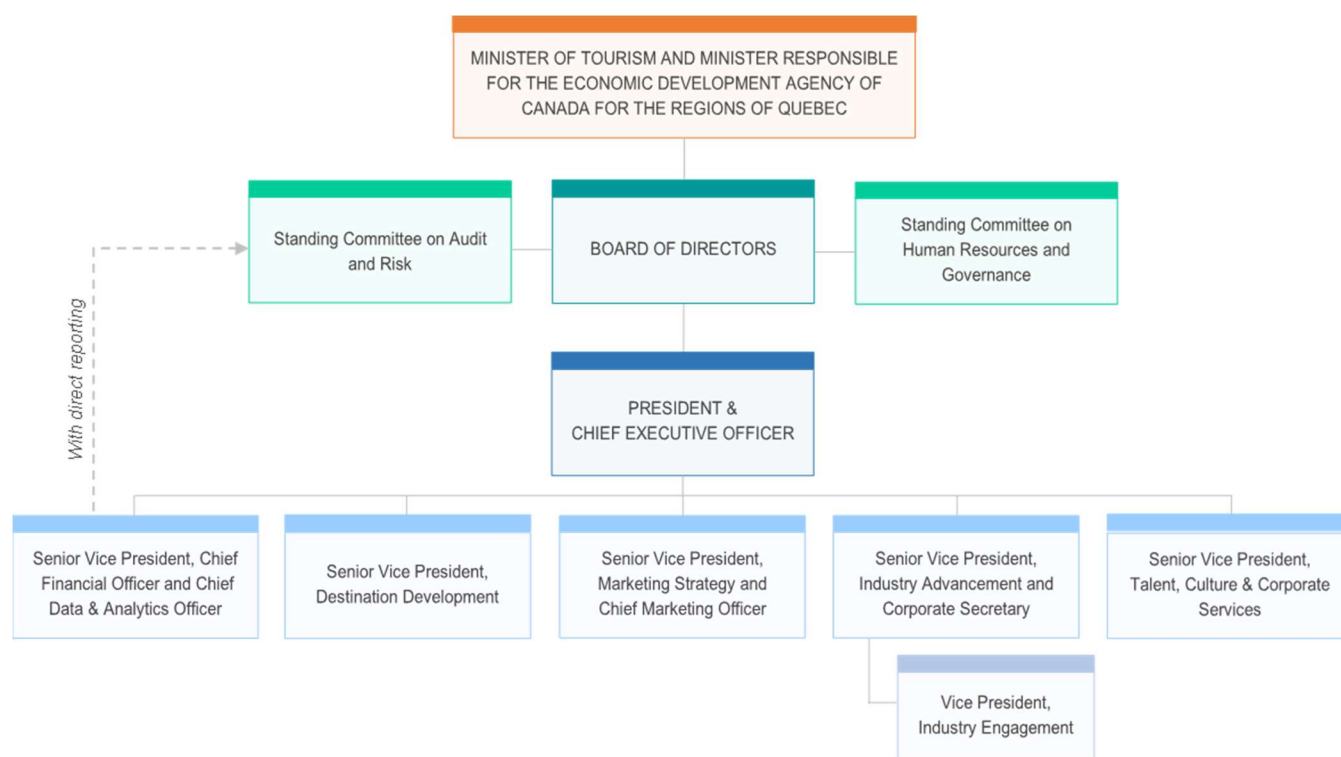
Please accept my best wishes.

Sincerely,

A handwritten signature in dark ink, appearing to read 'S. Ferrada'.

The Honourable Soraya Martinez Ferrada, P.C., M.P.

APPENDIX B: GOVERNANCE STRUCTURE



Board of Directors

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

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

The Board comprises the Chair and the President & CEO of Destination Canada which are Governor in Council appointments, and the Deputy Minister of Innovation, Science and 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.

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

Over the course of 2023, the Board met five times and average attendance at meetings was 96%.

Membership

As at October 1, 2024



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

Chairperson of the Board of Directors
Sutton, QC

Term: August 6, 2021 – August 5, 2026



Marsha Walden

President & CEO,
Destination Canada
Vancouver, BC

Term: August 24, 2020 – August 23, 2025



Sony Perron (ex officio)

Deputy Minister/President of the Economic Development Agency of Canada for the Regions of Quebec / Deputy Minister of Economic Development
Ottawa, ON



Julie Canning

Cowgirl and Operating Partner,
Banff Trail Riders
Banff, AB

Term: February 1, 2018 – June 22, 2026



Stan Cook

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

Term: February 1, 2018 – February 9, 2028



Randy Garfield

Former President,
Walt Disney Travel
Stratford, ON

Term: April 12, 2017 – March 1, 2028



Brenda Holder

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

Term: June 23, 2022 – June 22, 2026



Benjamin Ryan

Chief Commercial Officer, Air
North
Whitehorse, YK

Term: June 23, 2022 – June 22, 2026



Natalie Thiesen

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

Term: June 23, 2022 – June 22, 2026



Andrew Torriani

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

Term: June 19, 2019 – February 9, 2028

Standing Committees of the Board

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

The Human Resources and Governance Committee met four times in 2023 and average meeting attendance was 92%.

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

The Audit and Risk Committee met four times in 2023 and average meeting attendance was 83%.

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

Executive Team

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

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

Executive Team Membership

As at October 1, 2024



Marsha Walden

President & CEO



Gracen Chungath

Senior Vice President,
Destination Development



Meaghan Ferrigno

Senior Vice President, Chief
Financial Officer and Chief Data
& Analytics Officer



Gloria Loree

Senior Vice President,
Marketing Strategy and Chief
Marketing Officer



Richard Gagnon

Senior Vice President,
Talent, Culture & Corporate
Services



Caroline Séguin

Senior Vice President,
Industry Advancement and
Corporate Secretary



Maureen Riley

Vice President,
Industry Engagement

APPENDIX C: PLANNED RESULTS

It is Destination Canada's goal to help grow a vibrant tourism sector and reach \$160 billion in revenue by 2030 while setting the foundations for greater resilience. A new, transformational trajectory means a new way to measure progress that is aligned with each strategic driver.

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

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

| | OUTCOME and KEY PERFORMANCE INDICATOR (KPI) | SHORT TERM TARGET (2025) | MEDIUM TERM TARGET (2026 – 2027) | LONG TERM TARGET (2028+) | DATA SOURCE / METHODOLOGY |
|-------------------------|--|--|--|---|--|
| OVERALL | Attributable tourism revenue has grown <i>KPI: Attributable tourism revenue</i> | 2025: \$1.87 billion | 2025-2027: \$6.37 billion | 2025-2028: \$8.74 billion | Internal assessment of impacts based on Media Mix Modeling attribution, travel trade activities and business events sales activities |
| SECTOR ADVANCEMENT | Canada's competitive standing internationally has increased <i>KPI: Canada's competitiveness ranking</i> | Establish task forces to provide recommendations addressing the 7 levers of competitiveness | Meaningful progress on key recommendations addressing competitiveness is made across industry and government | Canada's ranking in the identified 7 levers of competitiveness increases from 2023 | Internal tracking |
| BRAND LEADERSHIP | Canada is considered and recommended as a leisure travel destination <i>KPI: Consideration and recommendation of Canada as a leisure travel destination</i> | Canada ranks 3 rd or better in 4 of our 9 markets vs. competitive set (recommendation score) | Canada ranks 3 rd or better in 6 of our 9 markets vs. competitive set (recommendation score) | Canada ranks as a top 3 destination for consideration and recommendation by target audiences in our markets | YouGov Destination Index |
| | International business events for future years are booked by the industry <i>KPI: Value of booked business events</i> | 2025: \$2.30 billion | 2027: \$2.76 billion | 2028: \$3.02 billion | Destination Canada Pace reports on industry bookings (monthly) |
| DESTINATION DEVELOPMENT | Destination Canada's tourism corridors attract investments <i>KPI: Investment attraction</i> | \$132 million in investment opportunities are identified in the corridor strategies and by Destination Canada activities | 5% of investment opportunities in the corridor strategies and Destination Canada activities attract funding | Destination Canada's advice successfully influences domestic and foreign investment in tourism by 4% annually | Internal tracking |
| COLLECTIVE INTELLIGENCE | Canada uses privileged tourism insights to outperform competitors <i>KPIs: Average site visitation, retention rate, stakeholder satisfaction</i> | Average monthly Data Collective site visits (average site visitation) grow by 20% over 2024 baseline | 90% of subscribed partners to the Data Collective retain their membership year over year (retention rate) | % of stakeholders rate the Data Collective as important or very important to making business decisions annually (stakeholder satisfaction) <i>Targets will be set in 2025, using 2024 data as a baseline</i> | Internal tracking |
| PARTNERSHIPS | Partners are aligned in international programs <i>KPI: Partner co-investment</i> | \$37.5 million* <i>* Corresponds to the Budget 2017 funding decision for Destination Canada stipulating that \$37.5 million in international marketing activities must be matched with partner co-investments on a 1:1 basis.</i> | \$37.5 million/year* | \$37.5 million/year* | Internal tracking |

APPENDIX D: FINANCIAL STATEMENTS AND BUDGETS

Financial Condition

Destination Canada is at a pivotal moment as we transition from recovery to a transformative future under our 2030 Strategy, aiming to re-establish Canada as a top global destination. Our financial plan is anchored in four strategic drivers – Sector Advancement, Brand Leadership, Destination Development and Collective Intelligence – focused on sustainable growth and global competitiveness. Agility remains key, enabling us to adapt quickly and strengthen Canada's visitor economy.

Success under our 2030 Strategy depends on collaboration, adaptation and innovation across the sector. Through the newly established Sector Advancement line, we will leverage sector expertise, partner with governments, and unlock new pathways to improve global performance. Building on the achievements of 2024, we will deepen collaboration across key initiatives in Marketing, Destination Development, and Insights & Analytics.

We are committed to enhancing efficiency and using technologies like AI to meet operating ratio targets, ensuring parliamentary appropriations are focused on core programs for maximum impact.

This 2025-2029 Corporate Plan reflects base parliamentary appropriations of \$96.2 million per year, incremental decreases that started in 2024 to Refocus Government Spending (with reductions of \$3.2 million by 2026), and the one-time \$50 million new funding from the 2023 Federal Budget to attract major international conventions, conferences, and events to Canada.

Budget 2023 allocated an additional \$50 million over three fiscal years (2023-2024 to 2025-2026) and was used to establish the International Conventions Attraction Fund (ICAF). ICAF offers a unique opportunity to elevate Canada's business events sector, enhancing our global competitiveness and leaving a lasting legacy of economic and socio-cultural benefits for Canadians.

Total appropriations were \$106.4 million in 2023, are expected to rise to \$123.3 million in 2024 and \$121.8 million in 2025, before declining to \$105.8 million in 2026. From 2027 to 2029, appropriations will stabilize at \$94.2 million annually.

Major Assumptions

The financial statements, operating budgets and capitals budgets are based on the following assumptions²:

- Base parliamentary appropriations of \$96.2 million per year.
- One-time \$50 million funding from Budget 2023 over three government fiscal years ending in 2026 to attract major international conventions, conferences, and events to Canada, hereinafter referenced as ICAF.
- Incremental reductions in parliamentary appropriations from 2024 to 2029 related to the Refocusing Government Spending Initiative, which will result in lower base appropriations of \$94.2 million starting in 2027.
- Collective bargaining process is planned for 2025 as the three-year collective agreement will be due for renewal in June 2025.
- Pension funding requirements are based on the most recent valuations.

² Any changes to these assumptions may impact the projections over the planning periods.

The following financial statements and budgets reflect our legal name, “Canadian Tourism Commission”.

Statement of Financial Position

As at December 31, 2023 to December 31, 2029

| <i>(in thousands of Canadian dollars)</i> | Actual | Estimated | Planned | Planned | Planned | Planned | Planned |
|---|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| | Dec 31, 2023 | Dec 31, 2024 | Dec 31, 2025 | Dec 31, 2026 | Dec 31, 2027 | Dec 31, 2028 | Dec 31, 2029 |
| Financial assets | | | | | | | |
| Cash and cash equivalents | 5,745 | 16,802 | 14,985 | 13,178 | 12,207 | 12,124 | 12,043 |
| Accounts receivable | | | | | | | |
| Partner | 500 | 848 | 840 | 840 | 840 | 840 | 840 |
| Government of Canada | 1,448 | 850 | 850 | 850 | 700 | 700 | 700 |
| Other - Agency Credit | 205 | - | - | - | - | - | - |
| Other | 6 | 6 | 6 | 6 | 6 | 6 | 6 |
| Accrued benefit asset | 2,172 | 2,172 | 2,172 | 2,172 | 2,172 | 2,172 | 2,172 |
| Portfolio investments | 994 | 1,033 | 1,063 | 1,096 | 1,130 | 1,163 | 1,197 |
| | <u>11,070</u> | <u>21,711</u> | <u>19,916</u> | <u>18,142</u> | <u>17,056</u> | <u>17,005</u> | <u>16,958</u> |
| Liabilities | | | | | | | |
| Accounts payable and accrued liabilities | | | | | | | |
| Trade | 16,281 | 11,011 | 12,427 | 10,703 | 9,663 | 9,658 | 9,651 |
| Employee compensation | 2,439 | 2,587 | 2,647 | 2,727 | 2,809 | 2,893 | 2,980 |
| Government of Canada | 807 | 807 | 807 | 807 | 807 | 807 | 807 |
| Accrued benefit liability | 2,330 | 2,250 | 2,200 | 2,150 | 2,100 | 2,050 | 2,000 |
| Deferred revenue | 384 | 669 | 281 | 281 | 281 | 281 | 281 |
| Deferred lease inducements | 188 | 89 | 392 | 314 | 235 | 156 | 78 |
| Asset retirement obligation | 112 | 112 | 112 | 112 | 112 | 112 | 112 |
| | <u>22,541</u> | <u>17,525</u> | <u>18,867</u> | <u>17,094</u> | <u>16,007</u> | <u>15,957</u> | <u>15,909</u> |
| Net financial assets | <u>(11,471)</u> | <u>4,186</u> | <u>1,049</u> | <u>1,048</u> | <u>1,049</u> | <u>1,048</u> | <u>1,049</u> |
| Non-financial assets | | | | | | | |
| Prepaid expenses | 2,653 | 1,676 | 1,676 | 1,676 | 1,676 | 1,676 | 1,676 |
| Tangible capital assets | 931 | 655 | 607 | 488 | 340 | 250 | 237 |
| | <u>3,584</u> | <u>2,330</u> | <u>2,283</u> | <u>2,164</u> | <u>2,016</u> | <u>1,926</u> | <u>1,913</u> |
| Accumulated surplus | <u>(7,887)</u> | <u>6,516</u> | <u>3,332</u> | <u>3,212</u> | <u>3,065</u> | <u>2,974</u> | <u>2,962</u> |

Note: Net financial liabilities for 2023 of \$11.471M is due to a drawdown initiated in 2023 and received subsequent to year end on Jan 4, 2024.

The overall financial position will remain relatively stable throughout the 2025-2029 planning period. However, there is a slight decline in the financial trajectory, most notably due to the one-time ICAF funding from Budget 2023 which will sunset in 2026 and the progressive Refocusing Government Spending initiative which impacts six years from 2024 to 2029 with the greatest impact in the latter four years. The underlying assumptions year-on-year for routine operations remain consistent and aligned to government fiscal directives with key highlights mentioned below.

Assets

Financial assets for 2024 to 2026 are higher relative to the subsequent planning periods, primarily due to one-time, three-year ICAF funding from Budget 2023. The following years stabilize as the one-time funding sunsets. We anticipate a greater base of partnership contributions over the planning period, as we generate alignment to collectively drive transformative growth in Canada's tourism industry.

Liabilities

Consistent with overall assets, liabilities are higher in 2024 to 2026 compared to the remaining planning periods, primarily due to one-time ICAF funding from Budget 2023 and key planned initiatives in 2025, including the implementation of a cybersecurity roadmap. Liabilities stabilize from 2027 to 2029, reflecting activities in the normal course of business as the one-time ICAF funding from Budget 2023 sunsets in 2026. Generally, fluctuations in liabilities are driven by the timing of trade accounts payable, which vary with program activities and one-time events.

Accumulated Surplus

We plan to spend all our appropriations and cash partnership contributions over the next five years, and in addition, show small annual deficits. These deficits represent the amortization of tangible capital assets, any actuarial losses on pension plans and deferred lease inducements. The sum of these expenses and revenues accounts for the entire in-year deficit and is covered by previous years' accumulated surplus. In 2025, we intend to draw slightly over \$3.0 million from the accumulated surplus to fund several critical one-time projects, resulting in a larger in-year deficit for that year.

Statement of Operations

For the years ending December 31

| <i>(in thousands of Canadian dollars)</i> | Actual 2023 | Estimated 2024 | Planned 2025 | Planned 2026 | Planned 2027 | Planned 2028 | Planned 2029 |
|--|-----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Revenues | | | | | | | |
| Partner revenues | 8,753 | 12,115 | 12,000 | 12,000 | 12,000 | 12,000 | 12,000 |
| Interest Income | 1,041 | 705 | 600 | 500 | 500 | 500 | 500 |
| Other | 760 | 596 | 500 | 500 | 500 | 500 | 500 |
| | <u>10,554</u> | <u>13,415</u> | <u>13,100</u> | <u>13,000</u> | <u>13,000</u> | <u>13,000</u> | <u>13,000</u> |
| Expenses | | | | | | | |
| Marketing and sales | 114,824 | 94,646 | 107,600 | 88,982 | 77,132 | 76,856 | 76,572 |
| Insights and analytics | 14,870 | 13,583 | 13,693 | 13,381 | 13,393 | 13,402 | 13,411 |
| Corporate services | 10,999 | 11,102 | 9,093 | 8,788 | 9,018 | 9,193 | 9,373 |
| Destination development | 3,824 | 2,571 | 2,915 | 2,888 | 2,914 | 2,940 | 2,968 |
| Sector advancement ¹ | - | - | 4,522 | 4,657 | 4,721 | 4,787 | 4,855 |
| Amortization of tangible capital assets | 373 | 446 | 260 | 221 | 190 | 132 | 55 |
| | <u>144,890</u> | <u>122,348</u> | <u>138,083</u> | <u>118,917</u> | <u>107,368</u> | <u>107,310</u> | <u>107,233</u> |
| Net Cost of operations before funding from the Government of Canada | (134,336) | (108,933) | (124,983) | (105,917) | (94,368) | (94,310) | (94,233) |
| Parliamentary appropriations | 106,423 | 123,328 | 121,798 | 105,798 | 94,220 | 94,220 | 94,220 |
| Surplus / (Deficit) from operations | <u>(27,913)</u> | <u>14,395</u> | <u>(3,185)</u> | <u>(119)</u> | <u>(148)</u> | <u>(90)</u> | <u>(13)</u> |
| Accumulated operating surplus (deficit), beginning of year | 20,069 | (7,844) | 6,551 | 3,366 | 3,247 | 3,099 | 3,009 |
| Accumulated operating surplus (deficit), end of year | <u>(7,844)</u> | <u>6,551</u> | <u>3,366</u> | <u>3,247</u> | <u>3,099</u> | <u>3,009</u> | <u>2,996</u> |
| Ratio of Operating expenses to Marketing and sales expenses² | 8% | 10% | 9% | 10% | 12% | 12% | 13% |

¹ Sector advancement is introduced for 2025, with funds and functions transferred from Marketing and sales and Corporate services, to support execution of our 2030 Strategy.

² This ratio is pursuant to Treasury Board Secretariat's directive in 2013 that Destination Canada maintain its ratio of operating to marketing expenses to approximately 15%. Operating expenses include expenses for Corporate services and a portion of Sector advancement (government relations, corporate communications and board relations). Marketing and sales expenses include expenses for Marketing and sales, Insights and analytics, Destination development and the remaining portion of Sector advancement (industry engagement and partnerships).

Revenues

Parliamentary Appropriations

Destination Canada's primary funding comes from Government of Canada parliamentary appropriations, which amounted to \$106.4 million in 2023, including the final installment of the \$100 million one-time funding for Helping Visitors Discover Canada from Budget 2021. From 2024 to 2026, funding will increase primarily due to one-time ICAF funding from Budget 2023, which will expire in 2026. However, this increase will be reduced by the progressive Refocusing Government Spending initiative from 2024 to 2026, after which funding levels are expected to stabilize through 2029.

In 2024 to 2029, we will receive the following two sources of appropriations:

- Base funding of \$96.2 million; and
- Incremental funding of \$50 million in 2024 to 2026 (one-time ICAF funding from Budget 2023).

We will also experience a reduction in funding of \$15.6 million due to Refocusing Government Spending targets from 2024 to 2029.

(For a reconciliation of appropriations between the government fiscal year and our calendar fiscal year, please refer to *Reconciliation of Parliamentary Appropriations to Government Fiscal Year*.)

Partner Revenues

Destination Canada continues to leverage the value of appropriated funding by partnering with organizations on marketing campaigns and data platforms to drive the tourism industry. By partnering with provincial and territorial marketing organizations, national, regional and local companies, destination marketers, media, nontraditional partners and tourism associations, we aim to drive transformative growth for our sector through this collective effort in accordance with our 2030 Strategy.

We are committed to strengthening partner alignment and growing partnership contributions, as evidenced by the increase in 2024, following the successful launch of the Canadian Tourism Data Collective. This focus will remain a priority throughout the upcoming planning periods.

Expenses

Expenses are higher in 2023 to 2026 mainly due to greater investments in programs supported by the one-time \$100 million funding from Budget 2021 (final increment in 2023) and one-time \$50 million ICAF funding from Budget 2023 (final increment in 2026). In 2027 to 2029, expenses retract to levels closer to base appropriation funding.

Over the planning periods, the ratio of operating to marketing costs is expected to remain within the 15% threshold as directed by the Treasury Board Secretariat in 2013. We will manage this metric efficiently throughout the 2025-2029 planning cycle, including the years when appropriations will decrease to base levels.

Programs

Shifts in annual parliamentary appropriations and partner revenues have a direct impact on program spending levels and percentages, which we will manage through thoughtful planning and strategic pivoting within the operating environments.

To further support industry competitiveness and engagement, the business unit Sector Advancement was formed for 2025 by transferring existing staff and budgets from other functions. Sector Advancement's mandate is to support Canada's commitment to tourism, advance sector competitiveness, and expand sector knowledge of regenerative practices in sustainability and indigenous tourism opportunities through our connection with our industry, sector associations, and small and medium-sized enterprises who deliver visitor experiences and the destinations that host our guests.

Corporate Services

Planned 2025 operations include the implementation of human resources training and development for AI implementation, a stronger cybersecurity posture, enhancement of internal controls, and optimization of operational processes and systems for greater efficiency. In addition, the collective bargaining process is planned for 2025 as the three-year collective agreement will be due for renewal. For the remaining planning periods through to 2029, expenses will stabilize as there are no significant new planned investments.

Amortization

Amortization of tangible capital assets is the accounting of assets including leasehold improvements, computer assets and office furniture, to reflect their value over time as they are utilized. These assets are amortized in accordance with our policy.

Statement of Remeasurement Gains and Losses

For the years ending December 31

| <i>(in thousands of Canadian dollars)</i> | Actual 2023 | Estimated 2024 | Planned 2025 | Planned 2026 | Planned 2027 | Planned 2028 | Planned 2029 |
|---|----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Accumulated remeasurement gains (loss), beginning of year | (69) | (43) | (35) | (35) | (35) | (35) | (35) |
| Unrealized loss attributable to foreign exchange | (43) | (35) | (35) | (35) | (35) | (35) | (35) |
| Amounts reclassified to the statement of operations | 69 | 43 | 35 | 35 | 35 | 35 | 35 |
| Net remeasurement loss for the period | 26 | 8 | - | - | - | - | - |
| Accumulated remeasurement loss, end of year | (43) | (35) | (35) | (35) | (35) | (35) | (35) |

Statement of Change in Net Financial Assets

For the years ending December 31

| <i>(in thousands of Canadian dollars)</i> | Actual 2023 | Estimated 2024 | Planned 2025 | Planned 2026 | Planned 2027 | Planned 2028 | Planned 2029 |
|---|----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Surplus (Deficit) for the year | (27,913) | 14,395 | (3,185) | (119) | (148) | (90) | (13) |
| Acquisition of tangible capital assets | (549) | (170) | (212) | (102) | (42) | (42) | (42) |
| Amortization of tangible capital assets | 373 | 446 | 260 | 221 | 190 | 132 | 55 |
| | (176) | 276 | 48 | 119 | 148 | 90 | 13 |
| Effect of change in other non-financial assets | | | | | | | |
| Decrease in prepaid expenses | 705 | 977 | - | - | - | - | - |
| | 705 | 977 | - | - | - | - | - |
| Net remeasurement loss | 26 | 8 | - | - | - | - | - |
| Increase (decrease) in net financial assets | (27,358) | 15,657 | (3,137) | - | - | - | - |
| Net financial assets, beginning of period | 15,887 | (11,471) | 4,186 | 1,049 | 1,049 | 1,049 | 1,049 |
| Net financial assets, end of period | (11,471) | 4,186 | 1,049 | 1,049 | 1,049 | 1,049 | 1,049 |

Statement of Cash Flows

For the years ending December 31

| <i>(in thousands of Canadian dollars)</i> | Actual 2023 | Estimated 2024 | Planned 2025 | Planned 2026 | Planned 2027 | Planned 2028 | Planned 2029 |
|---|----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Operating transactions: | | | | | | | |
| Cash received from: | | | | | | | |
| Parliamentary appropriations used to fund operations and capital transactions | 106,423 | 123,328 | 121,798 | 105,798 | 94,220 | 94,220 | 94,220 |
| Partners | 9,476 | 12,052 | 11,620 | 12,000 | 12,000 | 12,000 | 12,000 |
| Other | 661 | 497 | 803 | 422 | 421 | 421 | 422 |
| Interest | 1,041 | 705 | 600 | 500 | 500 | 500 | 500 |
| | 117,601 | 136,582 | 134,822 | 118,721 | 107,142 | 107,142 | 107,143 |
| Cash paid for: | | | | | | | |
| Cash payments to suppliers | (119,774) | (105,691) | (116,248) | (99,658) | (86,682) | (85,156) | (84,497) |
| Cash payments to and on behalf of employees | (18,827) | (19,632) | (20,148) | (20,733) | (21,354) | (21,993) | (22,651) |
| Cash (used in) provided by operating transactions | (21,000) | 11,259 | (1,574) | (1,671) | (894) | (7) | (5) |
| Capital transactions: | | | | | | | |
| Acquisition of tangible capital assets | (549) | (170) | (212) | (102) | (42) | (42) | (42) |
| Cash used in capital transactions | (549) | (170) | (212) | (102) | (42) | (42) | (42) |
| Investing transactions | | | | | | | |
| (Acquisition) redemption of portfolio investments | (338) | (39) | (30) | (34) | (34) | (33) | (33) |
| Redemption of portfolio investments | 195 | | | | | | |
| Cash (used in) provided by investment transactions | (143) | (39) | (30) | (34) | (34) | (33) | (33) |
| Net remeasurement loss for the year | 26 | 8 | - | - | - | - | |
| Net increase (decrease) in cash during the year | (21,666) | 11,058 | (1,816) | (1,806) | (969) | (82) | (80) |
| Cash and cash equivalents, beginning of year | 27,411 | 5,745 | 16,802 | 14,985 | 13,178 | 12,207 | 12,124 |
| Cash and cash equivalents, end of year | 5,745 | 16,802 | 14,985 | 13,178 | 12,207 | 12,124 | 12,043 |

Reconciliation of Parliamentary Appropriations to Government Fiscal Year

For the years ending December 31

(in thousands of Canadian dollars)

| | Actual 2023 | Estimated 2024 | Planned 2025 | Planned 2026 | Planned 2027 | Planned 2028 | Planned 2029 |
|---|----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Amounts provided for operating and capital expenditures | | | | | | | |
| Amounts voted: in the prior year | | | | | | | |
| Main estimates | 156,160 | 111,153 | 115,968 | 115,029 | 94,220 | 94,220 | 94,220 |
| Supplementary estimates | 66 | 11,509 | - | - | - | - | - |
| Less: portion recognized in prior year | (121,579) | (71,776) | (72,442) | (78,272) | (69,041) | (69,041) | (69,041) |
| Amounts recognized in current year | 34,647 | 50,886 | 43,525 | 36,757 | 25,179 | 25,179 | 25,179 |
| Amounts voted: in the current year | | | | | | | |
| Main estimates | 111,153 | 115,968 | 115,029 | 94,220 | 94,220 | 94,220 | 94,220 |
| Less: portion to be recognized in following year | (39,377) | (43,525) | (36,757) | (25,179) | (25,179) | (25,179) | (25,179) |
| Amounts recognized in current year | 71,776 | 72,442 | 78,272 | 69,041 | 69,041 | 69,041 | 69,041 |
| Parliamentary appropriations used for operations and capital in the year | 106,423 | 123,328 | 121,798 | 105,798 | 94,220 | 94,220 | 94,220 |

Operating Budget

For the years ending December 31

| <i>(in thousands of Canadian dollars)</i> | Actual 2023 | Planned 2023 | Variance | Estimated 2024 | Planned 2024 | Variance | Planned 2025 |
|--|------------------|------------------|-----------------|-------------------|------------------|----------------|------------------|
| Partnership contributions | 8,753 | 4,000 | 4,753 | 12,115 | 7,000 | 5,115 | 12,000 |
| Interest Income | 1,041 | 500 | 541 | 705 | 500 | 205 | 600 |
| Other | 760 | 750 | 10 | 596 | 600 | (4) | 500 |
| Operating costs: | | | | | | | |
| Marketing and sales | 114,824 | 111,456 | 3,368 | 94,646 | 88,096 | 6,550 | 107,600 |
| Insight and analytics | 14,870 | 14,439 | 431 | 13,583 | 11,673 | 1,910 | 13,693 |
| Corporate services | 11,097 | 10,987 | 110 | 11,200 | 10,547 | 653 | 9,093 |
| Destination development | 3,824 | 4,312 | (488) | 2,571 | 2,800 | (229) | 2,915 |
| Sector Advancement | - | - | - | - | - | - | 4,522 |
| | 144,615 | 141,194 | 3,421 | 122,000 | 113,116 | 8,884 | 137,823 |
| Net cost of operations | (134,061) | (135,944) | 1,883 | (108,585) | (105,016) | (3,569) | (124,723) |
| Funded by: | | | | | | | |
| Parliamentary appropriations | 106,423 | 121,825 | (15,402) | 123,328 | 105,017 | 18,311 | 121,798 |
| | | | | | | - | |
| Net surplus / (deficit) | (27,638) | (14,119) | (13,519) | 14,743 | 1 | 14,742 | (2,925) |
| Adjustments for accrual basis | (275) | (249) | - | (348) | (182) | - | (260) |
| Net surplus / (deficit) - accrual basis | (27,913) | (14,368) | (13,545) | 14,395 | (182) | 14,577 | (3,185) |

In 2024, Destination Canada released our 2030 Strategy, with Sector Advancement as a key driver, emphasizing industry competitiveness, engagement and collaboration. In 2025, existing resources and funding were reallocated to support the execution of the strategy under this important driver.

Additionally, we have built strong momentum in generating partner interest in contributing to market campaigns, business events and analytics initiatives. We expect this momentum to continue through 2025 and beyond as we remain focused on these efforts.

Capital Budget

For the years ending December 31

| <i>(in Canadian dollars)</i> | Actual 2023 | Estimated 2024 | Planned 2025 | Planned 2026 | Planned 2027 | Planned 2028 | Planned 2029 |
|--|----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Tangible capital assets | | | | | | | |
| Leasehold improvements and decommissioning | - | 50,000 | 25,000 | - | - | - | - |
| Office furniture | 317,000 | 25,000 | 87,000 | 7,000 | 7,000 | 7,000 | 7,000 |
| Computer equipment and software | 232,000 | 95,000 | 100,000 | 95,000 | 35,000 | 35,000 | 35,000 |
| Total | 549,000 | 170,000 | 212,000 | 102,000 | 42,000 | 42,000 | 42,000 |

The 2023 year reflected capital investment in computer equipment and software to enable staff to work efficiently both from home and from the office in our hybrid working environment, and investment in our branded assets for use at our major events and tradeshow.

In 2024 and 2025, we anticipate relocation expenditures to maintain core operations. No additional investments are planned at this time for future periods beyond routine expenditures.

Actual and Forecasted Expenditures for Travel, Hospitality and Conferences

For the years ending December 31

| (in Canadian dollars) | Actual 2023 | Estimated 2024 | Planned 2025 | Planned 2026 | Planned 2027 | Planned 2028 | Planned 2029 |
|--------------------------------|----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Travel | | | | | | | |
| Operational activities | 4,778,587 | 4,944,547 | 4,498,695 | 3,479,092 | 3,479,092 | 3,479,092 | 3,479,092 |
| Key stakeholders | 74,041 | 76,612 | 69,704 | 53,906 | 53,906 | 53,906 | 53,906 |
| Internal Governance & Training | 240,814 | 249,177 | 226,709 | 175,327 | 175,327 | 175,327 | 175,327 |
| Hospitality | 1,050,714 | 1,087,205 | 989,171 | 764,981 | 764,981 | 764,981 | 764,981 |
| Conferences | 107,920 | 111,668 | 101,599 | 78,572 | 78,572 | 78,572 | 78,572 |
| Total | 6,252,076 | 6,469,210 | 5,885,878 | 4,551,878 | 4,551,878 | 4,551,878 | 4,551,878 |

Consistent with our 2023 Annual Report which included the reporting of travel, hospitality and conference expenditures pursuant to the Treasury Board Secretariat's *Directive on Travel, Hospitality, Conference and Event Expenditures*, this section reports on actual, estimated and planned expenditures. Such expenditures incurred are related to activities in support of our mandate to promote the interests of the tourism industry in Canada and to market Canada as a top destination for international travellers.

Planned Budget 2023 Spending Reductions

For the years ending December 31

| <i>(in Canadian dollars)</i> | Actual 2023 | Estimated 2024 | Planned 2025 | Planned 2026 | Planned 2027 | Planned 2028 | Planned 2029 |
|------------------------------|----------------|-------------------|-----------------|-----------------|-----------------|-----------------|-----------------|
| Type of spending | | | | | | | |
| Operating | n.a. | 894,000 | 1,868,000 | 3,202,000 | 3,202,000 | 3,202,000 | 3,202,000 |
| Total | n.a. | 894,000 | 1,868,000 | 3,202,000 | 3,202,000 | 3,202,000 | 3,202,000 |

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

Significant Accounting Policies

These financial statements have been prepared in accordance with Canadian public sector accounting standards ("PSAS") and reflect our legal name, "Canadian Tourism Commission". Significant accounting policies are as follows:

a) **Parliamentary Appropriations**

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

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

The Commission 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. When restricted appropriations recognized exceed the restricted funding received, the amount will be included in the parliamentary appropriations receivable balance.

The Commission does not have the authority to exceed approved appropriations.

b) **Partner Revenues**

The Commission conducts marketing activities in partnership with a variety of Canadian and foreign organizations. Where the Commission assumes the financial risks of conducting a marketing activity, contributions received from a partnering organization are recognized in income over the effective life of the contract or when the event has taken place. Partner revenues received for which the related marketing activity has not yet taken place are recognized as deferred revenue.

c) **Other Revenues**

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

d) **Foreign Currency Translation**

Monetary assets and monetary liabilities denominated in foreign currencies are translated into Canadian dollars at the applicable year-end exchange rate. Non-monetary assets and non-monetary liabilities denominated in foreign currencies are translated into Canadian dollars at historical exchange rates. Revenue and expense items are translated during the year at the exchange rate in effect on the date of the transaction. Amortization expenses of tangible capital assets are translated at historical rates to which the assets relate. Realized gains and losses are considered operating expenses and are included in the Statement of Operations as Corporate services. Unrealized gains and losses are reported on the Statement of Remeasurement Gains and Losses and in the Statement of Change in Net Financial Assets. The Commission does not hedge against the risk of foreign currency fluctuations.

e) **Cash and Cash Equivalents**

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

f) **Portfolio Investments**

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

g) Prepaid Expenses

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

h) Tangible Capital Assets

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

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

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

Intangible assets are not recognized in these financial statements.

i) Deferred Revenue

Deferred revenue consists of revenue from partnering organizations and restricted appropriations received from the Government of Canada. When revenues are received from partnering organizations, they are recognized as deferred revenue until the event has taken place or recognized as partner revenue over the effective life of the contract. When restricted appropriations are received from the Government of Canada, they are recognized as deferred revenue until the criteria and stipulations are met that gave rise to the liability.

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 costs to restore leasehold improvements for various office leases. The Commission recognizes asset retirement obligations as a result of legal obligations to restore leased office spaces back to their original states at the end of the lease term. Asset retirement obligations are measured using undiscounted future cash flows 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 and is included as amortization expense in Corporate services.

l) Employee Future Benefits

The Commission offers a number of funded and unfunded defined benefit pension plans, other unfunded defined benefit plans (which include post-employment benefits, post-retirement benefits and non-vested sick leave), as well as defined contribution pension plans. The 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 has been closed effective December 30, 2017 and benefits and service of plan participants were frozen as of that date. The Commission funds certain pension plans annually based on actuarially determined amounts needed to satisfy employee future benefit entitlements under current benefit regulations. Cost of living adjustments are automatically provided for retirees in accordance with Consumer Price Index increases.

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

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

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

Actuarial gains and losses are amortized over expected average remaining service lifetime ("EARSL") of active employees. If no active employees are remaining, actuarial gains and losses are amortized fully in the next fiscal year. For 2023, EARSL has been determined to be 0 years (0 years – 2022) for the Supplementary Retirement Plan for certain employees of the Commission ("SRP"), 12.4 years (12 years – 2022) for the Pension Plan for Employees of the Commission in Japan, South Korea and China ("WWP"), 0 years (0 years – 2022) for non-pension post-retirement benefits, 14 years (14 years – 2022) for severance benefits and 14 years (14 years – 2022) for sick leave benefits.

Employees working in the UK participate in the Global Affairs Canada defined benefit pension plans administered by the Government of Canada. The assets of these plans cannot be allocated among participating employers, and as such, these plans are deemed "multiemployer" plans and accounted for as defined contribution plans. The Commission's contributions to these plans reflect the full benefit cost of the employer. These amounts vary depending upon the plan and are based on a percentage of the employee's gross earnings. Contributions may change over time depending on the experience of the plans since the Commission is required under present legislation to make adjustments for the rate of contributions to cover any actuarial deficiencies of these plans. Contributions represent the total pension obligations of the Commission for these employees and are charged to operations during the year in which the services are rendered.

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

m) Financial Instruments

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

n) Measurement Uncertainty

The preparation of financial statements in accordance with 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, contingencies, accrued liabilities and partner revenues. There is uncertainty regarding partner revenue recognized as management may not be able to estimate if all performance obligations have been satisfied at the date of the financial statements.

o) Related Party Transactions

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

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

p) Partnership Contributions In-kind

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

q) Inter-entity Transactions

Inter-entity transactions are transactions between commonly controlled entities. The Commission records inter-entity transactions at the exchange amount except for the following:

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

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

APPENDIX E: RISK MANAGEMENT

Overview

Background

As part of good governance, we regularly assess the risks which may impact our ability to meet our objectives as well as those macro risks which may impact the broader tourism sector.

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

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

- Regular workshops with senior management to identify potential risks and mitigating activities, and evaluate the impact and likelihood of risks; and
- Discussions with senior management to agree on final risk rankings, mitigating actions and risk categories (Macro, Sector, Corporate Strategic and Corporate Operational).

Approach and Criteria

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

- We assess our **risk appetite** in terms of the amount and type of risk we are willing to accept in pursuit of our business objectives.
- We determine our **risk tolerance** which reflects our risk appetite at the specific risk level.
- We have developed a 5-point scale to **evaluate the impact and likelihood of our strategic risks**. The risk rating descriptions and rating criteria are provided in the following table. Consistent with best practices identified by our external consultant, we evaluate and report risks on a “residual risk” basis, (i.e. after considering mitigating activities). Reporting residual risk is considered appropriate, given the level of understanding of our risks required by our internal and external stakeholders in the development of our strategic objectives, the maturity of our ERM process, and the size of our organization. Inherent risk is considered in the development of our risk-based internal audit plan.

Risk Monitoring

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

Destination Canada maintains a low appetite for financial, legal, regulatory and governance risks, prioritizing compliance and sound financial stewardship. We accept moderate risks in operations and program delivery to adapt to changes and capitalize on emerging tourism trends. While we have a high tolerance for macroeconomic risks beyond our control, we remain focused on leveraging opportunities that align with our mandate to enhance tourism's contributions to Canada's wealth and wellbeing.

Risk Rating Description and Scoring Criteria

When performing our formal risk evaluation, we use the following 5-point scale to evaluate the impact and likelihood of risks occurring residually, after considering our mitigation activities:

| IMPACT RATING | DESCRIPTION | LIKELIHOOD RATING | DESCRIPTION |
|---------------|--|-------------------|--|
| High | The risk would have a significant negative impact with material consequences to Destination Canada (e.g. complete inability to function) and our customers, shareholder / stakeholder relations, budget and financial operations, internal operations and learning and growth. | High | There is an almost certain likelihood the risk would occur (90% or greater). There is potential for the risk to occur in the next 12 months. |
| Medium-high | The risk would have a negative impact on Destination Canada. Consequences would limit our ability to function effectively and efficiently. | Medium-high | It is likely the risk would occur (less than 90%). It is possible the risk could occur in 1-2 years. |
| Medium | The risk would have a negative impact on Destination Canada. Consequences would impact our ability to function effectively and efficiently. | Medium | There is a reasonable chance the risk would occur (60% or greater). It is possible that the risk could occur in 3-5 years. |
| Low-medium | The risk would have a minimal impact on Destination Canada. Consequences would be minor or restorable. | Low-medium | It is unlikely that the risk would occur (less than 20%). It is not likely the risk would occur in 5-10 years. |
| Low | The risk would have an insignificant impact on Destination Canada. | Low | It is extremely unlikely that the risk would occur (less than 10%). The risk is not likely to occur in 10+ years. |






Risks and Risk Responses

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

- Economic – This lens includes changes in macroeconomic conditions, such as supply chain disruptions, recessionary or inflationary conditions, geopolitics and major global events, which could negatively impact business strategies, operations and investments.
- Environmental – This lens includes monitoring climate change, reducing emissions and supply chain sustainability.
- Social – This examines how the business manages socio-cultural aspects such as labour relations, diversity and inclusion.
- Governance – This assesses leadership, internal controls and ethics to promote greater accountability and transparency.

Destination Canada is operating in a dynamic and ever-changing environment. This landscape is marked by rapid shifts in international markets, unpredictable economic conditions, intricate interdependencies, and evolving trends. To successfully navigate these challenges and seize opportunities within the tourism sector, our management team, with the support of the Board, is continually monitoring the external environment for risks that may impact the organization.

The following overview highlights key Corporate Strategic risks and our proactive responses as part of our ongoing ERM processes. These risks will continue to be monitored and updated throughout the year. The complexities of the tourism sector are influenced by macroeconomic and industry risk factors that often lie beyond our direct control. We are committed to helping to mitigate these risks for our industry and our corporation through strategic use of resources and relationships. Our focus remains on agility and resilience, enabling us to adapt effectively as external factors shift. Despite our best efforts and the successful implementation of mitigation strategies, we acknowledge that external factors may still result in high residual risk ratings.

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

Our *Tourism 2030: A World of Opportunity* strategy will chart a path to sustainable growth to achieve our sector's full economic potential and generate as much as \$160 billion in annual revenue by 2030. However, economic risks may arise from factors that adversely affect Canada's ability to attract visitors, including global conflicts.

Overall Summary: There is a risk that the global economy, along with the markets where we invest, could face heightened uncertainty due to factors such as economic instability, trade disruptions and political changes, all of which could impact travel to and within Canada. Additionally, Canada could face competition from well-resourced international countries vying for travellers, while within Canada, Destination Canada could be competing with other sectors for limited labour and investment dollars. Continued economic uncertainty and a shifting geopolitical and policy environment are creating volatility that could reduce visitor numbers, lead to economic losses for the sector and impact how Destination Canada operates.

Mitigation Summary: Our efforts are focused on elevating the international competitiveness of Canada's tourism sector. In collaboration with provincial, territorial and municipal partners, we have concentrated our initiatives around seven key areas to synchronize activities, efficiently allocate resources, and enhance return on investment. Utilizing advanced research and data analytics, we have strategically targeted the most advantageous opportunities for Canada in the global market. Responsive to evolving conditions, we have adjusted our financial allocations accordingly. We have also empowered the industry by providing guidance on key elements of global competitiveness and navigating technological advancements, supplying valuable media resources, creating sales opportunities, and investing in research and analytics to support strategic decision-making.

Key risks that we are monitoring and mitigating are:

- **Inbound Tourism Market**

There is a risk that an adverse shock, whether geopolitical or policy-related, in a major source market could disproportionately affect inbound tourism due to visitor concentration. We will mitigate this by utilizing advanced forecasting and economic modeling tools to adjust market allocations and quickly respond to such shocks throughout the year.

- **Resource Constraints**

There is a risk that we will not have appropriate human and/or financial resources to achieve growth and long-term industry resilience, exacerbated by the impact of continuing fiscal pressures (e.g., inflation, fiscal constraint). We will mitigate this by implementing our strategy to chart a path to achieve our sector's full economic potential and generate from \$140 billion to \$160 billion in annual revenue by 2030, collaborating with our provincial, territorial and destination marketing partners, adding productivity tools and systems to enhance the capacity of employees and partners, and more.

- **Technology Disruption**

There is a risk that Destination Canada and the tourism sector may be unprepared for disruption in technology, such as AI, in both marketing and daily operations, potentially leading to a decline in Canada's global tourism competitiveness. We will mitigate this by collaborating with leading technology partners to overcome barriers, enhance our knowledge, and seize opportunities for implementation within our sector, including leveraging generative AI to transform our marketing strategies and operations.

Furthermore, we face financial risks stemming from our dependence on government funding, global market fluctuations. A key financial risk that we are monitoring and mitigating is:

- **Media Inflation**

Rising media costs could reduce the effectiveness and reach of our advertising campaigns. We will mitigate this by working with our media agency to leverage scale and buying power, ensure media efficiency using advanced analytics and AI, explore innovative opportunities with global partners, and use segmentation to target our highest potential guests.

ENVIRONMENTAL

2023



2024



One of the key principles of our strategy is to support a regenerative approach to tourism growth and development. This means growing economic prosperity with environmental stewardship and socio-cultural benefits. By promoting regenerative practices, we'll maintain visitor trust, protect local communities, and preserve the natural and cultural treasures that define tourism in our country.

Overall Summary: There is a risk that our operations, and that of our tourism and travel industry, and the country at large, could be perceived negatively in terms of environmental sustainability and responsibility. Further, the effects of climate change could also negatively influence travellers' perception of the health and safety of our country. Both have the potential to cause reputational damage, loss of shareholder confidence and/or reduced tourism in Canada, creating a negative impact on the tourism assets that are being promoted.

Mitigation summary: Our approach to destination development prioritizes principles that are rooted in local community leadership, environmental stewardship and economic sustainability. This strategy has effectively helped to reduce potential adverse effects on the tourism locations we support. We are examining the impacts of climate change on tourism and building out a more robust disaster response together with our partners. Our commitment to sustainability is underscored by our efforts to reduce the environmental footprint of our activities, along with our promotion of the Global Destination Sustainability Index measures for hosting business events, wherein Canada boasts the highest participation of cities worldwide. Additionally, we have made significant strides in collaboration with UN Tourism towards enhancing sustainability metrics within the tourism sector.

A key risk that we are monitoring and mitigating is:

- **Climate Change**

Climate change effects, such as wildfires and floods, could negatively impact Canada's appeal as a travel destination and reduce our capacity to accommodate travellers during high-risk periods. We will support the sector's crisis response, maximize tourism's economic benefits year-round, and work with airlines and industry partners to promote seasonal and regional dispersion of visitors, enhancing resilience against climate-related challenges.

SOCIAL

2023



2024



The Social risk lens encompasses our diversity, equity and inclusion initiatives at both an organizational and sector level. These considerations include labour practices, Indigenous reconciliation, and our ability to consider how tourism contributes to the wealth and wellbeing of Canadians. As well, social risks extend into public and policy support for tourism.

Overall Summary: There is a risk that our operations and tourism promotion activities do not consider all stakeholders and are not equitable towards all affected peoples and local communities. There is a further risk that the workload challenges of recent years negatively impact the mental health of our employees.

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

A key risks that we are monitoring and mitigating is:

- **Public and Policy Support**

There is a risk that we may not effectively strengthen Canadians' positive perceptions of tourism, leading to weaker community support, less favorable policies, and diminished visitor experiences. We will mitigate this by working to deepen Canadians' pride in their communities and their desire to host visitors by sharing expert insights and creating a more supportive policy environment where tourism can thrive.



As a federal Crown corporation, we strive to uphold the highest standards of governance and accountability, enabling us to effectively promote Canada as a premier destination while adhering to all applicable legal and regulatory requirements.

Overall Summary: There is a risk that our corporate governance structure does not reflect fair and equitable practices while our activities do not respond to the rapidly changing global business environment, leading to lower overall organizational effectiveness, efficiency and compliance.

Mitigation Summary: We conducted scenario planning to align our strategy and governance with future industry conditions. Our Board, composed of expert leaders, guides strategic adjustments to meet rapid changes. We identify needed board expertise to support the Government of Canada's recruitment efforts and to reflect the diversity of Canada, while offering ongoing professional development for board members. Through broad industry consultation, we developed a robust business strategy, strengthened risk management, and implemented internal policies and audits. Additionally, we benchmarked performance, evaluated progress and fortified information technology (IT) controls to guard against contemporary cybersecurity risks.

Key risks that we are monitoring and mitigating are:

- **Cybersecurity**

There is a risk that increasing cyber threats could compromise our systems, leading to potential data breaches, operational disruptions, and loss of stakeholder trust. We mitigate this risk by having established cybersecurity and IT consulting rosters to quickly address incidents and adapt to legislative changes. We will enhance cybersecurity by implementing robust protocols, conducting regular audits, and training staff to respond to threats. We'll also collaborate with government and industry partners to stay ahead of emerging threats and ensure system security.

- **Oversight by a Volunteer Board of Directors**

There is a potential risk that Destination Canada may face challenges in maintaining a highly committed and skilled Board of Directors due to the current lack of remuneration for independent directors who volunteer substantial time and must absorb the impacts to their own employers. Independent directors dedicate significant time to board and committee duties and represent Destination Canada at various industry events. Competition is fierce for senior expertise with the qualifications to support strong governance and business knowledge. Destination Canada's Board of Directors is unique among Crown corporations in not having fees affixed for Directors' public service by the Governor in Council. This also presents a public affairs risk, potentially drawing negative attention and conflicting with the government's focus on equity and inclusion. Attracting and retaining board members with the necessary qualifications and experience could become more difficult. We will work to mitigate this risk through ongoing communication between the Board Chair and the Minister.

APPENDIX F: COMPLIANCE WITH LEGISLATIVE AND POLICY REQUIREMENTS

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

Responsible Use of AI

Generative AI tools offer many potential benefits to organizations, and the Government of Canada encourages federal institutions to explore potential uses of such tools for supporting and improving their operations while effectively managing associated risks. Federal guidance puts forward principles for using generative AI tools responsibly and offers policy considerations and best practices. Aligned with this guidance, we are harnessing the benefits of AI while ensuring that AI applications are safe, ethical and aligned with our strategic goals.

Employment Equity Act

Destination Canada is committed to identifying and eliminating employment barriers against persons in designated groups, in accordance with the *Employment Equity Act*. Our actions in this regard include collecting information and conducting an analysis of our workforce to determine the degree of the underrepresentation of persons in designated groups, conducting a review of our employment systems, policies and practices in order to identify employment barriers, and preparing an employment equity plan that specifies policies, practices, goals and measures we will take to correct underrepresentation. Our 2023 employment equity reporting shows that, for our Canadian workforce, women comprise 77% and members of visible minority groups comprise 36%.

In addition, the Government of Canada is committed to raising awareness of pay gaps experienced by members of designated employment equity groups via the Pay Transparency Initiative. To support this initiative, since January 2021, Destination Canada has been reporting salary data to show aggregated wage gap information. This data supports the federal government's concerted effort to report nationally aggregated data to keep the public informed and employers accountable for their practices, while highlighting and encouraging those that are leading in equitable practices.

Pay Equity Act

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

Fighting Against Forced Labour and Child Labour in Supply Chains Act

The *Fighting Against Forced Labour and Child Labour in Supply Chains Act* came into force on January 1, 2024. Under this Act, any government institution producing, purchasing or distributing goods must annually report on the steps it is taking to prevent and reduce the risk of forced labour or child labour in its procurement processes. In May 2024, we submitted our report for 2023 in accordance with this Act.

In 2023, we conducted a detailed and systematic review of all our policies, including our Code of Ethics. In-market agencies must adhere to this Code of Ethics and uphold the highest ethical standards when fulfilling their respective contracts. Their use of third-party vendors is also restricted. In addition, as a regular practice, our vendors are required to comply with applicable federal and provincial laws, including the *Fighting Against Forced Labour and Child Labour in Supply Chains Act*.

In 2024, we began the process of identifying risks of forced labour and child labour in our activities and supply chains, and will look to improve business processes to mitigate any identified risks. Also, later in the year, staff will be trained on the Act to increase awareness and support for the Government of Canada's strategy to address and eradicate exploitative practices from their supply chains.

Canadian Human Rights Act and Canada Labour Code

The *Canadian Human Rights Act* and the *Canada Labour Code* form the basis of our Workplace Harassment and Violence Prevention Policy. This policy supports our commitment to provide a positive work environment that promotes the respect and dignity of all our team members. It is important for our employees to feel safe and free from harassment, discrimination and bullying at work. In 2024, we jointly reviewed and updated our policy with the Workplace Committee and provided training to all employees.

Conflict of Interest Act

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

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

Official Languages Act

We are committed to ensuring that our activities align with federal policy instruments pertaining to official languages, including the *Official Languages Act*, the *Official Languages (Communications with and Services to the Public) Regulations*, the Treasury Board Secretariat of Canada's *Policy on Official Languages* and related directives.

We prepare and submit annual reports to the Treasury Board Secretariat and Canadian Heritage on our efforts to comply with our obligations under the *Official Languages Act*. Our last report was submitted in June 2024 for the 2023-2024 government fiscal year.

To further align with the spirit of the *Official Language Act* and to foster the linguistic duality of Canada, in 2024, we completed a review of our official languages obligations within the context of our unique business and operating environments. This resulted in us refreshing our internal official languages policy and developing an operations guide to assist staff in better understanding their official languages responsibilities. Both of these steps are helping to foster an increased understanding and respect for Canada's official languages, reinforce to our staff the equal status of English and French in Canada, and ensure compliance with the obligations placed on Destination Canada as a Crown corporation.

Access to Information Act and Privacy Act (ATIP)

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

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

Also in 2023, the Government of Canada issued a directive to applicable government institutions to consistently provide Canadians with complete, accurate and timely government information in the form of proactive publications. We prepare and submit annual reports to Parliament on the administration of both Acts. Our last reports were submitted in August 2024 for the 2023-2024 government fiscal year and were aligned with the Directive on Proactive Publication under the *Access to Information Act*.

Directive on Travel, Hospitality, Conference and Event Expenditures

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

Trade Agreements

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

APPENDIX G: SUPPORT FOR GOVERNMENT PRIORITIES AND DIRECTION

Federal Tourism Growth Strategy

Launched in July 2023, the Government of Canada's strategy entitled *Canada 365: Welcoming the World. Every Day. The Federal Tourism Growth Strategy* establishes a vision to harness the power of tourism to generate economic growth in communities across the country and to drive the sector to the next level of international success by 2030. It sets an active and intentional approach to tourism and concentrates on actions designed to build for the future.

Destination Canada's own strategy, *Tourism 2030: A World of Opportunity*, is closely aligned with the *Federal Tourism Growth Strategy* and supports the federal goals and priorities through myriad programs and partnerships we deploy in Canada and around the world. We are working towards the federal goal of Canada becoming a top 7 global tourism destination, we are partnering to grow Indigenous tourism, we have established a program designed to attract more international events, we embrace recreation and the great outdoors in our marketing, we are helping to attract investment in tourism assets, we have stood up a centralized and industry-accessible platform for tourism data, and we are helping to bolster the economic competitiveness of our sector by supporting the work, together with the department of Innovation, Science and Economic Development Canada, of the Ministerial Tourism Council.

Digital Government Innovation

The Government of Canada is actively advancing its digital government innovation agenda to modernize and enhance the delivery of services to Canadians. Aligned with this priority, Destination Canada has long been embracing innovative technologies and data-driven approaches to advance Canada's competitiveness in the global tourism market. We leverage AI to process and analyze large volumes of tourism data – such as through the Data Collective – to derive more accurate market insights and aid in decision-making for the industry. AI is used to better understand traveller behaviour and preferences that help to produce more targeted and effective marketing campaigns. Additionally, AI has been pivotal in helping to streamline workflows and improve quality control, while also enhancing our forecasting ability so that we plan and allocate resources more effectively.

Cybersecurity

Over the last few decades, organizations have become increasingly reliant on the digital world to support their programs and operations. To protect information and assets and to ensure business continuity, there is a need to continuously strengthen safeguards and procedures that detect, disrupt and prevent cyber threats.

In May 2024, the Government of Canada released its first Enterprise Cyber Security Strategy to quickly and effectively combat cyber threats and address vulnerabilities across the government's digital estate. Aligned with this strategy, we have adopted a cybersecurity plan that balances risk and reward while prioritizing reputation and business enablement. Key initiatives include

simplifying our IT systems, reducing administrative burdens, and enhancing the user experience through centralization and cloud adoption. We are in the process of transitioning from a hub-and-spoke architecture to a more reliable, resilient and standardized data-centric approach. Our plan also emphasizes phasing out legacy systems in favor of modern, cost-effective solutions to improve security capabilities and system reliability.

Greening Government Strategy

Our strategy is premised on adopting a regenerative approach to tourism growth – acting to preserve, improve and repair our environment while also producing net benefits in economic and socio-cultural terms. With this in mind, Destination Canada is committed to environmental sustainability and to fostering a more resilient and eco-conscious tourism industry.

Aligned with the Government of Canada's *Greening Government Strategy*, we have joined the Crowns Corporations Greening Community of Practice, have joined the Government of Canada's *Net-Zero Challenge* to transition to a cleaner, prosperous economy, and have signed on to UN Tourism's Glasgow Declaration to accelerate climate action in tourism. In support of both of these commitments, we continue to measure our global corporate carbon footprint and are developing a climate action plan to identify concrete steps and targets that will contribute to decarbonization. We are continuing to build sustainability awareness within our workplace and have employed several practices to reduce greenhouse gas emissions in our corporate operations.

In addition, to demonstrate our leadership, we are sharing best practices and solutions within the tourism industry to encourage other businesses to also effect change. Our *Business Events Sustainability Plan* focuses on improving the economic, social and environmental sustainability practices of business events hosted in Canada. With sustainability becoming an important criterion for event decision-makers, we are proud to now have 20 Canadian cities measuring their progress using the Global Destination Sustainability Index – the most of any nation worldwide.

Climate-related Financial Disclosures

Destination Canada is adopting the Task Force on Climate-Related Financial Disclosures framework as a key component of its corporate reporting and strategic planning. In 2024, we will begin reporting aligned with the framework's four core pillars: governance, strategy, risk management, and metrics and targets, with the disclosure included as an annex to our annual report. Climate-related risks are fully integrated into our ERM framework, ensuring they are identified, assessed, and managed alongside other strategic risks to support long-term resilience. To ensure robust and relevant reporting, we are conducting a benchmarking and gap analysis against comparable organizations and leading practices, providing a foundation to align with standards and chart a path for continuous improvement. This approach reflects our commitment to transparency, sustainable tourism, and proactive leadership in addressing the climate risks and opportunities shaping the future of the tourism sector.

Reconciliation

Tourism can play an important role in reconciliation and provides a platform for truthful storytelling. We are striving to elevate Indigenous interests and perspectives in our storytelling and tourism experiences, paving the way for an inclusive and authentic portrayal of cultural heritage and natural wonders.

We strengthened our commitment to the Indigenous Tourism Association of Canada through a long-term Memorandum of Understanding which will help fuel the growth and resilience of Canada's Indigenous tourism businesses and communities and may contribute to reconciliation. Working with the Indigenous Tourism Association of Canada as well as other key Indigenous partners, we are supporting capacity-building and marketing efforts to advance the Indigenous tourism sector and the wealth and wellbeing of Indigenous communities throughout Canada.

Diversity and Inclusion

We recognize that a diversified workforce and a leadership team that embraces a multiplicity of viewpoints and cultures drives innovation and increases engagement. Our representation of women, women in leadership roles, and visible minorities exceeds those of the public service and general population averages. Looking closely at our leadership, 50% of our Board of Directors comprises women. For our Executive team, female representation is even higher at 86%, and visible minorities comprise 29%. In addition, anonymous surveys of our staff reveal that 29% are bilingual in Canada's two official languages, 12% are persons with disabilities, and 11% belong to the 2SLGBTQI+ community.

Gender-Based Analysis Plus

To execute on our mandate, we consider a variety of Gender-Based Analysis Plus (GBA+) factors in the selection of our target audiences. Travel habits and patterns are greatly influenced by such factors as geographic location, gender, sexual orientation, age, socio-economic status, education level, marital and family status, and cultural norms. These factors are taken into account when developing our marketing plans and activities.

In addition, on an operational level, we've updated corporate service practices to address diversity and inclusion. Procurement practices reflect assessments of bid proponents in terms of their diversity and inclusion policies and/or statements, and recruitment practices have been updated to understand candidates' views on diversity and inclusion which helps determine job suitability and alignment with organizational values.