metro toronto convention centre

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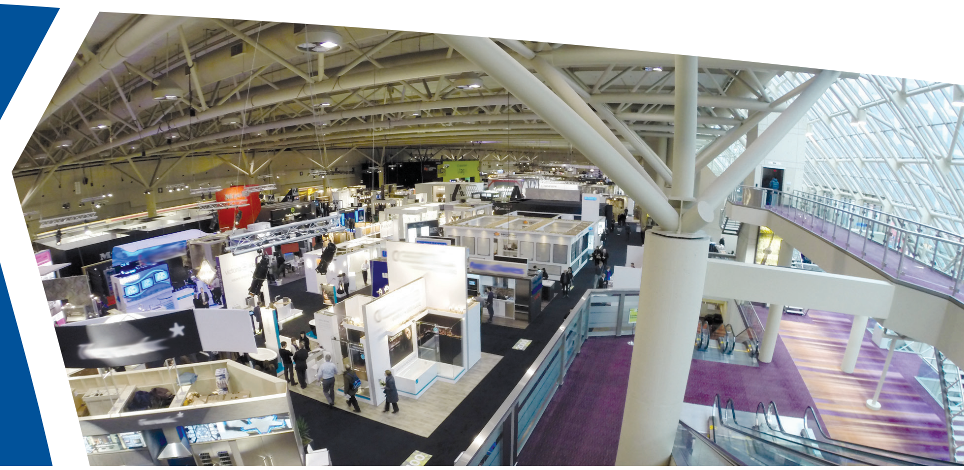

2014/17

Business Plan

Our People are the Centre

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Executive Summary

As the Metro Toronto Convention Centre (MTCC) celebrates its 30th anniversary in 2014, we are confident that it is entering a period of strong performance, unmatched in the Corporation's history. Although the economic environment remains tentative, MTCC has positioned itself well to take advantage of rising business confidence, which will translate into more conventions and meetings in our facility. The investments we have made in our physical structure – and will continue to make – combined with good management and staff, and best business practices, are being well received in the marketplace and, we expect, will be rewarded with an increased volume of business over the next three years.

In the following pages, we provide our business forecast for the next planning period and detail the factors that will affect how the future unfolds.

Looking back

The year just ending, fiscal 2013/14, has been a good one for the MTCC. Corporate Revenue is projected to be $58.5 million – slightly higher than the previous year, but less than our record of $61.9 million in 2011/12. We will have hosted a total number of 583 events in 2013/14, including 46 conventions, of which six were city-wide conventions. Occupancy is expected to be 50 percent.

We also completed Phase 1 of our modernization project in 2013 – a three-year, $28 million capital investment in the North building, financed entirely from internal operations. During the summer of 2013, the main kitchen renovations were completed as the final phase of the extensive food and beverage modernization plan, which included significant investment in new technology. In addition to moving the service style from French to plated, new equipment focused on energy efficiencies, ergonomics and technology that increased product food yield as well as enhancing food sanitation.

Discussions about future capital improvements to the convention centre were coloured last year by the debate over a casino in downtown Toronto, since one of the sites for the casino proposed by our landlord, Oxford Properties Group, was the site that houses our building. The proposed $3 billion redevelopment caused us to explore a variety of alternatives to expand our operations and vault MTCC into the top ten of convention centres in North America. While the casino plans were ultimately rejected by the City of Toronto, we expect Oxford to bring forward new plans to redevelop the site at some point, and this will undoubtedly have a distinct impact on our operations.

In the meantime, however, the Corporation will be bringing forward in the coming months our plans for Phase 2 of our modernization project, which will include many of the building improvements recommended in our initial master plan. These improvements, which go well beyond our regular sustaining capital projects, are required to keep us contemporary in design and function, and to maintain our competitiveness in the North American marketplace. The plans, and the proposed budget, will be drawn up to strike a balance among competing objectives: maximizing MTCC's profits and continuing to pay solid dividends to our Shareholder, while building up the cash reserves that were reduced during Phase 1 of the modernization.

Looking forward

From a facility rental revenue standpoint, we are optimistic that 2014/15 will be our best year ever, driven by strong contributions from all areas of the operation. We are projecting revenue in the amount of $63.2 million for the year, yielding a Net Operating Income of $15.0 million and generating an economic benefit to the City of Toronto of more than $500 million. To achieve this, we expect the total number of events to come in between 550 and 630 and we expect occupancy rate of 54 to 55 percent.

While the total number of conventions will not change dramatically we expect more business from the U.S. and international markets. Conventions from outside Canada will more than double. Importantly, we expect the number of city-wide conventions to increase significantly as well. In addition, we have succeeded in booking three of the city-wide conventions for the months of July and August, which is traditionally a time of year when the convention centre is under-utilized. Overall attendance at conventions in 2014/15 is projected to increase by 11 percent, and the number of delegates attending city-wide conventions will rise by a striking 93 percent.

The success in attracting U.S. and international business is all the more remarkable given the tough competition we face in the marketplace. There are many new centres in North America, and many more are expanding, however, the pace of expansion has slowed down. With so many choices, it has clearly become a buyer's market. Clients increasingly expect complimentary ancillary items (beyond space), such as Wi-Fi, shuttle service and event-sponsored receptions, and meeting these demands puts stress on operating margins. We also continue to face misconceptions among U.S. meetings planners about complications with passports, customs and immigration. It is a tribute to the strong partnership that exists between Tourism Toronto and MTCC, along with our hotel partners that we are able to face these challenges and out-perform. A crucial factor, in our view, is our continued participation in the Convention Development Fund, funded jointly by the Province of Ontario, Tourism Toronto, the Greater Toronto Hotel Association and MTCC.

Ultimately, however, it is our ability to satisfy our customers that keeps them coming back. Customer service continues to be our number one goal, and we have succeeded in achieving an overall satisfaction rating of 95 percent from our clients, and an overall satisfaction rating of 90 percent from our exhibitors. We aim to improve on these scores going forward.

A point of pride at MTCC is the quality of our employees and the low rate of staff turnover. The average tenure of our full- and part-time employees is 14.44 years. The fact remains, however, that the centre has a significant number of labour-intensive jobs, and as our workforce continues to age, the challenge of providing suitable accommodations along with mitigating increased health care and safety claims will continue. Management will therefore be completing a detailed analysis of our existing complement in 2014/15, with a view to recommending and developing strategies to address the unique needs of our aging workforce.

To remain competitive, we also need to maintain industry leadership in information technology. Providing a reliable, high-performing and contemporary technology environment is critical not only to MTCC's own business operations, but to our clients, as well. The ready availability of Internet-based technology, whether for social media or event specific applications, is increasingly seen as a necessary ingredient for a successful event. In 2014/15, we intend to enhance wireless capabilities for all event attendees, which will require ongoing investment in network coverage and performance. We will also increase our investment in mobile technology (such as tablets and smart phones) for MTCC staff, and continue to improve information analysis and decision-making by providing them with new or improved business applications and information sources.

Finally, we will continue to focus on being good corporate citizens by minimizing MTCC's impact on the environment. We succeeded in diverting 89 percent of our waste from the landfill in 2013/14, and we aim to achieve and consistently maintain 90 percent waste diversion going forward. We are seeking LEED certification for the South building and intend to reduce the carbon footprint of the facility by a minimum of 3.4 percent from 2013/14 levels. We can only achieve such results by working closely with our clients and ensuring the engagement of employees. We will strive to deliver 120 green events in 2014/15, up from 90 green events in 2013/14, and we will host a minimum of six events with our employees to benefit the environment, the company and the community.

This three-year business plan will guide our efforts in 2014/15 and beyond. The plan is not without its risks and we expect there will be many challenges as we compete for convention business with the best in North America. The risks and challenges, and how we plan to meet them, are spelled out in detail in the pages that follow.

We are proud of our facility, and confident in our people.

We help our customers create successful events – and, in so doing, benefit Toronto and the people of Ontario.

The environmental scan identifies the challenges and outlines the major corporate risk factors that could impact MTCC's operation. These risk factors are constantly monitored with appropriate strategies implemented to mitigate these risks.

Mandate

The Corporation is governed by the Metropolitan Toronto Convention Centre Corporation Act and is 100 percent owned by the Province of Ontario.
The Corporation is an Operational Enterprise Agency with a mandate, as provided in the Act, to operate, maintain and manage an international class convention centre facility in the City of Toronto in a manner that will promote and develop tourism and industry in Ontario.

In 1984, when the Metro Toronto Convention Centre (MTCC) first opened, the Corporation's Board of Directors established goals consistent with the policy objectives set out by the Government of Ontario, which are also part of the MTCC Act. These goals are:

- To position the MTCC as a world-class convention centre
- To attract incremental visitors to Canada, Ontario and Toronto
- To provide an Ontario cultural showcase for conventions, tradeshows, public shows and meetings
- To operate long-term on a profitable basis.

The goals are consistent with the Ministry's own goal of generating a positive economic impact through increased visiting to Ontario. They are intended to guide MTCC management in strategic and operational planning. and have formed the basis for this plan, which are reflected in the Memorandum of Understanding between the MTCC and the Province of Ontario.

Vision and values

In addition to MTCC's corporate mandate, members of the organization have developed a vision and set of values to guide us in our planning and day-to-day operations. These vision and values underscore that we are a customer-driven organization.

The Business Innovation Committee, which consists of MTCC executives and management staff, developed the organization's vision statement, which reflects the MTCC's culture, values and philosophy.

We help our customers create successful events

Our values:		
	Friendly	We will service every customer and staff with a smile and a positive attitude.
	Responsive	We will demonstrate a "see and do" attitude by taking the initiative to handle any task in a timely and efficient manner.
	Fair	We will treat others as we wish to be treated. We will say what we do and do what we say.
	Proud	We will take ownership in our work. Our drive for excellence will be achieved through our contagious enthusiasm.
	Dedicated	We will 'go the extra mile' to exceed customer expectations and help them achieve a successful event.
	Professional	We will understand and be respectful of our customers' needs and consistently deliver our services at the highest standards.

Risk category: Operational

Risk factor #1: The economy

Description	The domestic economic conditions have continued to improve, which is positive for our business and our financial results as a significant part of our revenue is realized in the Canadian corporate meetings and trade and public show markets. The global economic conditions also continue to gain momentum, which will also have a positive impact on our operations particularly in the convention market. The hospitality industry has a close correlation with the economy; however, it lags by approximately six to eight months. There could however, be adverse risk exposure from major changes in the forecasted economic growth numbers, political uncertainty and debt ceiling issues in the United States (US). In addition, austerity measures in Europe may also have a negative impact on the global economy.
Related strategic priority	Booking of large convention business and Canadian corporate meetings.
Impact and scope	**Medium.** The amount of risk people are willing to take is directly linked to the economic stability. There is evidence suggesting that a weak United States' economy results in keeping larger conventions and meeting inside its own borders.
Mitigation	Our contingency plans include focusing on controlling operating expenses, and maintaining our record of prudent and successful financial management. A targeted approach would be taken in the US market and will centre on sectors that show more stability. Winning large events requires the sales cooperation of the hotel industry and our partners at Tourism Toronto. Therefore, all marketing and sales efforts would continue to be coordinated with them.

Risk factor #2: Renovation / expansion of convention / trade facilities

Description	We continue to see renovations to existing facilities and expansion of new conventions and trade facilities in Canada and the US. The supply has outgrown demand, which is keeping the supply of meeting choices high and applying pressure to the bidding process.
Related strategic priority	Strategically target large convention / congress.
Impact and scope	**Medium.** With an increase in supply, we often see a shift in existing business or a change in rotation patterns of national business. We will not be immune to these changes. Also, a buyers' market increases service expectations and clients' expectations of value. Pressure on price will be a constant.
Mitigation	Our growth will depend on our ability to successfully service the business we have, so we maintain our existing client base while securing more of its business. We will continue to invest in customer service training and focus on achieving the high standards that have been created for each department.

Risk Factor #3: Emergency preparedness

Description	As Canada's largest convention centre we host hundreds of events each year with tens of thousands of guests in attendance. Therefore, it is vitally important that we provide a safe and secure place. Although the likelihood of a major disaster is relatively low, management still must prepare and practice for emergencies. We also need to create a plan to be able to resume business as quickly and efficiently as possible if a major emergency was to occur.
Related strategic priority	N/A
Impact and scope	**Medium to High.** The impact would correspond to the level of disaster.
Mitigation	Our plan directs the Disaster Management Team to meet in one of two pre-designated locations where it would assess the scope of the problem. Plans and actions would then correspond accordingly. We will continue to improve our emergency preparedness by updating relevant information and procedures. Emergency operation centres in both the North and South building have been established so that management can effectively operate during an emergency. Updates to our fire safety plan are also underway by consultants to reflect changes in the Ontario Fire Code. Once completed, the revised plan will be sent the Toronto Fire Department for final approval.

Risk category: Information technology and infrastructure

Risk factor #1: Ability to provide high network performance and flexibility

Description	We have seen an increase in the demand for data networking services and the growing complexity in which these services are used. The performance, reliability and flexibility of these services is now business critical to the success of our clients' events.
Related strategic priority	Being competitive in the market place.
Impact and scope	**High.** With these demands, there is a need to ensure the appropriate level of network bandwidth is available to all users.
Mitigation	We will continue to invest in network management tools that allow us to monitor network usage and to segment our network to allocate the necessary service levels required for specific applications. We will continue to discuss this with other convention facilities facing the same challenge.

Risk factor #2: Technology based criminal activity (cyber crime)

Description	With the pervasiveness of technology in all aspects of business operations, there is an ever increasing opportunity to use this as a vehicle for criminal activity. This is generally referred to as "cyber crime". At the MTCC, we focus on specific areas where there are potential exposures, namely: • Unauthorized access to our infrastructure • Unauthorized access to classified information • Use of our infrastructure or information systems outside of their intended use
Related strategic priority	Corporate integrity, reputation in the market, and legal responsibility
Impact and scope	**Low to High.** Because the nature and extent of cyber crime is so diverse, a general impact cannot be applied. Specific impact and scope are applied in the risk assessment of identified technical infrastructure and information systems.
Mitigation	These exposures are addressed through a number of technical and procedural measures. Infrastructure measures include, but not limited to: • A "firewall" which manages incoming and outgoing traffic to our infrastructure • Virus protection • Password authentication • Backup and recovery processes for all information and business applications Corporate policies are in place which document employee responsibilities in their use of our information technology. Existing infrastructure and information systems are periodically reviewed to ensure the access restrictions are appropriate and that all versions of the software (including patches) are up to date. As new threats are identified, we assess the potential exposure and impact and take actions as necessary. Our information systems are subject to the annual external auditing process.

Risk Category: Human Resources

Risk factor #1: Human capital and aging workforce

Description

The average age of the centre’s workforce is 47 years. The centre has a significant number of labour-intensive jobs. As our workforce continues to age, the challenge of providing suitable accommodations will increase.

Related strategic priority

Lost time due to occupational incidents and accommodation for medical reasons.

Impact and scope

High. The majority of our positions are physically demanding and labour intensive, and as our employees continue to age, the number of temporary and permanent workplace accommodations (occupational and non-occupational) will continue to increase.

Mitigation

We will continue to manage our workplace accommodation process and performance management procedure. We will continue working with a third party health and safety provider and use our Employee Assistance Program, to maximize early and safe return to work initiatives.

We will continue to monitor the annual performance review process and we will implement a more stringent attendance management program.

Risk category: Other risks

Risk factor #1: Marshalling yard

Description	The MTCC currently has a five-plus-two-year lease with the city's Portlands Company for our Cherry Street yard. This leaves one additional year on the lease. We have an opportunity to extend the lease for an additional five years.
Related strategic priority	Securing a long-term lease or purchase of land to operate our marshalling yard.
Impact and scope	**High**. The requirement to secure a longer-term yard for our marshalling needs is vital to our business, Without a permanent or longer-term marshalling yard in close proximity to the MTCC, it will severely impact our clients' ability to efficiently and effectively move in/out of their events.
Mitigation	We focus our attention now with assistance from a national real estate broker to explore available and suitable lands in order to secure a long-term lease, or revisit the MTCC's original plan to purchase our own land. In addition to our brokers, management is conducting direct discussions with The Toronto Port Authority. Discussions are focused on the purchase or long-term lease of these lands.

Risk factor #2: Increased local area development

Description	The development of interest to MTCC in the neighbourhood is Ripley's Entertainment Group which built a aquarium at the base of the CN Tower. The aquarium opened October 2013. In addition the first phase of the new South Core Financial Centre is completed. The complex encompasses an additional office tower, retail space and a 45-storey, four-star Delta Toronto Hotel, just east of the MTCC's South Building. We have successfully worked together to create a new PATH connection from their property creating a westerly link between this development with a connection into the Skywalk. Work is expected to begin in March 2014 and completed by December 2014.
Related strategic priority	Ensure our operation and client events are not negatively impacted by surrounding developments and the anticipated increase in area traffic.
Impact and scope	**Medium to High.** The impact to the general area is significant. The opening of the Simcoe Street underpass in 2010 has resulted in an increase in vehicle and pedestrian traffic. The increased underpass traffic combined with the expected volume increase from the proposed hotel and aquarium will have a considerable impact on our ability to move our clients' events in and out efficiently and effectively.
Mitigation	We will continue to manage our parking operation more efficiently by carefully monitoring and maximizing internal client use versus external parking demands and where necessary, increase traffic policing to safely move vehicles in and out of docks and parking garages in order to minimize delays.

Risk factor #3: Reputation risk (A)

Description	A dramatic failure in meeting client service expectations could result in significant reputational loss to MTCC.
Related strategic priority	Providing value and removing risk are key elements to being successful in attracting international events; a major service failure would increase risk to planners and seriously impact client confidence and in turn, corporate sales.
Impact and scope	It could have a major impact if we establish a reputation for failing to meet client expectations in a major way.
Mitigation	Continually monitor client feedback and redesign any process that appears to be falling short of expectations (continual improvement).

Risk factor #3: Reputation risk (B)

Description	As a crown agency of the Province of Ontario, we are constantly in the public eye and must be diligent and maintain compliance at all times to ensure an exemplary reputation.
Related strategic priority	Monitor our best practices in all relevant legislated workplace acts, statutes and regulations, including the Ontario Occupational Health and Safety Act, Human Rights Code - Violence and Harassment in the Workplace, the AODA, the AGCO, and other Policies within the PSOA such as the Conflict of Interest and Disclosure of Wrongdoing/Whistleblower Policies.
Impact and scope	**Low to Medium** depending on the nature of the failure.
Mitigation	We will annually review all relevant policies, procedures and standards to ensure we are up to date and in compliance. For the Conflict of Interest Policy, the Vice President, Finance is the COI Officer, and for the Disclosure of Wrongdoing/Whistleblower Policy, matters are reported to the Vice President, Human Resources. The President and CEO is the corporation's ethics officer for both policies.

Risk factor #4: Bill 12, Protecting Employees Tips Act, 2013. An Act to amend the Employment Standards Act, 2000 with respect to Tips and other Gratuities

Description	Bill 12 (previously captured under Bill 49, Protecting Employees' Tip Act, 2013) is a Private Member's Bill. The Bill proposes to amend the Ontario Employment Standards Act, 2000 (ESA) by prohibiting employers from withholding tips and other gratuities from employees.. If Bill 49 were to come into force as presently drafted, the current MTCC collective agreement would remain in place until expiration. Once the collective agreement expires in December 2015, MTCC would be obligated to comply.
Impact and scope	The Bill as currently written is quite ambiguous. We will continue to follow language used by Government and take the appropriate steps to protect our interests.
Mitigation	Management will keep abreast of the developments with industry leaders and continue to monitor the issue closely.

Corporate Goals and Strategies

In the upcoming year, we will continue to focus on the six strategic corporate goals outlined in this section. Management has identified specific strategies to achieve these goals and has outlined performance measurement tracking procedures. Executives and department managers review financial goals on a monthly basis while all other corporate goals are reviewed on a quarterly basis.

Each executive is held accountable for achieving the corporate goals and the results are reflected in his or her individual job performance review, conducted annually. In addition, all departments meet with the President and CEO to update him on their accomplishments.

Goal #1: Customer service	
Goal	We will achieve an overall satisfaction rating of 96 percent from our clients on the post-event evaluation survey, with a response rate of 35 percent. We will achieve an overall satisfaction rating of 90 percent, with an 18 percent response rate on our exhibitor services evaluation survey.
Strategies	We will monitor our results to ensure our goals are achieved. Our monthly customer service reports and day to day client feedback will be used to recognize the areas that require attention.
Performance measures	Our client evaluation survey will be used to track and measure our goals on a monthly basis. Exhibitor evaluations will be reported monthly.

Description	Actual 2010/11	Actual 2011/12	Actual 2012/13	Forecast 2013/14	Goal 2014/15
Overall customer satisfaction	94%	94%	95%	95%	96%
Exhibitor satisfaction	N/A*	92%	86%	90%	90%

*Exhibitor Services survey launched in 2011/12 – No data prior to this date.

Goal #2: Occupancy

Goal	Our occupancy goal for the current fiscal year (2013/14) is 51 percent and we expect to finish the year at 50 percent, which is a direct reflection of the number of city-wide sized events held this year. We are forecasting an occupancy rate of 54 - 55 percent for 2014/15. This is directly linked to the increase in large conventions, especially in the months of July and August and that we have started 2014 with 13 million more square feet sold than in the prior year. Occupancy is based on the number of square feet sold compared to the number of square feet of available space in a given year. No allowance has been made for holidays or down periods between events and the amount of space removed from inventory in order to complete our modernization plans.
Strategies	Improving our occupancy can only be achieved by pursuing all market segments so we can fill in the shorter and smaller availabilities with shorter term business.
Performance measures	Occupancy is tracked for each event, then summarized and reported monthly. It should be noted that occupancy in our North Building has been affected by the modernization project. The periods of time the building has been closed to the public due to modernization activities, have been addressed by researching average occupancy rates and using this historical data. This allows us to develop accurate occupancy statistics.

Goal #3: Financial

Goal

Our goal is to manage the business operations efficiently while sustaining long-term growth. We will aim to generate a profit margin consistent with gross revenue and focus on rebuilding our cash reserve that was depleted during the recently completed first phase of the modernization project. Phase 1 of the project was fully funded by operating activities. We will also strive to maintain our facility to the highest standard through ongoing capital improvements.

Building up cash reserves will be necessary to provide adequate funding for future capital improvements, the second phase of our modernization project, and to deliver an appropriate dividend payment to our shareholder.

We will generate the following financial results as indicated in the 2014/15 fiscal budget:

- Gross revenue $63.2 million
- Net operating income of $15.0 million
- Capital budget of $7.9 million including Phase 2 modernization project

We will achieve our mandate of generating economic benefit to the City of Toronto ($500 million) while operating on a profitable basis.

We will monitor the trend of financial key performance indicators to ensure the financial results are in line with budget and management's expectations

Strategies

Manage in accordance with the financial targets. (revenue and expenses)

Meet the requirements of the accountability measures established by the Agency Establishment and Accountability Directive (AEAD).

Performance measures

Monitor progress using monthly financial statements and timely completion of key AEAD requirements including the following:

- Annual report
- Business plan
- External audit
- Financial reporting

Description	Actual 2011/12	Actual 2012/13	Forecast 2013/14	Budget 2014/15	Forecast 2015/16	Forecast 2016/17
Gross revenue (millions)	$61.9	$58.1	$58.5	$63.2	$63.2	$63.5
Net operating income (millions)	$15.5	$13.3	$14.2	$15.0	$14.8	$14.8
Net operating income %	25.1%	23.0%	24.3%	23.7%	23.5%	23.3%
Capital expenditure (millions)	$11.5	$15.5	$10.7	$7.9	$6.9	$6.9
Distribution payment (millions)	$4.0	$3.5	$2.5	$3.5	$4.0	$5.0
Economic benefit (millions)	**523**	**418**	**400**	**500**	**480**	**N/A**

Goal #4: Human resources	
Goal	Our goal is to complete a detailed analysis of our existing complement of permanent full and part time workforce. With specific analysis in hand, we will be in a position to recommend and develop the relevant strategies to address the unique needs of our human capital and aging workforce. The centre has a significant number of labour-intensive jobs. As our workforce continues to age, the challenge of providing suitable accommodations along with mitigating increased health care and safety claims will continue.
Strategies	We will introduce proactive self-help tools. This will include coordinating pre-retirement education programs and links to government resources. We will endeavour to provide guidance and support in the area of pre-and-post-retirement planning. We will continue to diligently manage our workplace accommodation process and performance management procedure. We will continue to promote an integrated approach to health, safety, and wellness programs and initiatives by the effective management of accommodation and return to work cases. We will conduct the appropriate research to determine the feasibility of developing a formal retirement transition program.
Performance measures	We will continue to monitor the annual performance review process to ensure consistency and accountability across the board. We will continue our annual succession discussion regarding Executive Committee members and begin to create succession reports at every level of the organization. This will identify potential gaps or high risk areas in order to minimize the impact of losing key personnel. We will continue to monitor our health and safety incidents. We will work closely with our department managers to develop position-specific accident prevention measures as this will assist in maintaining our service standards and productivity in our labour intensive front-line positions.

Goal #5: Corporate social responsibility	
Goal	**Environmental** Achieve and consistently maintain 90 percent diversion of waste from landfill. We are forecasting a diversion of 89 percent for 2013/14. Complete Leadership in Energy and Environmental Design for Existing Buildings: Operations & Maintenance (LEED EB:O&M) certification preparation process for the South building and submit portfolio to the Canadian Green Building Council (CaGBC). Reduce carbon footprint of the facility by a minimum of 3.4 percent from the previous year when our footprint was measured at 5,600 tonnes of CO_2. **Social** Increase employee engagement and participation in corporate social responsibility initiatives as well as events, which benefit the community and/or the environment. **Economic** Incorporate corporate social responsibility guidelines and measures into the business strategy and increase participation from all departments.
Strategies	Continue to discover new avenues for recycling materials as well as engage employees and visitors to contribute and participate. Continue to work with the consultants to ensure that all criteria is met to the gold standard of LEED EB:O&M in the South building, followed by application submission to the CaGBC for final approval. Continue to encourage our clients to reduce the carbon footprint of their individual events by promoting Bullfrog Power. Organize both internal and external events of a variety of types, appealing to a wide range of individuals to benefit the environment, the company, and the community. Work with individual departments to identify environmental impact(s) and develop strategies to reduce them.
Performance measures	Conduct audits of all waste streams to identify all possible recycling streams and ensure efficient capture rate of recyclable material. Submission of LEED EB: O&M portfolio to CaGBC by the end of 2013/14.Collect and track energy sub meter data;. Obtain 120 green events (90 green events forecasted in 2013/14) and implement the recommendations from the retro-commissioning and air handling audit processes. Identify the largest environmental impact of each department, establish metrics for each and set goals for improvement. Engage in a minimum of six events to benefit the community or the environment and have participation of employees from across the company.

Goal #6: Industry leadership and innovation	
Goal	Technology Services: We will maintain our industry leadership position through innovative uses of information technology.
Strategies	Implement new or enhance existing information systems to provide efficiencies.
Performance Measures	Key Initiatives for 2014/15 include the following: Enhance wireless capabilities for event attendees. As internet based technology (e.g. social media, event specific applications) is increasingly a factor in a successful event, convention facilities are faced with network coverage and performance challenges. Use mobile technology (tablets, smart phones) for MTCC staff. Provide access to business information to enhance staff capabilities in delivering successful events. Improve business information analysis and decision making. Improve business information analytics through a combination of information sources. This includes existing business applications and new business applications (Purchasing / Inventory, HR Information System), and external information sources (e.g. social media, industry information).

A Corporate Structure, Historical Overview and Future Business Outlook

MTCC operates within the accountability framework of the province as set out in the Agency Establishment and Accountability Directive.

The objectives of the corporation are to operate and manage an international class convention centre in the City of Toronto as an economic self-sufficient organization and in a manner that will promote and develop tourism and industry in Ontario. By attracting hundreds of thousands of convention delegates to Toronto over nearly three decades, the community has benefitted from out-of-town delegate direct spending of approximately $400 million to $500 million per year, creating approximately 5,200 jobs per year and generating total annual taxes of $150 million.

The MTCC won the Sustainable Tourism Award at the 2012 Ontario Tourism Summit in London, Ontario. Significant developments across the sustainability program have been made, including launching the Leadership in Energy and Environmental Design for Existing Buildings: Operations & Maintenance (LEED EB: O&M) certification process. The MTCC consists of two detached buildings identified as the North Building and South Building; interconnected through the elevated enclosed bridge and underground service tunnel. The MTCC provides 500 thousand square feet of rentable space, which includes exhibit halls, meeting rooms, ballrooms and theatre.

In response to increasing business demands, we grew our physical footprint in 1997. The addition of the South Building has grown revenue significantly.

2013/14 has been a strong year, however, we are projecting 2014/15 to be substantially better than 2013/14. From a facility rental revenue standpoint, we are expecting it to be our highest ever. Revenue from all areas of the operation is showing positive signs. We are projecting revenue in the amount of $63.2 million for 2014/15, compared to $58.5 million in 2013/14. The net operating income is expected to decline slightly as a result of a conscious decision management has made to increase investment in the sales and marketing initiative. As the convention market continues to be increasingly competitive, resources have been added to our support of the Convention Development Fund and marketing programs in order to better position the MTCC in its ability to secure future year convention business.

This projection is based on the current booking calendar and is dependent on business conditions remaining stable.

For 2014/15, the total number of events being projected is comparable to 2013/14. Our occupancy is expected to come in around 54 and 55 percent. Our ability to achieve these types of numbers is enhanced by booking convention business into July and August which is traditionally a quieter time for all types of events. In July and August 2014, we will host three city-wide conventions. While the total number of conventions is not going to change dramatically, the number of city-wide conventions will grow from six in 2013/14 to 11 in 2014/15. Conventions from the US and international markets will increase from 6 to14 in 2014/15.

We hosted 38 conventions in 2012/13. We will finish 2013/14 at 46 and expect our convention number to be approximately 50 for 2014/15. The growth of city-wide conventions and conventions in general from the US and international market is substantial. Overall attendance numbers for city-wide conventions will grow by 93 percent and total convention attendance is projected to increase by 11 percent. Total numbers of exhibitors for all conventions is also projected to grow by 17 percent.

Number of events comparison

The Canadian convention market is performing as expected. As is usually the case, many Canadian conventions rotate across the country to other cities and after two very strong years of hosting these events in Toronto, some organizers are taking their events to other parts of the country.

Public shows planned for 2014/15 are in line with the number of events hosted in 2013/14. In an effort to grow this market, we will continue to work with the existing show managers to grow their space requirements or work with seasoned show producers who are considering moving their events to our facility.

The tradeshow market remains consistent. We expect to see a return of some first time events from the prior year.

Corporate meetings, special events and theatre events continue to book short term. These markets are very competitive and price sensitive. Therefore, price, value and service standards are crucial to our success in these markets. Modernizing the North Building has certainly been met with great enthusiasm from this market.

In order to fulfill our mandate of generating economic benefit for the City of Toronto and MTCC, we will, in conjunction with our industry partners, continue to contribute to the Convention Development Fund and Partnership agreement with Tourism Toronto.

Over the past several years, MTCC has consistently achieved its mandate and thus has firmly established its status as the number one convention centre in Canada, and one of the best in North America. We will continue to operate as a first-class facility and remain financially self-sufficient.

Business assumptions

The following assumptions have been used in formulating the budget for 2014/15:

- 2014 inflation rate is forecasted at 1.5 percent.*
- US exchange rate — CDN currency is forecasted to average between $0.901 and $0.935 USD during 2014/15.*
- Canadian prime lending rate at 3.0 percent.
- Economic growth — GDP for 2014 is forecasted at 2.6 percent.*

*Source: RBC Economic & Financial Market Outlook, January 2014.

The forecasts and projections presented here are based on a number of estimates and assumptions that are inherently subject to significant business, economic and competitive uncertainties and contingencies, many of which are beyond the control of management. Actual results achieved may vary significantly from those shown here and such differences may be material.

Management's yearly budgetary review of its event calendar, estimated pick-up business, cost structure and market conditions have formed the basis of the revenue and expense projections for 2014/15. The revenue and expenses for 2015/16 and 2016/17 are estimated based on future outlook of business. The profitability projections for the two forecasted years are based on best estimates.

Financial Results for years prior to 2010/11 are reported according to the Generally Accepted Accounting Principles (GAAP). Starting with 2010/11, financial results have been presented based on Public Sector Accounting Standards (PSAB).

The reporting format used in the business plan is consistent with the prior year to ensure that the financial results can be compared to historical information. In addition, this format is functional from an operational standpoint and effectively communicates the state of our business.

MTCC is required to report financial information to the Ministry of Finance so its operating results are included in the province's summary financial statements.

Performance Measurement Statistics

Six indicators allow management to monitor the financial performance of the corporation. To be effective, management must analyze these indicators on a regular basis.

1. Monthly monitoring of current, forecasted and historical occupancy rates, together with the average rate per square foot. Taking into consideration the facility is the primary asset of the corporation, revenue opportunities and supplementary revenue for other departments are directly linked to the rental of the facility.

2. Ensure funding for capital improvements is generated from operating activities. Management is responsible for prioritizing work projects, getting approval from the Board of Directors and releasing funds at the beginning of each quarter contained in the new fiscal budget. Management also examines the projects on a monthly basis to ensure progress.

3. Monitor the number of convention delegates and public / tradeshow attendees as these variables are the basis for economic benefit calculations.

This indicator establishes the amount of economic benefit the MTCC generates as a result of bringing conventions, public events and tradeshows to the City of Toronto.

4. Evaluate operational processes and procedures to ensure efficiency and the optimal allocation of available resources. Management reviews detailed reports comparing monthly actual performance to the planned results and is able to adjust and establish courses of action in order to achieve greater efficiencies as well as budget expectations.

5. Monitor and manage cash flow to uphold management's commitment to making annual distribution payments to our shareholder (the Ontario Government). Free cash flow is calculated by subtracting capital project expenditures in the year from net operating income generated from operations. All departments also proactively manage overhead expenses to yield greater profitability.

6. Ensure the corporate Procurement Policy and the Travel and Hospitality Policy are in accordance with current directives issued by the Treasury Board/Management Board of Cabinet. All expenditures are monitored in an effort to contain cost and ensure compliance with the respective policies and directives.

Risk management

The risk framework focuses on identifying and responding to corporate risks the MTCC faces, including the implementation of programs and controls to prevent, detect, and deter fraud. Management identifies the major corporate risks that could impact the corporation and puts in place appropriate mitigation strategies to effectively manage these risks. Before including these risk factors in the business plan, management discusses them with the Board of Directors and receives members' feedback.

The maintenance of an effective internal control system is essential to the reliability and integrity of the financial statements, increasing the effectiveness and efficiencies of operations, the safeguarding of assets, and ensuring compliance with laws and regulations. Specifically, the goal of MTCC's risk management process is to identify potential events that may impact the organization and manage the identified risks within reasonable limits. As part of the risk management process, MTCC conducts an annual external audit review along with internal audit procedures focusing on safeguarding the corporation's assets. In particular, the external audit is conducted with a high level of transaction sampling to detect potential or actual fraud or mismanagement. External auditors submit their findings to the Audit Committee along with suggestions for improvements to the existing processes and procedures.

Internal controls are based on an ongoing process whereby a team of colleagues is assigned to periodically review various aspects of the operations. The objective is to evaluate and identify the likelihood of the risks being realized and to manage them effectively. Some examples of risk management programs include: insurance adequacy testing, credit extension policy review, budgetary control procedure scanning, business continuity assessment, emergency preparedness planning, asset management policy audits, health and safety policy inspections, human resources planning, network management software and South Area Facilities and Entertainment Group (S.A.F.E.) exercises. MTCC has revised its travel, hospitality and procurement policies to ensure we are in compliance with the required protocol and the new directives received from the management board of Cabinet. In addition, management regularly reviews the list of all service providers to ensure proper policies and procedures are followed. The effectiveness of our control system is evident because MTCC has consistently received over the past few years an unqualified auditor's report without any material adjustments identified.

Projected cash flow and distribution payment

Since the modernization project was funded by cash generated from the operations, management will focus on rebuilding our cash balance during this planning period.

Based on our projected operational results as outlined in the Business Plan, MTCC will be in a position to re-build our cash flow necessary to manage the operations, fund the second phase of the modernization project and continue to invest in sustaining capital improvements. The MTCC will have the ability to leverage future opportunities, as well as meeting our financial commitment to our shareholder by way of a distribution payment.

The amount of the annual distribution payment will be made at the discretion of the Board of Directors of the corporation from retained earnings after consideration is given to the financial requirements necessary to operate the business and reinvest in the facility.

The distribution payments recorded up to March 31, 2013, total $51.5 million. Based on the current year's financial results, the distribution payment is expected to be $2.5 million.

As we rebuild our cash balance over the next three years, we will steadily increase our annual distribution payment to the shareholder.

The projections for the next three years are as follows:

- $3.5 million on March 31, 2015.
- $4.0 million on March 31, 2016.
- $5.0 million on March 31, 2017.

Third Party Relationships and Initiatives

Management has formed strategic relationships with several organizations to help secure and provide diverse range of services to ensure client events are successful.

Some of our relationships fall into the category of exclusive and official supplier contractors. These include: electrical, production, decorating, audio visual & translation, computer rental, and security services. The contractors are responsible for all aspects of the above services including provision of staff and equipment.

Showtech Power & Lighting is the only contractor designated as exclusive, due to the specialized nature of its services. Company representatives require regular access to our electrical infrastructure and therefore are bound by the facility's operations and safety policies. In addition they also provide rigging and productions services for events requiring specialized lighting. They maintain offices and inventory within the MTCC to facilitate client access to these services.

GES (Global Experience Specialists) is an official supplier which provides show decorating and general contracting services, including transportation, furniture, carpet, modular exhibit rentals, booths accessories as well as state of the art graphics and signage. They maintain an office onsite and have dedicated Exhibitor Services Representatives to provide a full range of services.

Freeman Audio Visual Canada provides comprehensive audio video services, computer and peripheral rental services and translation services. They maintain both sales offices and warehouse facilities on site to ensure our clients have immediate access to these important products and services.

Tourism Toronto and the local hotel community also play and important part in marketing and securing large convention business which in turn generates significant economic benefit to the city and province. This strategic relationship involves a series of initiatives including the creation of a fund to compete with other destinations by attracting new business and targeting large convention business around the world.

Communication Strategy

Overview

Public Relations

Over the past year, we have made great progress raising our profile through public relations. We leveraged every opportunity to share our facility renovation story with the industry and trade media, as well as the local community. Our facility revitalization presented many vertical media opportunities for us, which reached the Food Services and Human Resources sectors. Overall, media pick up was well received and positive.

As we announce the large US and international conventions coming to the MTCC, we will also delve deeper and be mindful of their programs. This should present further opportunities for us to create more community-interest stories and connect our brand with improved education, science and health care initiatives in our community while promoting the economic impact large events generate.

Social Media

We continue to focus on and expand our social media reach. Our social platforms have been well received and we are eager to increase engagement. Next year, we will dig even deeper into developing our social presence. Additional resources will be added to increase meeting planner content and manage communities, monitor conversations, measure engagement, increase video content and report on analytics. Next year we will expand our social media efforts to reach a broader online planner community, and overall increase online brand awareness.

Website

The virtual tours and floor plans section of our website was developed more six years ago, and require a complete redesign. In recent years there have been significant technological advancements for presenting virtual tours, floor plans and maps. Next year, we will focus on updating this important area of our website to make current and accessible on multiple platforms and devices.

Strategies	Tactics
Keep our brand in front of our customers through regular coverage in the trade press.	Distribute press releases announcing US and Canadian city-wide conventions to our facility that have a significant economic impact to the city and province.
Expand our social media strategy to reach a broader online planner community and overall increase online brand awareness.	Hire a full-time social media specialist to manage and engage our platforms. Create more video content for our networks, newsletters and website.
Evolve our website and focus on areas that require updates to remain contemporary.	Redesign the virtual tours, floor plan and maps section of the website.
Communicate regularly with clients keeping them informed of what is happening at the facility.	Increase the frequency of our e-newsletters and social media tools to generate new conversations with our customers.

Organizational Chart and Summary of Staff Numbers

There were no key structural changes made to the organization chart.

Summary of staff numbers

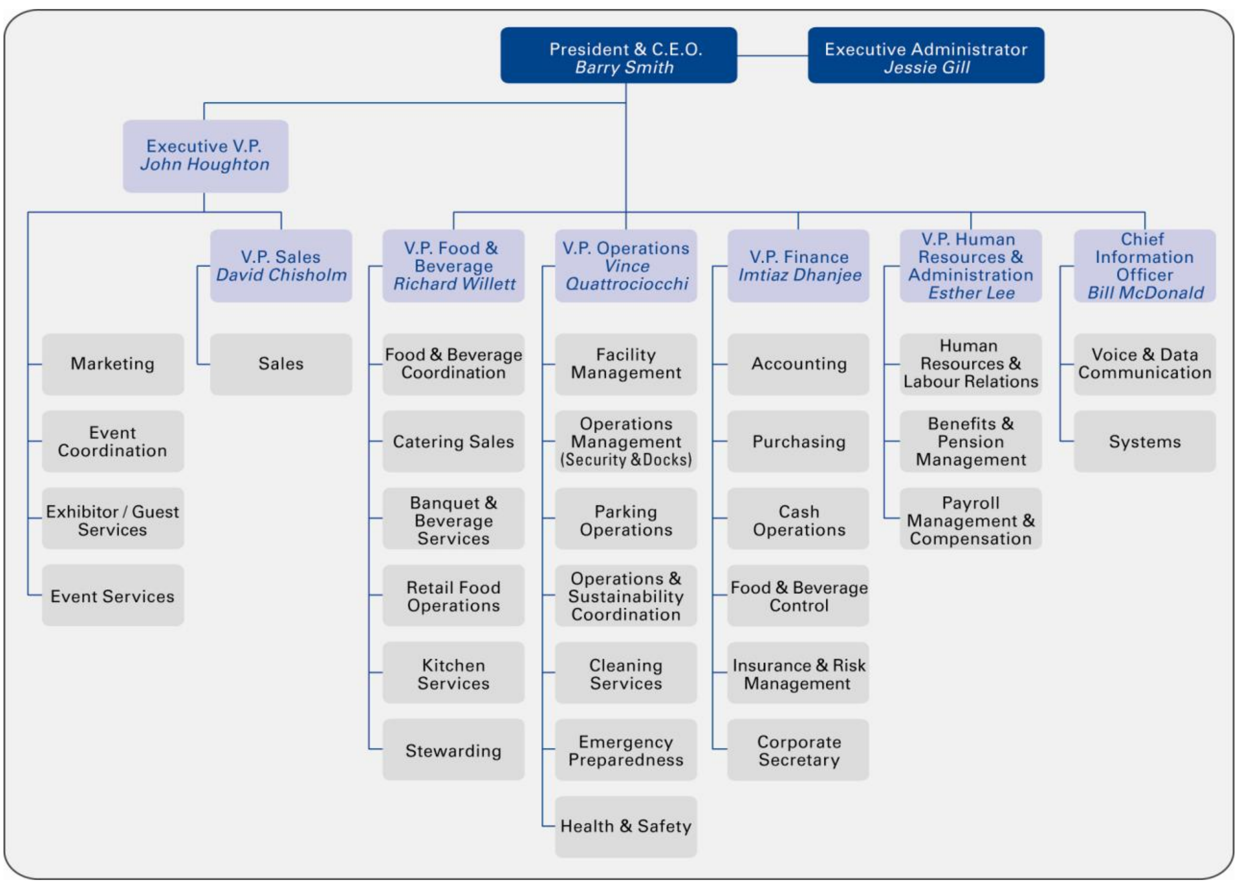
The MTCC currently employs 1,040 employees:

- 361 full-time (including salaried contract)
- 30 part-time and 649 casual; the hourly complement is 898, 37 non-union, 861 unionized
- For bargaining unit employees, 839 employees are members of the Labourers' International Union of North America Local 506; 22 security employees are members of the Canadian National Federation of Independent Unions.

The average tenure of our full and part-time employees is 14.44 years. The average age is 47.

We are proud of our low staff turnover rates as compared to our hospitality and tourism colleagues. During the 2012/13 MTCC experienced a 16 percent turnover rate for the salaried group and 6.31 percent for the full-time hourly personnel, with an overall rate of 10 percent.

At the end of the second quarter of 2013/14, MTCC's full-time turnover rate was 7 percent salaried and 0.45 percent hourly, with an overall rate of 2.78 percent. We do not expect our turnover rate to increase significantly by the end of 2013/14.



Statement of Financial Position

	Actual As at March 31, 2013	Forecast As at March 31, 2014	Budget As at March 31, 2015	Forecast As at March 31, 2016	Forecast As at March 31, 2017
Financial assets:					
Cash	$ 769,808	$ 1,070,400	$ 4,439,200	$ 7,594,900	$ 9,703,300
Customer deposits	11,361,651	11,696,600	12,008,300	11,697,700	11,745,000
Accounts receivable	3,558,853	3,582,600	3,871,600	3,873,400	3,889,100
	$ 15,690,312	**$ 16,349,600**	**$ 20,319,100**	**$ 23,166,000**	**$ 25,337,400**
Liabilities:					
Accounts payable and accrued liabilities	$ 5,986,370	$ 6,140,700	$ 6,952,200	$ 6,955,400	$ 6,983,500
Deferred revenue	11,361,651	11,696,600	12,008,300	11,697,700	11,745,000
Employee future benefits	2,651,800	2,651,800	2,651,800	2,651,800	2,651,800
Deferred contributions related to tangible capital assets	47,669,330	46,676,200	45,683,100	44,690,000	43,696,900
	$ 67,669,151	**$ 67,165,300**	**$ 67,295,400**	**$ 65,994,900**	**$ 65,077,200**
Net debt	**- $ 51,978,839**	**- $ 50,815,700**	**- $ 46,976,300**	**- $ 42,828,900**	**- $ 39,739,800**
Non-financial assets:					
Tangible capital assets	187,937,770	190,647,900	189,938,700	187,770,700	185,202,300
Inventories	480,258	467,900	505,600	505,800	507,900
Prepaid expenses	532,044	526,300	399,800	399,900	401,600
	$ 188,950,072	**$ 191,642,100**	**$ 190,844,100**	**$ 188,676,400**	**$ 186,111,800**
Accumulated surplus	**$ 136,971,233**	**$ 140,826,400**	**$ 143,867,800**	**$ 145,847,500**	**$ 146,372,000**

Statement of Operations and Accumulated Surplus

	Actual 2012 / 2013	Forecast 2013 / 2014	Budget 2014 / 2015	Forecast 2015 / 2016	Forecast 2016 / 2017
Revenue:					
Food and beverage	$ 23,007,582	$ 22,194,000	$ 24,400,000	$ 24,300,000	$ 24,450,000
Facility rental	15,542,391	15,550,000	16,200,000	16,200,000	16,100,000
Parking	8,309,451	10,000,000	10,700,000	11,000,000	11,200,000
Commissions	5,816,553	5,168,700	6,100,000	5,832,000	5,796,000
Communications	1,628,250	1,793,500	1,780,000	1,815,600	1,851,900
Capital contribution	993,111	993,100	993,100	993,100	993,100
Other	2,798,490	2,783,700	3,028,600	3,090,100	3,095,300
Total gross revenue	**$ 58,095,828**	**$ 58,483,000**	**$ 63,201,700**	**$ 63,230,800**	**$ 63,486,300**
Expenses:					
Facility rental	$ 4,260,041	$ 4,384,100	$ 4,513,800	$ 4,519,800	$ 4,491,900
Event services	538,882	486,100	524,200	539,500	536,100
Food and beverage	15,703,116	14,669,600	15,823,600	15,770,700	15,868,000
Communications	552,039	522,700	635,500	648,200	661,100
Parking	2,484,288	2,812,700	3,041,500	3,168,000	3,225,600
Sales and marketing	3,370,820	3,287,700	4,526,800	4,400,000	4,350,000
Engineering	4,837,813	5,029,600	5,136,100	5,238,800	5,300,000
Energy	3,007,943	3,207,600	3,384,400	3,668,700	3,875,000
General and administrative	6,873,227	7,114,600	7,832,600	7,600,000	7,500,000
Other expenses	2,913,384	2,754,500	2,778,400	2,834,000	2,890,700
Amortization	7,268,082	7,858,600	8,463,400	8,863,400	9,263,400
Total expenses	**$ 51,809,635**	**$ 52,127,800**	**$ 56,660,300**	**$ 57,251,100**	**$ 57,961,800**
Annual surplus	**$ 6,286,193**	**$ 6,355,200**	**$ 6,541,400**	**$ 5,979,700**	**$ 5,524,500**
Accumulated surplus, beginning of year	$ 134,185,040	$ 136,971,200	$ 140,826,400	$ 143,867,800	$ 145,847,500
Distribution payment	- $ 3,500,000	- $ 2,500,000	- $ 3,500,000	- $ 4,000,000	- $ 5,000,000
Accumulated surplus, end of year	**$ 136,971,233**	**$ 140,826,400**	**$ 143,867,800**	**$ 145,847,500**	**$ 146,372,000**

Statement of Changes in Net Debt

	Actual As at March 31, 2013	Forecast As at March 31, 2014	Budget As at March 31, 2015	Forecast As at March 31, 2016	Forecast As at March 31, 2017
Annual surplus	$ 6,286,193	$ 6,355,200	$ 6,541,400	$ 5,979,700	$ 5,524,500
Acquisition of tangible capital assets	-15,505,391	-10,720,000	-7,909,000	-6,850,000	-6,850,000
Amortization of tangible capital assets	7,268,082	8,009,800	8,618,200	9,018,200	9,418,200
	- $ 1,951,116	$ 3,645,000	$ 7,250,600	$ 8,147,900	$ 8,092,700
Acquisition of inventories	-5,284,324	-5,150,900	-5,300,000	-5,570,000	-5,600,000
Acquisition of prepaid expenses	-644,122	-605,600	-650,000	-660,500	-663,600
Consumption of inventories	5,316,851	5,153,000	5,400,000	5,600,000	5,625,000
Use of prepaid expenses	544,114	621,639	638,800	630,000	635,000
Distribution payment	-3,500,000	-2,500,000	-3,500,000	-4,000,000	-5,000,000
Change in net debt	- $ 5,518,597	$ 1,163,139	$ 3,839,400	$ 4,147,400	$ 3,089,100
Net debt, beginning of year	- $ 46,460,242	- $ 51,978,839	- $ 50,815,700	- $ 46,976,300	- $ 42,828,900
Net debt, end of year	**- $ 51,978,839**	**- $ 50,815,700**	**- $ 46,976,300**	**- $ 42,828,900**	**- $ 39,739,800**

Statement of Cash Flows

	Actual As at March 31, 2013	Forecast As at March 31, 2014	Budget As at March 31, 2015	Forecast As at March 31, 2016	Forecast As at March 31, 2017
Cash provided by (used in):					
Operating activities:					
Annual surplus	$ 6,286,193	$ 6,355,200	$ 6,541,400	$ 5,979,700	$ 5,524,500
Items not involving cash:					
Amortization	7,268,082	8,009,800	8,618,200	9,018,200	9,418,200
Employee future benefits	-267,800				
Deferred contributions related to tangible capital assets	-993,100	-993,100	-993,100	-993,100	-993,100
	$ 12,293,375	**$ 13,371,900**	**$ 14,166,500**	**$ 14,004,800**	**$ 13,949,600**
Change in non-cash assets and liabilities:					
Accounts receivable	419,074	-23,700	-289,100	-1,800	-15,700
Inventories	32,527	12,400	-37,700	-200	-2,000
Prepaid expenses	-100,008	5,700	126,600	-200	-1,600
Accounts payable and accrued liabilities	-2,176,333	154,300	811,500	3,100	28,100
	$ 10,468,635	**$ 13,520,600**	**$ 14,777,800**	**$ 14,005,700**	**$ 13,958,400**
Financing activities:					
Distribution payment	-3,500,000	-2,500,000	-3,500,000	-4,000,000	-5,000,000
Capital activities:					
Additions to tangible capital assets	-15,505,391	-10,720,000	-7,909,000	-6,850,000	-6,850,000
Increase / decrease in cash	**- $ 8,536,756**	**$ 300,600**	**$ 3,368,800**	**$ 3,155,700**	**$ 2,108,400**
Cash, beginning of year	$ 9,306,564	$ 769,800	$ 1,070,400	$ 4,439,200	$ 7,594,900
Cash, end of year	**$ 769,808**	**$ 1,070,400**	**$ 4,439,200**	**$ 7,594,900**	**$ 9,703,300**

Capital Budget 2014/15

	Cost
Technology Services	$ 274,500
Event Services	88,000
Operations	1,645,500
Food & Beverage	379,900
Admin. / Sales & Marketing	225,000
Oxford Properties projects	276,100
Contingency Fund	500,000
Special Projects	370,000
Cash Reserve	850,000
Total Sustaining Capital Budget	**$ 4,609,000**
Modernization Phase 2 projects	3,300,000
Total Capital Budgets 2014/15	**$ 7,909,000**

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