

Business Plan 2019 – 2022

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Executive Summary

The results achieved in the 2017/18 fiscal year established a new bar for the Metro Toronto Convention Centre, far exceeding previous records for earnings and budgeted gross revenue projections for the year by 18.3 percent. The current fiscal year, ending on March 31, 2019, will finish strong as well. Expected gross revenue of \$74.1 million for this year will exceed the previous high by 14.0 percent. Barring any unforeseen economic swings, gross revenue is projected to rise steadily over the three years covered in this Business Plan.

Citywide growth

After launching a more robust and targeted sales campaign about ten years ago in collaboration with our partners at Tourism Toronto - one focused on U.S. conventions and international congresses originating from Europe - we have begun to see the fruits of our labour. The convention centre is now hosting about a third more citywide conventions in our facility each year than ever before. From a level of roughly 10 to 12 citywide conventions per year - the type and size that produces demand for thousands of hotel rooms and generates the highest level of economic impact for the region - we are now regularly attracting 15 to 18 citywide conventions per year. Naturally, our level of success varies with economic conditions, however, the results have now been sustained for several years in a row and our book of future business suggests that this level of activity has become a trend for our convention business in Toronto.

We currently have 15 citywide conventions booked for 2019/20 and 19 for the following year – which represents a record for the convention centre. These major events, which attract thousands of visitors to our city, are a major driver of economic impact. In 2018/19 we generated more than \$530 million in economic impact for the region, the second highest level in our history.

By dint of their sheer size, citywide conventions tend to demand more space in the convention centre and, therefore, have a direct positive impact on our overall occupancy rate. We are now seeing occupancy levels consistently in the high 50 percent, up from the low 50 percent seen just a few years ago. Remarkably, the occupancy rate last year (2017/18) was 63 percent. We expect to close the current year at 58 percent, which is the level of occupancy we expect to maintain over the forecast period.

Facing new challenges

With success, however, comes new challenges. For one, our success in booking citywide conventions affects our ability to grow the number of trade and public shows we host. Managers of these shows seek consistent dates and space from year to year, which cannot be guaranteed due to increased citywide bookings.

In addition, the cost of acquisition for each citywide convention is rising. As we succeed in winning a growing number of citywide events, we also experience a more frequent need to draw on the Convention Development Fund, which helps clients offset facility rental charges and other conference-related expenses. Consequently, MTCC and Tourism Toronto agreed to expand its respective contributions to the CDF in 2019 calendar year.

Our biggest challenge, however, is securing the large blocks of delegate hotel rooms required to secure these major conventions. Hotel occupancy is at an all-time high and no new hotel development is on the horizon. Hotels in Toronto have become increasingly reluctant to commit blocks of rooms as large as they once did, and at the prices that are attractive to convention planners. This, in turn, makes it increasingly challenging to guarantee the accommodation needed to secure citywide conventions.

Investing in our future

Maintaining our world-class leadership position throughout North America and across the globe continues to be our top priority. An important component of our three-year Business Plan, therefore, is our plan for capital expenditures, which represents our reinvestment in the convention centre facilities. As the MTCC begins its 35th year in business, we continue to improve the facilities to meet the discerning needs of our clients. From 2011/12 to 2017/18, we have invested more than \$50 million in major infrastructure improvements in both the North and the South Buildings. This is in addition to the sustaining capital investments incurred during this period. As a result, the convention centre is well maintained and functions well. For the next few years, our capital expenditures will be, for the most part, limited to projects to sustain the existing infrastructure.

One area of continuous improvement is the technology infrastructure of the convention centre – both for the benefit of our customers, to allow them to work more efficiently, and for the benefit of our employees to work diligently to support them. Our event technology strategy focuses on ensuring that we anticipate our clients' needs and provide them with tools that enhance the success of their events. First and foremost, the strategy requires maintaining a robust data network infrastructure. Second, we have focused on the role of digital signs to enhance the event and facility experience. The third area of focus is emerging technologies – the technologies that will add value to the event experience in the future, such as mobile event apps, virtual/augmented reality and location-based apps. Hand in hand with these developments, we are investing more and more in building responses to the growing security and cyber threats that these new technologies bring.

All of these investments are internally funded from the convention centre's operations. The Corporation has no debt and continues to maintain a strong balance sheet with a positive cash balance. Based on its projected operational results as outlined in this Business Plan, the MTCC will generate sufficient cash flow to meet its operational obligations, finance sustaining capital improvements and exceed its commitment to the shareholder – the Government of Ontario – by way of a distribution payment.

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

The economy

Future bookings for the next three years look very promising for the Metro Toronto Convention Centre. Toronto is a destination of choice, and the convention centre, along with its partners in the hospitality industry and at Tourism Toronto, have developed a very competitive offering for meeting planners and convention organizers around the world. Analysis is underway to determine if existing growth trends will continue. Current economic forecasts suggest we are at the end of an economic expansion period. At a recent economic summit, a panel of financial experts forecasted that an economic contraction, and potential recessionary period, could commence in the next one to three years. This year will be a pivotal year as it relates to the future of the economy.

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, trade shows, 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 is reflected in the Memorandum of Understanding between the MTCC and the Province of Ontario.

Vision and values

In addition to the 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 will continue to focus our resources on securing large conventions and association business based outside of Canada to improve our occupancy and positively impact the economic benefit to the City of Toronto.

Our sales strategy is essential to our success and includes fostering a strong working relationship with Tourism Toronto and our downtown hotel partners.

We will continue to fine tune our Leaders Circle program to identify and engage business leaders and professionals in our community that can help us to maximize our opportunities to win international congress business.

A series of steps have been taken to monitor and participate in Oxford's re-development plan. We are also in close communication with Ministry representatives and Infrastructure Ontario to ensure that all pertinent facts regarding Oxford's plans are shared with all concerned. A special committee within the Board of Directors has been established to assist management with evolving issues and facts that are presented to management.

The Corporation continues to achieve the highest levels of accountability by complying with corporate governance guidelines and Management Board of Cabinet directions, effectively managing the financial resources of the Corporation, maintaining strong internal controls and identifying and strategically mitigating corporate risks.

The Corporation generates sufficient cash flow to meet its operational obligations, finance capital improvements and uphold its commitment to the shareholder by way of a distribution payment.

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.



Photo credit: Jon Benjamin

Environmental Scan & Risk Assessment Strategies

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

RISK CATEGORY: OPERATIONAL

RISK FACTOR #1: THE ECONOMY

The Canadian economy is expected to be stable throughout 2019 supported by increased consumer spending, business investment and improvement in oil prices. Economic growth (GDP) has been forecasted at 1.7 percent in 2019. A stable Canadian economy and Canadian dollar are expected to have a positive impact on our Canadian-based business, resulting in positive corporate performance. However, some potential downward momentum exists due to interest rate increases and impetuous trade policy decisions.

The U.S. economy is expected to continue on its upward growth trend into 2019 albeit at a slower pace than the prior year. Forecasts have the year over year GDP growth estimated at 2.4 percent for 2019, which is lower than 2.9 percent growth in 2018 largely due to uncertainty with U.S. trade policies and any potential responses by U.S. trade partners. The overall prospect of the U.S. economic growth is expected to have a positive effect on our U.S. based business.

Global expansion is expected to continue, However, the downside risk is growing and the global economy faces a more challenging environment in 2019. There is a greater potential for market volatility due to trade policy decisions in the United States, Brexit in the UK and other geopolitical events.

Economists at the large five banks of Canada expect an economic contraction and potential recession in the next one to three years. They forecast that the results of the first two quarters of 2019 would provide a better indication of how the rest of this year and the following two years will shape up in terms of economic performance.

Related Strategic Priority

Booking large convention business and Canadian corporate meetings.

Impact and Scope	Medium
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Securing large convention business is essential to increasing our profitability and economic benefit to the city and province. Economic improvements will build commercial and consumer confidence and encourage international and U.S. clients to hold their events outside of their borders.

A slightly higher volume of Canadian-based business is expected in 2019, not related to economic factors, but more related to the cyclical nature of the convention business.

The effects of a higher Canadian dollar are not expected to affect our U.S. bookings in the upcoming year as these bookings were made well in advance. However, a higher Canadian dollar may affect ancillary spending by those U.S. based clients who have already booked for 2019.

Mitigation

Should economic conditions change and revenues decline, the MTCC will take steps to implement cost-cutting measures to ensure corporate expenses are managed within the revenues being generated.

RISK FACTOR #2: LIMITED AVAILABILITY OF HOTEL ROOM BLOCKS

A key component to winning citywide convention business involves securing the appropriate “hotel package/block” with a variety of price points in close proximity to the convention centre and confirming the number of rooms hotels will commit to each event. The availability of larger hotel blocks means fewer hotels are required to participate, therefore a “tighter hotel package” results in fewer hotel contracts that need to be negotiated. Traditionally, blocks of rooms were committed to a particular event at a negotiated rate many years in advance of the event, with the actual booking of the rooms taking place in the months preceding the event. This allowed hotels with fewer room blocks to book business at a higher rate than those that had pre-negotiated rates. Some hotels are now examining the size of room blocks they will make available for events and are questioning if they should be providing room blocks at all in traditionally high demand periods of the year. Further complicating this issue is the possibility of hotel owners repurposing existing downtown hotels into residential condominium usage. This would further compromise our ability to secure hotel rooms.

Related Strategic Priority

The lack of appropriately sized room blocks from key convention hotels may affect our ability to both maintain and grow the number and size of major conventions.

Impact and Scope

	High
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Without hotel room availability assured at pre-established prices, Toronto is put at a competitive disadvantage with destinations that offer packages that are more competitive. Smaller committed room blocks mean more hotels will be needed and therefore more hotel negotiations required. This will also result in delegates being housed further away from the convention centre, resulting in higher transportation costs from hotels to the convention centre. Attendance at events will be negatively impacted if rooms are not available or priced at retail rates.

Mitigation

This is a destination issue that will require support from Tourism Toronto and the Greater Toronto Hotel Association (hospitality community) and the municipal government in order to establish a common solution.

It will be important to document the facts in terms of the impact a shift in room block size/availability has on our business and on the “bidding process”. It will also be important to document the decisions made so we can track the consequential impact of those business decisions over the longer term and be available to create potential remedies. Alternative types of business will have to be targeted to fill the available space. These alternatives will negatively affect our economic impact potential and knowledge transfer benefits achieved compared to hosting events of international stature. Essentially, we would have to depend on more local business, which will have less economic benefit.

Additionally, if more hotel rooms were built in close proximity to the convention centre to replace reduced inventory, it would create more options for clients.

**RISK FACTOR #3:
RENEWAL AND SUSTAINABILITY OF CONVENTION DEVELOPMENT FUND (CDF)**

The Convention Development Fund (CDF) supports all citywide non-domestic conventions held at the MTCC. The definition of a citywide convention is one that would use the MTCC, utilize two or more hotels and require 1,100 or more peak night hotel rooms. This very successful tool has been generally used to help clients offset MTCC facility rental charges and other conference related expenses. Tourism Toronto, the MTCC and 20+ hotels contribute to this funding mechanism. The hotel contributions are generated based on hotel room nights occupied within the hotel block. Anyone attending a convention but booking outside the contracted room block, or using a service like Airbnb, is not contributing to the fund. The value of the per room night contribution has remained static for a number of years. While the process is imperfect, the CDF continues to provide sufficient resources to help attract major conventions which bring significant economic value to this marketplace.

The agreement is automatically renewed annually unless a specific hotel opts out of the program.

Related Strategic Priority

Continue contributions to the Convention Development Fund from all major contributors.

Impact and Scope

High

The major convention market is very competitive. It remains a buyer's market and there is pressure on some event organizers to keep events within U.S. borders.

Without sufficient funding, Toronto, as a destination, will not be competitive and the MTCC would be at risk of losing revenue and generating less economic impact.

Mitigation

All industry partners that benefit from this funding model need to continue their support for this program. The financial incentives for each convention are getting larger. Under the current funding levels, the program will become unsustainable.

RISK FACTOR #4: EMERGENCY PREPAREDNESS

As Canada's largest convention centre, the MTCC hosts hundreds of events each year with millions of guests in attendance. Therefore, it is vitally important that we provide our clients with a facility that is safe and secure. Although the likelihood of a major emergency is relatively low, management must however remain vigilant and continue to prepare for emergencies and other forms of natural incidents (i.e. flood) and, also remain cognizant of the acts of terrorism that have occurred in other major cities. Accordingly, plan to be able to resume normal business as quickly and efficiently as possible in the event of a major emergency.

Related Strategic Priority

Safety of attendees and MTCC staff.

Impact and Scope

Low – High

The impact would correspond with the level of disaster.

Mitigation

We will continue to improve our emergency preparedness planning by updating relevant information and procedures. Emergency operation centres in both the North and South Buildings have been established so that management can effectively operate in the event of an emergency.

In 2015, management upgraded a current version of our emergency preparedness software.

In 2016, our Fire Safety Plans were added to emergency preparedness software.

Also in 2016, management modernized/upgraded the buildings access control, CCTV and security network systems. In addition to the security system upgrades, new IP cameras were installed strategically around the building's perimeter. These new systems and cameras continue to be upgraded and expanded as required.

Presently, management is undertaking a comprehensive review and risk assessment of our emergency and recovery plan. The intent is to continually update the plan and identify any potential risks and/or vulnerabilities that may exist and to develop recommendations to address any findings.

Lastly, we are increasing the training programs of our security guards to ensure they have and maintain the necessary ability and skills to react to emergencies.

**RISK FACTOR #5:
CONSTRUCTION WORK AND ROAD CLOSURE – BUSINESS INTERRUPTION**

Ongoing construction work adjacent to, or above our South Building along with road closures surrounding our North and South Buildings are having a growing negative effect and impact on the MTCC’s ability to efficiently have vehicular traffic enter and exit our facilities in addition to creating a business risk with potential damage to our structure.

Related Strategic Priority

Creates added complexity and aggravation to our event planners, their attendees and exhibitors by restricting their vehicle and transport truck access our facility.

Impact and Scope	Medium
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Increased traffic gridlock created by the city by contracting street work or special event permits, in many cases without any prior notification to the MTCC, continues to have a growing negative impact to our business. Another significant risk factor to our business is when the city contracts excavation work (without our prior knowledge) above our South Building on Bremner Blvd. and/or at Roundhouse Park which on two previous occasions has caused damage to our roof. This risk, along with the city issuing special event permits potentially involving large stages and heavy equipment, could exceed the weight load restrictions on the Roundhouse Park and create a serious roof failure to the South Building. Adjacent sporting venues (Rogers Centre and Scotiabank Arena) continue to create “fan safety zones” during their events which restricts access along Bremner Blvd from York Street to Rees Street.

At the north east corner of Front and Simcoe Street, Cadillac Fairview has begun development work of a mixed-use tower with an overall building height of 46 storeys. This new construction will see lane restrictions on Front Street that could delay access to the North Building.

Another new development we are watching closely is the recent announcement from metrolinx to do improvement work in the rail corridor and the eventual electrification of the GO tracks. This work could have an impact on our South Building events as contractors working for Metrolinx access our south driveway.

Mitigation

We continue to meet and indentify our concerns with city officials and our local BIA for the need to establish a formal and consistent notification system whereby we have advanced notice of planned street closures, to more effectively deal with local traffic congestion, in addition to advanced notice of excavation work and the use of the Roundhouse Park for public events to avoid serious damage to our building structure.

RISK CATEGORY: ACCOUNTABILITY AND GOVERNANCE

RISK FACTOR: EXECUTIVE COMPENSATION

Under a directive issued to public sector agencies in August 2018, Ontario has frozen the salaries of executives across the public sector as it reviews how raises are granted to top earners at agencies. As a result, the recently implemented program under the Broader Public Sector Executive Compensation Act, which sets out requirements that all designated employers must follow for establishing and posting executive compensation programs has been suspended and salary and performance-related payments for designated executives cannot exceed the previous year's compensation payouts until the government conducts a compensation review that is expected to be completed by June 2019.

Related Strategic Priority

Compliance with legislation, Human Capital and our brand: "Our People are the Centre"

Impact and Scope

High

Our main concern surrounds retaining, attracting and/or promoting existing talent to the executive level, especially compared to private sector opportunities relating to the proposed compensation restrictions.

MTCC's executive team has primarily come from the private sector and management believes the skill sets and experience to be an effective convention centre executive are best found in private sector organizations. As the need continues to attract and retain qualified individuals from this sector, we need to have a compensation program that is competitive to the business landscape that we operate in as opposed to being constrained by the framework requirements.

Moving to a compensation model designed solely for the public sector, may hinder our ability to attract and retain the required skill set that is required to be successful. Furthermore, this may affect our ability to continue to reward executives based on performance.

Mitigation

The MTCC will continue to monitor this file closely and provide input to the Treasury Board. The MTCC will conduct wage and benefit research within the public sector where appropriate and the private sector, specifically, the hospitality and convention sector in order to benchmark external competitiveness.

RISK CATEGORY: INFORMATION TECHNOLOGY AND INFRASTRUCTURE

RISK FACTOR: MALICIOUS ATTACKS ON OUR INFORMATION TECHNOLOGY INFRASTRUCTURE (“CYBER SECURITY”)

Malicious attacks on corporate information technology infrastructure (e.g. network and devices, business applications, corporate information) are not a new phenomenon. However, it has become an area of increased focus. The primary reasons for this are:

- Longstanding threats such as virus and other forms of malicious software (malware) still exist in abundance and continue to grow in numbers and sophistication.
- Newer threats, such as “ransomware”, have emerged.
- Mobile devices (smartphones, tablets, laptops) provide a wide number of entry points into corporate networks. These entry points will continue to grow with the evolution of the Internet of Things.
- Mobile devices have the ability to store corporate information but do not have the same level of intrusion prevention as corporately housed technical infrastructures.

Corporate senior management and boards of directors have become highly concerned about cyber security threats and the ability of their organizations to prevent or recover from these attacks.

Related Strategic Priority

Protect the organization from cyber attacks.

Impact and Scope

Low – High

As there are a wide variety of threats, the actual attacks or the degree of their success will vary dramatically. Specific risk identification and mitigation measures will be focussed accordingly.

Mitigation

In previous years, we have commissioned qualified third parties (such as KPMG) to conduct intrusion testing against our corporate network as well as some of our applications housed outside of the primary network. Discovered vulnerabilities are addressed, as appropriate. While the specific scope may vary, we will continue this practice on an annual basis.

Commonly, threats are directed towards specific, known vulnerabilities within network and system operating systems. Consistent with our standard practices, version upgrades and software patches are regularly applied. Virus protection software is updated on a daily basis.

We will develop a corporate escalation plan that communicates issues, impacts, and status of any technology security breach that does occur.

RISK CATEGORY: HUMAN RESOURCES

RISK FACTOR #1: WORKING RELATIONSHIPS BETWEEN MANAGEMENT, EMPLOYEES AND MTCC’S TWO LABOUR UNIONS

Our desire to enhance customer service, attract and retain talent and demonstrate to our employees that “Our People are the Centre” requires that we have a positive and productive relationship between management, our front line employees and our two labour unions.

Related Strategic Priority

To remain a recognized leader in our industry by aligning our people practices with our employer brand “Our People are the Centre”.

Impact and Scope

High

If we are able to maintain a mutually respectful relationship, we can achieve a collaborative front and jointly advocate the benefits of a highly productive labour-management relationship. If the union and company are not able to achieve a fair and equitable collective agreement at the time of renewal then we run the risk of a labour disruption.

Mitigation

We will continue to elicit feedback from our employees and customers as we look for ways to continually raise the bar in our service standards and employee engagement.

We will collaborate with the union leadership in implementing client-centred initiatives and continue to stay abreast of union activity within the hospitality industry.

We will consider opportunities that will lead us to win-win solutions. We will ensure our policies and procedures remain progressive and in line with our hospitality competitors and the industries that we recruit and attract talent from. This includes employee recognition, training and development, internal communications and engagement strategies, and health, wellness and safety initiatives.

RISK FACTOR #2: HUMAN CAPITAL

Changing labor market demographics and the introduction of new ways of doing business through technology requires Human Resources strategies that include attracting and retaining high performing individuals. If the MTCC does not continue to successfully attract and retain these individuals, we face the risk of not having the right people in place for our ever-growing business and operational demands. In a climate where success historically has been related largely to technological advances, success this coming decade will be more a function of human capital.

Related Strategic Priority

To remain a recognized leader in our industry by aligning our people practices with our employer brand, “Our People are the Centre”.

Impact and Scope

High

The calibre of our employees affects the MTCC financially and operationally. As such, it is necessary for the MTCC to focus on external recruitment to ensure that we are attracting valuable candidates, as well as investing in our internal workforce to guarantee they have the skills necessary to support our growing demands. These efforts will ensure we maintain our position as an industry leader attracting top talent.

The MTCC has a significant number of labour-intensive jobs. As our workforce continues to age, we face the ongoing challenge of managing performance expectations while monitoring and providing suitable accommodations, along with mitigating increased health care, safety claims, and occupational incidents.

Mitigation

The MTCC will continue to invest in its human capital by providing training, development opportunities and attendance at industry conferences.

Our focus will be on advancing our HR Brand to effectively communicate the opportunities and benefits of working at the MTCC in order to attract and retain top talent. In addition to our current recruitment efforts through job fairs, LinkedIn, our website, partnerships with Universities & Colleges along with various social media channels, we will develop a strategy to connect and promote our brand with the Indigenous community, new Canadians and Ontario youth.

The recent implementation of our Applicant Tracking System has greatly improved the overall candidate experience whereby they have quick access to information about the company they are applying to and the benefits offered. Additionally, the efficiency in the application submission platform helps to focus on aligning candidate skills with available job opportunities.

In order to keep our current workforce healthy and reduce disability costs, we will continue to work with the Operations Department and the Joint Health and Safety Committee (JHSC) to review various labour-intensive tasks that could be automated, process streamlined, and/or ergonomically improved. The “See It, Report It” program has proven valuable in assisting with mitigating avoidable workplace incidents. We will continue to manage our early safe return-to-work program (ESRTW), our workplace accommodation process, and performance management procedures.

RISK CATEGORY: OTHER RISKS

RISK FACTOR #1: MARSHALLING YARD

In 2015, the MTCC renewed the lease for the Cherry Street yard for an additional five years with the City of Toronto Port Lands Company. This lease will expire on January 31, 2020.

Related Strategic Priority

Securing a long-term lease or purchase of land to operate our marshalling yard.

Impact and Scope

High

Securing a longer-term yard for our marshalling needs is vital to our business. The existing lease has one year remaining. Without a permanent or longer-term marshalling yard in close proximity to the MTCC, our clients' ability to efficiently and effectively move in/out of their events will be severely impacted.

Mitigation

Prior to the expiration of the current lease term, management has conducted direct discussions with the Toronto Port Lands Company and the Port Authority to ascertain if suitable lands within the desirable portlands area will come available in order to secure a long-term lease. We have received assurances that a five year lease extension could be provided, however, management has indicated we prefer a 10 year extension. The Portlands are amenable to a 10 year lease, however, would require their Board's approval. Both parties have agreed to pursue the 10 year lease extension in the Spring 2019.

To provide our clients alternatives to how they move their freight into the buildings, management has adopted new technology can help with efficiently moving events in and out of our facility. The system works similar to the "Uber" type app whereby incoming freight can be scheduled in advance and tracked by time and space, thus allowing for a "virtual" marshalling yard throughout the downtown area. This type of technology is currently being used in busy urban centres throughout the world.

RISK FACTOR #2: REPUTATION RISK (A)

A dramatic failure in meeting client service expectations could result in significant reputational loss to the 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, seriously impact client confidence and, in turn, corporate sales.

Impact and Scope

Medium

Failing to meet client expectations in a major way would affect the MTCC's reputation and, by extension, Toronto as a destination for large business events.

Mitigation

Constantly monitor client feedback and continuously improve the event experience our customers have. Also, ensure we have the right people, train them and constantly help them achieve the standards that have been established for their role, each department and the Corporation.

RISK FACTOR #2: REPUTATION RISK (B)

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, the Accessibility for Ontarians with Disabilities Act, Human Rights Code - Violence and Harassment in the Workplace, the Alcohol and Gaming Commission of Ontario, and other policies within the Public Service of Ontario Act such as the Conflict of Interest and Disclosure of Wrongdoing/Whistleblower policies.

Impact and Scope

Low – Medium

Depending on the nature of the failure. The potential loss of business reputation may be due to any reason outlined above. Our vision is to “Help our Customers Create Successful Events.”

Mitigation

We will annually review all relevant policies, procedures and standards to ensure we are up to date and compliant. 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.

The IASLC 19th World Conference on Lung Cancer



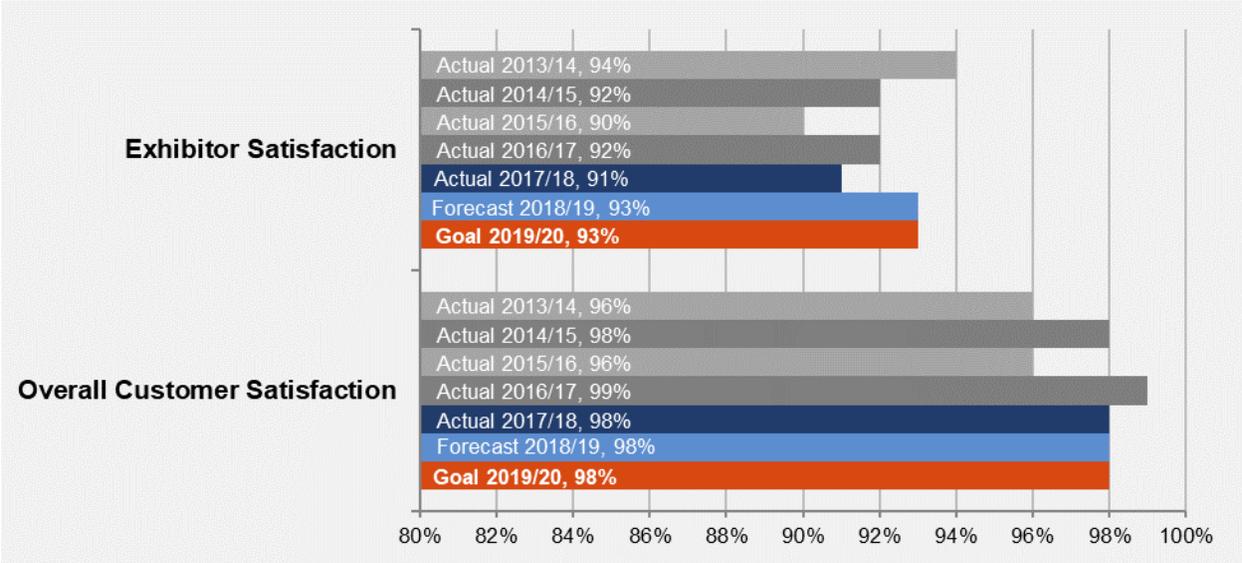
Photo credit: Jon Benjamin

Corporate Goals & Strategies

We will 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 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	<p>We will achieve an overall satisfaction rating of 98 percent from our clients on the customer evaluation report, with a response rate of 37 percent.</p> <p>We will achieve an overall satisfaction rating of 93 percent from our exhibitors, with an 18 percent response rate on our exhibitor services evaluation survey.</p>
Strategies	<p>We have established operating standards for each department and we will monitor our results to ensure our standards are achieved. If client service failures occur, we will follow up to improve processes or identify specific training needs individuals may require. Our monthly customer service reports and day-to-day client feedback will be used to identify the areas that require attention.</p>
Performance measures	<p>Our client evaluation survey will be used to track and measure our goals on a monthly basis.</p> <p>Exhibitor evaluations will be reported monthly.</p>



Goal #2: Occupancy

Goal In 2019/20 we are projecting occupancy of 58 percent based on the business we currently have on the books and anticipated business pickup during the year. The occupancy for 2018/19 is forecasted to be 58 percent.

Occupancy is calculated using a formula consistent with other Canadian convention centres. The number of square feet sold is compared to the saleable space available on a daily basis and we do not make any provision for major holidays or down periods between events.

Strategies Growing our occupancy is directly related to increasing the number of large conventions we host. They are the major space users, along with trade and consumer show business. Maintaining a diversified sales approach to all sizes of business to fill in the areas between bigger events is essential to growing our occupancy numbers.

Performance measures The space used by each event is calculated and reported monthly.

Event Type:	Actual 2014/15	Actual 2015/16	Actual 2016/17	Actual 2017/18	Forecast 2018/19	Budget 2019/20
Banquets	71	67	76	54	55	58
Conventions	45	39	36	44	42	42
Exams	17	15	4	2	-	3
Job fairs	8	10	7	5	6	8
Meetings	301	337	339	289	284	287
Public shows	33	33	37	33	32	32
Seminars	14	9	3	0	3	5
Special events	33	22	28	27	27	27
Theatre events	21	13	24	36	44	45
Trade shows	22	24	15	18	17	18
Total	565	569	569	508	510	525
Occupancy	54%	51%	53%	63%	58%	58%

Goal #3: Financial

Goal

Our goal is to manage the business operations efficiently while sustaining long-term growth. We aim to generate a profit margin consistent with our historical trend. In addition, we will strive to maintain our facility to the highest standard by sustaining capital improvements on an ongoing basis funded from operations.

We will generate the following financial results as indicated in the 2019/20 fiscal budget:

- Gross revenue of \$75.9 million
- Net revenue of \$47.3 million
- Net operating income of \$22.7 million
- Sustaining capital budget of \$7.2 million
- Distribution payment of \$12.5 million
- Economic benefit of \$505 million

We will achieve our mandate to generate an economic benefit to the City of Toronto 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 (net revenue, net operating income).

Strategies

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

Meet the requirements of the accountability measures established by the Agencies and Appointments Directive (AAD).

Performance measures

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

- Annual report
- Business plan
- External audit
- Financial reporting
- Agency Quarterly report to the Ministry
- Compliance Report to the Board of Directors.

Description	Actual 2016/17	Actual 2017/18	Forecast 2018/19	Budget 2019/20	Forecast 2020/21	Forecast 2021/22
Economic Benefit (millions)	508	594	530	505	N/A	N/A
Gross Revenue (millions)	\$65.0	\$80.8	\$74.1	\$75.9	\$77.4	\$78.9
Net revenue Margin %	60.2%	62.2%	62.3%	62.2%	62.2%	62.2%
Net Operating Income (millions)	\$16.3	\$25.8	\$21.9	\$22.7	\$23.1	\$23.6
Net Operating Income %	25.1%	31.9%	29.6%	30.0%	29.9%	29.8%
Capital Expenditure (millions)	\$10.4	\$20.5	\$6.1	\$7.2	\$7.7	\$7.7
Distribution Payment (millions)	\$7.0	\$9.0	\$11.5	\$12.5	\$14.0	\$15.0

Goal #4: Human resources

Goal As the Centre's workforce continues to age, our goal is to provide suitable accommodations while addressing issues of declining productivity and mitigating increased health care and safety claims.

Strategies We will continue to promote an integrated approach to health, safety and wellness through investing in our employees by providing high quality training and development. This will ensure we continue to engage our current workforce, keep them safe and provide them with the skills necessary to provide a higher level of customer service to our clients, as well as grow with the organization by acquiring an enhanced skill set.

We will continue to work with the Operations Department to review various labour-intensive tasks that could be automated, process streamlined, and/or ergonomically improved. We continue to explore new ways to support the overall health of our employees through wellness initiatives, and identify new ways to promote health and wellness, such as community activities and events. We also continue to host our bi-annual wellness fair where our goal is to focus on displaying interactive booths with a wide variety of health & wellness providers.

In addition, we will manage our workplace accommodation process and performance management procedures to transition employees safely back to work.

Performance measures

- Monitor performance to ensure consistency and accountability across the board.
 - Track our health and safety incidents with the goal of zero lost time accidents and closely monitor our return to work program to ensure timely offers of modified work are being executed.
 - Identify potential gaps or high risk areas, so we can develop proactive retention plans to mitigate the impact of losing key personnel.
-

Goal #5: Corporate social responsibility

Goal

We will strive to maintain a 90 percent diversion of waste from landfill in 2019/20 similar to our projection for 2018/19.

Increase positive community impact by continuing to grow the donation program from an estimated 60,000 kg in 2018/19 to 65,000 kg in 2019/20, representing an eight percent increase. Amplifying our donation program directly impacts our recycling percentage. In working with local organizations, we can provide them with materials left behind by our customers instead of sending them to the landfill site.

Reduce our carbon footprint for the 2019/20 fiscal year from an estimated 2,250 tons of CO₂e in 2018/19 to 2,086 tons of CO₂e, which represents a 7.2 percent reduction. This is a new emission factor calculation that will be used in converting electricity to CO₂e. We will continue to engage employees in corporate social responsibility initiatives throughout the year.

We will demonstrate industry leadership with respects to social responsibility issues by active engagement and participation by our employees on boards, committees and voluntary programs.

Strategies

Continue to investigate new opportunities for recycling and reusing materials. Engage and educate employees, clients and exhibitors to increase participation in the diversion program.

Investigate and invest in energy sub metering and room sensor technologies to help identify and manage areas of the facility that are consuming excess energy.

Continue to encourage our clients to reduce the carbon footprint of their events by promoting green renewable Bullfrog Power.

Continue to engage clients and exhibitors to contribute to the donation program in order to reuse more items from the disposal stream while helping to support local organizations. This program includes both food donation and in-kind donations from events.

Organize a variety of both internal and external corporate social responsibility events to benefit the environment, the company, and the community. These events include food drives, charity fundraisers, neighbourhood garden plantings and clean ups.

Performance measures

Conduct monthly visual audits of waste and recycling collected throughout the facility to identify all possible recycling streams and ensure an efficient capture rate of recyclable material.

Conduct annual third-party waste audit.

Track monthly energy consumption and ensure conservation efforts by engaging and educating employees and clients.

Engage in a minimum of six events to benefit the community or the environment and have substantial employee participation from across the company.

Goal #6: Industry leadership and innovation

Goal	We will maintain our industry leadership position through innovative uses of information technology.
Strategies	<p>Investigate and, as feasible, implement technologies that enhance the experience of show managers, exhibitors, and event attendees.</p> <p>Implement new or enhance existing information systems to provide efficiencies to the MTCC staff.</p>
Performance Measures	<ul style="list-style-type: none">• Demands on our data network continue to grow due to the evolving needs of show managers, exhibitors and event attendees. This is consistent with the convention venue business in general. <p>In the past year, we focused our investment in wireless coverage and performance in the North Building, particularly in the exhibit spaces. This was driven by both the exhibitor requirements and the attendee requirements to “be connected” at all times.</p> <p>In 2019/20, we will:</p> <ul style="list-style-type: none">○ Upgrade wireless services in North and South Building meeting rooms○ Upgrade data network infrastructure components (switches, fibre optic cabling). <ul style="list-style-type: none">• With the new large format digital walls installed over the past two years, combined with the existing meeting room signs and general-purpose signs, we are well positioned to provide events with unique digital media opportunities to enhance their event experience. This includes event branding and sponsorship/advertising opportunities, dynamic and animated content, broadcasting social media conversations, and integrating event gamification. In order to grow this business opportunity, we continue to invest in promoting the awareness of the digital capabilities and assisting events who have limited digital media expertise available to them. <p>In the upcoming year we will focus on growing this service by:</p> <ul style="list-style-type: none">○ Creating additional marketing collateral, such as short videos on event opportunities in using digital media. These videos will be posted on our corporate website, our YouTube channel, and direct communications with event planners.○ Incorporating specific customer feedback into the continuous improvement of our digital signage services and processes.○ Investigate other types of “less traditional” digital media technologies that could be incorporated into our services. We will be investigating the feasibility of pillar wrap LED signs in high traffic areas. <ul style="list-style-type: none">• In 2019/20, we will continue to focus on opportunities to increase the effectiveness of our business operations.○ In 2018/19, we developed a new “workstation environment” which integrates the physical workstation, business applications, and information into one virtual environment. This provides staff with seamless access to their technology work environment regardless of their location (work, home, travel, meetings, etc.). It also directly facilitates our Human Capital initiative of providing a flexible work environment and enhances our ability to work collaboratively.

Goal #6: Industry leadership and innovation

In 2019/20, we will begin rolling out this workstation environment for specific departments and staff.

- In late 2018/19 and early 2019/20, we will be upgrading our time and Attendance application (Workforce). This application is used to schedule and report hours worked by hourly staff. As part of this upgrade, we are reviewing our current usage practices and incorporating changes that will provide higher value to our business operations.
 - We will be investigating and, if feasible, implementing the use of mobile devices for staff who are working throughout the facility. This will include our staff servicing events as well as staff responsible for maintaining our facility.
 - In 2018/19, we began introducing technology collaborative tools directed to enhancing work group initiatives. Work groups are commonly departmental teams or cross-departmental teams. We will continue to facilitate the use of these tools throughout 2019/20.
-



Event Technology Strategy

The Event Technology Strategy defines our immediate and long-term plans for technology that **directly** affects the success of events. This differentiates from technology used to manage MTCC business operations – although some degree of overlap is natural.

Our strategic view of event related technology is comprised of three areas:

- Data Network Infrastructure – the network infrastructure used by all of our customers (event managers, exhibitors, and attendees) to meet their requirements for a successful event.
- Digital Signs – signs located throughout the facility to enhance the event and facility experience. We recognize digital signs uniquely in our strategy since they are part of our corporate innovation goal of industry leadership.
- Emerging Uses of Technology – technologies that are emerging in the market with intuitive value to the event experience. This includes technology brought in directly by the events.

The overarching themes of the strategy are (1) to create or facilitate an event experience that is unique, highly flexible, efficient, and reliable, and (2) ensure our networking capabilities are appropriately ahead of the growing requirements of our customers. To achieve this, it is essential to understand the trends within each of these areas.

I. Data Network Infrastructure

The MTCC provides wired and wireless data networking services for events for use by event managers, exhibitors and attendees.

In addition to historic uses of data networks, there is a growing use of event-specific applications directed towards enhancing attendee engagement (such as event agendas, peer networking, event social media dialogue, voting / feedback, training sessions).

Attendees commonly feel the need to be “connected” at all times, for both business and personal reasons.

In all cases, the performance, coverage and reliability of the event network is fundamental to the success of the event.

Trend: We will continue to see a strong demand for data networking services, particularly wireless connectivity.

While still early, there will be further data networking demands from emerging technologies that are network aware (“Internet of Things” devices) or rely on substantial bandwidth availability (multi media, virtual/augmented reality).

Trend: There are opportunities for staff working outside of an office to increase their effectiveness by using mobile devices to access applications or information related to servicing an event. Examples of this include access to food and beverage requirements (especially recent changes), building maintenance information by Engineering, and vehicle marshalling information by Docks.

Response: In response to both of these trends, the MTCC data network infrastructure needs to be a step ahead of the actual growth in demand, necessitating continued capital investments. These investments are directed towards performance capability, coverage areas, areas of concentrated usage, and redundancy. While most of our investments to date have been, and will continue to be, in event spaces, we need to ensure that we also address “back of house” areas.

II. Digital Signs

In the past two years, we have installed five, large format digital media walls throughout the facility. These, along with meeting room, directional, general purpose and external signs, provide event managers with extensive digital sign assets for branding, advertising and attendee engagement opportunities.

To date, there has been substantial use of the large digital media walls for event branding, sponsorship promotion and advertising. Some have used the walls for promoting attendee engagement by displaying their social media conversations and event gamification.

Not surprisingly, conventions and public events have been the primary event types using digital media. Trade shows and meetings have also used digital media, but to a lesser extent.

Trend: We will continue to see more events using some form of digital media for their events. Growth will be moderate and largely driven by conventions and public events. We will also see digital media used in more sophisticated ways (animation, social media, and gamification) than simple digitalization of traditional print media.

Key factors that influence the event adoption of digital media include their production budget, expertise in digital production, and confidence in the value. The exceptions to this are events with strong representation in industries that are already leveraging digital media opportunities (such as the Auto Show, and events with pharmaceutical industry representation).

Response: We will continue our marketing efforts to motivate and assist events in their use of digital media.

- We have produced two short promotional videos on our digital assets and the value of digital advertising. Further videos will be produced.
- We will continue to engage event managers early in the event planning process.
- As our official provider, we will continue to promote Freeman Audio Visual resources to events with limited internal digital media resources.

III. Emerging Technology

Events and convention facilities continue to investigate emerging technologies that could change the event experience.

By definition, many of these products are early in their “hype cycle” and relatively immature. They are likely to go through several iterations before they reach technical maturity and wide market acceptance.

There are some advantages to being an early adopter. Certainly, there is opportunity to be seen as an industry leader, and create a memorable “wow experience”. There are associated risks, including costs, difficulty in implementation, and benefits that are largely speculative.

Both event managers and convention facilities, including the MTCC, have adopted the general

approach of “picking their spots” and managing risk accordingly.

Trend: Mobile Event Apps – This is the most mature and widely adopted of the emerging technologies. Events commonly have “event apps” available for attendees to download prior to the event. Commonly, event apps provide schedules, session content and general event information. Some apps include peer networking, polling/voting and special notice broadcasting. These apps will continue to grow in sophistication and user adoption.

Response: The use of mobile apps by event attendees has been a significant consideration in the specific capital investments in our wireless data network. We have also expanded our attendee wireless coverage to include exhibit spaces – an area once commonly excluded in major convention facilities.

Trend: Virtual/Augmented Reality – both of these technologies (including their hybrid, “mixed reality”) have the potential for adoption by events and exhibitors. We have seen some early adoption in events involving training (such as using virtual, rather than physical representations for medical demonstrations). There are emerging opportunities for product demonstration and telepresence (visual, interactive presence from a remote location).

Response: There are a number of obstacles to adopting virtual/augmented reality, particularly for an event. These include high cost, complex production requirements, and immaturity of products. The largest impact on MTCC will be the provision of network bandwidth, as these tend to be data intensive. Recognizing that event adoption will be minimal in the near term, we will simply monitor the evolution of this technology.

Trend: Location-Based Apps – a few years ago, there was considerable hype around using “beacons” as the basis for event mobile apps. The concept was to provide attendees with information based on their physical position within a facility. While initially appealing, there were several obstacles to widespread adoption, including costs, installation complexity, and rapidly changing technology. However, other types of location-based applications are being explored. One example is the use of beacons attached to attendee badges and scanned by strategically placed receivers. This was used at PCMA in Nashville in early 2018.

Because of the potential benefits associated with attendee location based applications, other technical approaches continue to be investigated throughout the industry, including beacons, RFID, and wi-fi.

Response: There is not a clear specific direction or technology for location-based applications and different approaches will have vastly different impacts on the MTCC technology requirements. We will continue to monitor the evolution of this technology and types of event usage at the MTCC and other venues.

Trend: Security and Cyber Threats – While not a technology, security and cyber threats are growing concerns to our customers. Historically, venues have seen event information management, within the event space, to be the responsibility of the event itself. MTCC has traditionally focused on protecting the network infrastructure from any service disruption. However, with increased general awareness of cyber crime threats and formal initiatives such as General Data Protection Regulations (GDPR) from the European Union, there is heightened sensitivity from our customers.

Response: MTCC does protect customer information that is resident within our business applications (such as the Event Business Management System). Additionally, we have technology and processes to prevent malicious intrusion. In 2019/20, we will evaluate our customer information management against the GDPR compliance standards and identify any gaps.

For our network infrastructure that service events, we will provide events with a clear understanding of what information is and is not stored on the network, and what protection is and is not addressed within our network infrastructure management.



Corporate Background & Business Outlook

The MTCC operates within the accountability framework of the Province of Ontario as set out in the Agencies & Appointments Directive.

The objectives of the Corporation are to operate and manage an international class convention centre in the City of Toronto as a self-funded organization in a manner that will promote and develop tourism and industry in Ontario. Our primary goal remains to be the premier gathering place for conventions, trade/public shows and corporate meetings. In addition to maintaining our current business, our goal is to develop new business to both grow our corporate revenues and profit margins and drive additional economic benefit for the city.

The Corporation has been successful in attracting hundreds of thousands of convention delegates to Toronto over the past three decades. As the MTCC enters its 35th year of business, the experience it has

accumulated over the years and the reputation it has acquired as one of Canada's leading convention facilities continues to grow. With its experience, reputation, and people behind it, the Centre will continue to strive towards ensuring the success of its clients' events.

The MTCC continues to enjoy a period of strong performance with continued growth in the number of events it hosts each year, which leads to robust corporate revenues. This success, coupled with effective management of corporate expenditures, translates into positive bottom line results. This has enabled the Corporation to upgrade the facility, to provide a payment to its shareholder, the Government of Ontario, and to generate a positive economic benefit to the City of Toronto of \$500 million to \$600 million each year, creating approximately 5,200 jobs annually and generating annual taxes of approximately \$150 million.

Market segment overview

Fiscal 2019/20 promises to be a busy year and in many ways quite similar to the fiscal year 2018/19.

Our occupancy is expected to be 58 percent, very similar to the current year.

We have 15 citywide conventions booked for 2019/20, which is similar to the 2018/19 fiscal year. Thirteen of these citywides will take place in the first eight months of the year. In 2019/20, we will host nine U.S.-based citywide conventions, one international-based and five based here in Canada.

The total number of conventions that we will host in the upcoming year will be around 42, depending on how much business we pick up in the year for the year. The greatest opportunity for new business pickup will be in the second half of the year. The total number of Canadian conventions we expect to host is 27.

The number of events that we are expecting to host is 525, which is 15 more events than in 2018/19.

A year has passed since we opened the new 600 level meeting rooms and it has been interesting to monitor the booking patterns and the acceptance of the new space into the marketplace. We anticipated that with more meeting rooms we would book more small corporate meetings, but that has not materialized despite marketing efforts and introductory price offerings into the marketplace. Hosting multiple events in the South Building, depending on how clients activate their events in the public areas precludes us from being able to successfully host events in the level 600 rooms. That being said, the addition of this space and the contemporary look and feel of the South Building has met with huge accolades from our large events that occupy the entire South Building, either annually or as one off citywide conventions. Our growth in winning citywide conventions has been exponentially assisted by the modernization of the South Building and the additional meeting rooms.

We are not expecting significant shift in the number of trade shows to be held in the facility. We will see the return of the MJ Bizcon event for a second year as it moves from August dates to September next year.

It should also be noted that given this is an even year in the calendar, we will see the return of the CMPX Show in March of 2020.

In the public show market, an unusual circumstance has taken place and we will not host the Green Living Show, the Yoga Show and Conference and the Spring Fest Expo in the next fiscal year. In all three cases, we will host them twice in 2018/19, once each in April and again next March. They will return in fiscal year 2020/2021. This occurred because of space and date compression created by large citywide conventions in April and the Easter Holiday in 2020. We anticipate the return of the EGLX Gaming Expo that took place for the first time in 2018/19. We also will be hosting the

WWE SummerSlam Fan Axxess Festival in early August in the South Building in conjunction with a four-night wrestling extravaganza at Scotiabank Arena. Lastly, Fan Expo, after a three year run over the Labour Day long weekend, will take place next year during the weekend prior to Labour Day.

The Canadian corporate market remains strong. This market segment continues to be very short-term and competitive in terms of price and venue. We will continue with our efforts to grow the business in this market segment and secure our market share while hotels and other venues compete for this business.

Business assumptions

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

The following assumptions have been used in formulating the budget for 2019/20:

- 2019 inflation rate is forecasted at 1.9 percent.*
- U.S. exchange rate – CDN currency is forecasted to average between \$0.75 and \$0.80 USD during 2019.*
- Economic growth – GDP for 2019 is forecasted at 1.7 percent.*

* Source: RBC Economic and Financial Market Outlook, December 2018.

Global markets remain strong, however, some downside risk exists largely due to trade tensions between the United States and China. Most analysts agree that cooler heads will prevail and an all-out trade war between the world's two largest economies will be avoided. A potential slowdown in the Canadian economy would have a lagging effect on our business as our booking calendar is strong through 2021.

Global growth is projected to remain steady in the near term growing 3.7 percent in 2018 and 2019.

Management's yearly budgetary review of the MTCC event calendar, estimated pickup business, cost structure and market conditions have formed the basis of the revenue and expense projections for 2019/20.

The following assumptions and estimates have been used based on MTCC's event calendar:

- 2019 projected number of events: 525
- 2019 projected occupancy rate: 58 percent
- Historical pickup rate taking into consideration business already on the booking calendar.

The revenue and expenses for 2020/21 and 2021/22 are estimated based on future outlook of business. The profitability projections for the two forecasted years are based on best estimates.

MTCC's financial results have been presented based on Public Sector Accounting Standards (PSAS).

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.

The 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, obtaining 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/trade show 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 trade shows 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 Government of Ontario). 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.

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 the MTCC's risk management process is to identify potential events that may impact the organization and

then manage the identified risks within reasonable limits. As part of the risk management process, the 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 Finance and 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. The MTCC periodically updates its travel, hospitality, and procurement policies to ensure it is 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 the 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

The Corporation has no debt and continues to maintain a strong balance sheet with a positive cash balance.

Based on its projected operational results as outlined in this Business Plan, the MTCC will generate sufficient cash flow to meet its operational obligations, finance sustaining capital improvements and meet its commitment to the shareholder by way of a distribution payment.

The cash flow statement shows the projected cash position based on reasonable assumptions outlined in this three-year Business Plan.

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.

With the conversion of debt to equity in March 2003, the Ministry of Finance and the MTCC established the Distribution Payment Policy. The MTCC agreed to make a minimum payment to the Province of Ontario annually in the amount of \$2.5 million.

The distribution payments recorded up to March 31, 2018, total \$81.5 million. Based on the 2018/21 Business Plan, the planned distribution payment for 2018/19 is \$10.0 million.

Due to strong financial results expected in the current year, management will be recommending to the Board of Directors a distribution payment of \$11.5 million if year-end financial results come in as projected.

The projections for the following three years are:

- \$12.5 million on March 31, 2020;
- \$14.0 million on March 31, 2021;
- \$15.0 million on March 31, 2022.

Statement of Financial Position

	Actual As at March 31, 2018	Forecast As at March 31, 2019	Budget As at March 31, 2020	Forecast As at March 31, 2021	Forecast As at March 31, 2022
Financial assets:					
Cash	\$ 8,240,800	\$ 8,772,300	\$ 10,253,800	\$ 10,124,700	\$ 9,974,500
Customer deposits	23,337,300	18,535,500	18,979,200	18,966,700	18,946,300
Accounts receivable	5,412,200	4,522,700	4,630,900	4,722,400	4,815,500
	\$ 36,990,300	\$ 31,830,500	\$ 33,863,900	\$ 33,813,800	\$ 33,736,300
Liabilities:					
Accounts payable and accrued liabilities	\$ 12,194,700	\$ 8,526,100	\$ 8,578,500	\$ 8,747,900	\$ 8,920,400
Deferred revenue	23,337,300	18,535,500	18,979,200	18,966,700	18,946,300
Employee future benefits	2,391,700	2,218,900	1,561,300	796,400	596,400
Deferred contributions related to tangible capital assets	42,703,800	41,710,700	40,717,600	39,724,400	38,731,300
	\$ 80,627,500	\$ 70,991,200	\$ 69,836,600	\$ 68,235,400	\$ 67,194,400
Net debt	-\$ 43,637,200	-\$ 39,160,700	-\$ 35,972,700	-\$ 34,421,600	-\$ 33,458,100
Non-financial assets:					
Tangible capital assets	\$ 196,952,200	\$ 192,677,800	\$ 188,852,600	\$ 185,274,600	\$ 181,396,600
Inventories	738,100	741,400	759,200	774,100	789,400
Prepaid expenses	730,000	741,300	759,100	774,100	789,300
	\$ 198,420,300	\$ 194,160,500	\$ 190,370,900	\$ 186,822,800	\$ 182,975,300
Accumulated surplus	\$ 154,783,100	\$ 154,999,800	\$ 154,398,200	\$ 152,401,200	\$ 149,517,200

Statement of Operations & Accumulated Surplus

	Actual 2017 / 2018	Forecast 2018 / 2019	Budget 2019 / 2020	Forecast 2020 / 2021	Forecast 2021 / 2022
Revenue:					
Food and Beverage	\$ 33,547,500	\$ 29,544,400	\$ 29,600,000	\$ 30,192,000	\$ 30,796,000
Facility Rental	18,185,100	18,400,000	19,270,000	19,655,000	20,048,000
Parking	11,737,500	11,320,000	11,600,000	11,832,000	12,069,000
Commissions	8,596,100	7,169,100	7,219,500	7,364,000	7,511,000
Communications	3,012,100	2,321,000	2,500,000	2,550,000	2,601,000
Capital Contribution	993,100	993,100	993,100	993,100	993,100
Other	4,704,800	4,394,300	4,734,200	4,828,900	4,924,900
Total gross revenue	\$ 80,776,200	\$ 74,141,900	\$ 75,916,800	\$ 77,415,000	\$ 78,943,000
Expenses:					
Food and Beverage	\$ 20,842,700	\$ 18,330,600	\$ 18,645,200	\$ 19,018,000	\$ 19,399,000
Facility Rental	4,962,000	5,059,600	5,254,800	5,359,000	5,466,000
Parking	2,795,200	2,957,200	3,066,100	3,127,000	3,190,000
Communications	816,000	796,700	840,700	858,000	875,000
Event Services	831,200	639,900	683,500	697,000	710,000
Sales and Marketing	4,633,700	4,237,000	4,023,900	4,104,000	4,186,000
Engineering	5,140,100	5,429,000	5,579,300	5,691,000	5,805,000
Energy	3,246,500	3,207,400	3,298,000	3,397,000	3,499,000
General and Administrative	8,565,700	8,430,600	8,596,700	8,769,000	8,944,000
Other expenses	3,015,000	3,122,800	3,190,200	3,252,000	3,313,000
Amortization	9,867,500	10,214,400	10,840,000	11,140,000	11,440,000
Total expenses	\$ 64,715,600	\$ 62,425,200	\$ 64,018,400	\$ 65,412,000	\$ 66,827,000
Annual surplus	\$ 16,060,600	\$ 11,716,700	\$ 11,898,400	\$ 12,003,000	\$ 12,116,000
Accumulated surplus, beginning of year	\$ 147,722,500	\$ 154,783,100	\$ 154,999,800	\$ 154,398,200	\$ 152,401,200
Distribution payment	-\$ 9,000,000	-\$ 11,500,000	-\$ 12,500,000	-\$ 14,000,000	-\$ 15,000,000
Accumulated surplus, end of year	\$ 154,783,100	\$ 154,999,800	\$ 154,398,200	\$ 152,401,200	\$ 149,517,200

Statement of Changes in Net Debt

	Actual As at March 31, 2018	Forecast As at March 31, 2019	Budget As at March 31, 2020	Forecast As at March 31, 2021	Forecast As at March 31, 2022
Annual surplus	\$ 16,060,700	\$ 11,716,700	\$ 11,898,400	\$ 12,003,000	\$ 12,116,000
Acquisition of tangible capital assets	-20,466,200	-6,100,000	-7,176,800	-7,700,000	-7,700,000
Amortization of tangible capital assets	9,867,500	10,374,400	11,002,000	11,278,000	11,578,000
	5,462,000	15,991,100	15,723,600	15,581,000	15,994,000
Acquisition of inventories	-8,279,000	-7,599,000	-7,780,900	-7,934,500	-8,091,100
Acquisition of prepaid expenses	-1,555,700	-1,427,900	-1,462,100	-1,491,000	-1,520,400
Consumption of inventories	8,010,300	7,352,400	7,528,400	7,677,000	7,828,500
Use of prepaid expenses	1,488,600	1,659,900	1,679,000	1,718,600	1,752,500
Distribution payment	-9,000,000	-11,500,000	-12,500,000	-14,000,000	-15,000,000
Change in net debt	-\$ 3,873,800	\$ 4,476,500	\$ 3,188,000	\$ 1,551,100	\$ 963,500
Net debt, beginning of year	-\$ 39,763,400	-\$ 43,637,200	-\$ 39,160,700	-\$ 35,972,700	-\$ 34,421,600
Net debt, end of year	-\$ 43,637,200	-\$ 39,160,700	-\$ 35,972,700	-\$ 34,421,600	-\$ 33,458,100

Statement of Cash Flows

	Actual As at March 31, 2018	Forecast As at March 31, 2019	Budget As at March 31, 2020	Forecast As at March 31, 2021	Forecast As at March 31, 2022
Cash provided by (used in):					
Operating activities:					
Annual surplus	\$ 16,060,700	\$ 11,716,700	\$ 11,898,400	\$ 12,003,000	\$ 12,116,000
Items not involving cash:					
Amortization	9,867,500	10,374,400	11,002,000	11,278,000	11,578,000
Employee future benefits	-63,700	-172,800	-657,600	-764,900	-200,000
Deferred contributions related to tangible capital assets	-993,100	-993,100	-993,100	-993,100	-993,100
	\$24,871,400	\$20,925,200	\$21,249,700	\$21,523,000	\$22,500,900
Change in non-cash assets and liabilities:					
Accounts receivable	-1,431,200	889,600	-108,300	-91,400	-93,200
Inventories	-268,700	-3,400	-17,700	-15,000	-15,300
Prepaid expenses	-67,000	-11,400	-17,700	-15,000	-15,300
Accounts payable and accrued liabilities	3,874,800	-3,668,400	52,300	169,300	172,700
	\$ 26,979,300	\$ 18,131,600	\$ 21,158,300	\$ 21,570,900	\$ 22,549,800
Financing activities:					
Distribution payment	-\$ 9,000,000	-\$ 11,500,000	-\$ 12,500,000	-\$ 14,000,000	-\$ 15,000,000
Capital activities:					
Additions to tangible capital assets	-\$ 20,466,200	-\$ 6,100,000	-\$ 7,176,800	-\$ 7,700,000	-\$ 7,700,000
Increase / decrease in cash	-\$ 2,486,900	\$ 531,600	\$ 1,481,500	-\$ 129,100	-\$ 150,200
Cash, beginning of year	\$ 10,727,600	\$ 8,240,700	\$ 8,772,300	\$ 10,253,800	\$ 10,124,700
Cash, end of year	\$ 8,240,700	\$ 8,772,300	\$ 10,253,800	\$ 10,124,700	\$ 9,974,500

Capital Budget 2019/20

	Cost
Technology Services	\$ 582,000
Event Services	236,100
Operations	3,399,000
Food and Beverage	717,200
Admin./Sales and Marketing	166,000
Oxford Properties Projects	1,176,500
Contingency Fund	500,000
TOTAL SUSTAINING CAPITAL PROJECTS – 2018/19	\$ 6,776,800
Estimated Cash Reserve from 2018/19	400,000
TOTAL CAPITAL BUDGET – 2019/20	\$ 7,176,800



Third-Party Relationships & 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 and translation, computer rental, security services, coat check and automated teller machines (ATM).

The contractors are responsible for all aspects of the above services including provision of staff and equipment.

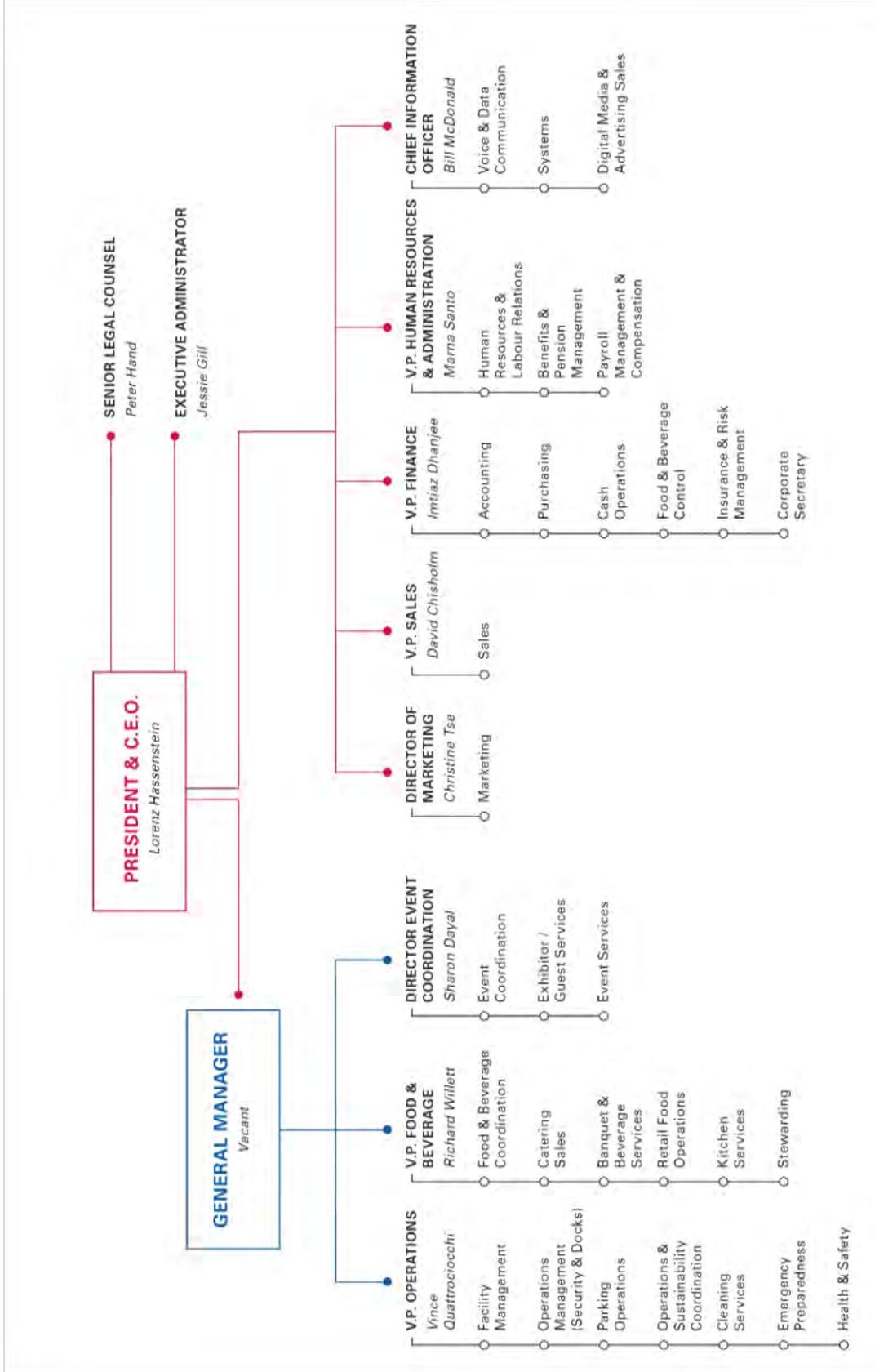
Showtech Power & Lighting is designated as exclusive contractor due to the specialized nature of its services. Company representatives require regular access to our electrical infrastructure and therefore are bound by the facility's operations and safety policies. In addition, they also provide rigging 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. The current contract with GES will expire on February 28, 2019. Management has issued a request for proposal to potential service providers to submit their bids to provide these 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 onsite to ensure our clients have immediate access to these important products and services.

Tourism Toronto and the local hotel community also play an 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.

Metro Toronto Convention Centre Organizational Chart



Organizational Chart & Summary of Staff Complement

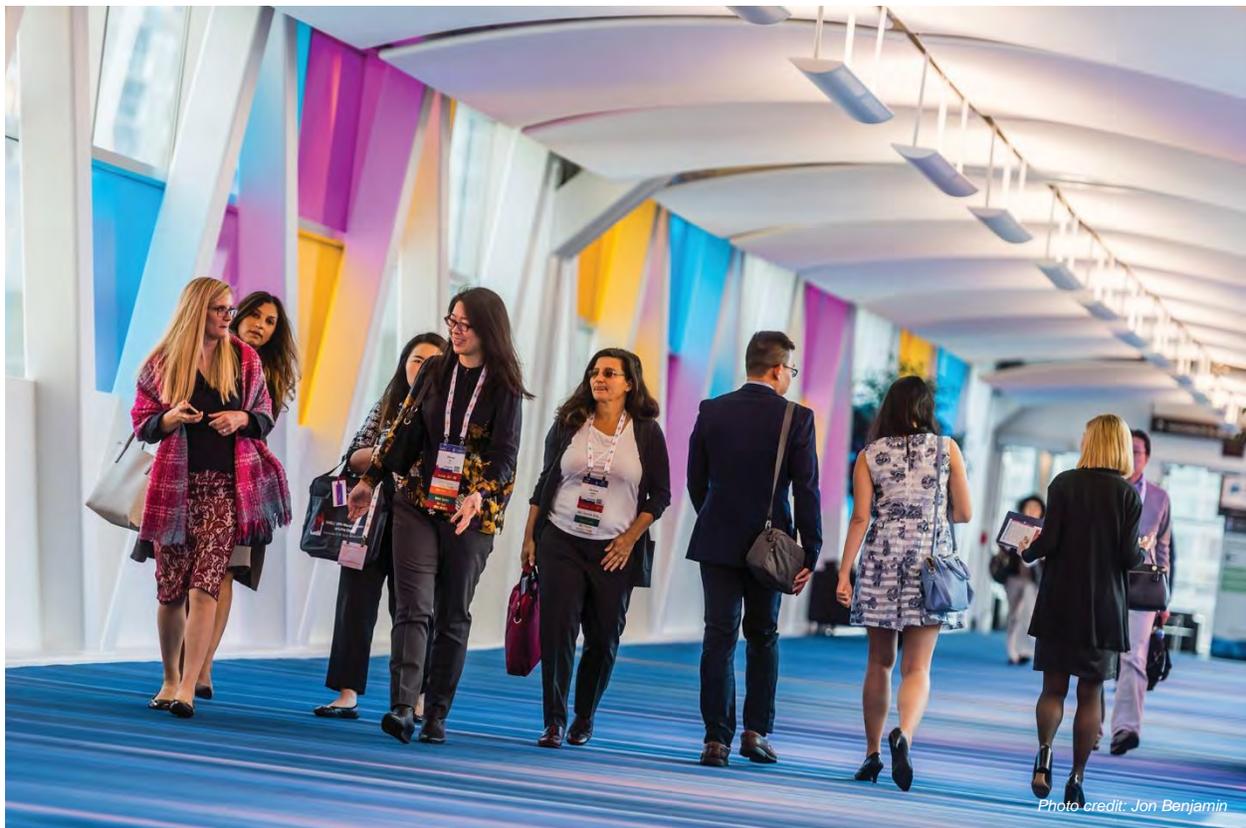
Summary of staff numbers

The MTCC currently employs 844 employees:

- 364 full-time (including salaried contract)
- 34 part-time and 446 casuals; the hourly complement is 696, 39 non-union, 657 unionized
- For bargaining unit employees, 637 employees are members of the Labourers' International Union of North America Local 506; 20 security employees are members of the Canadian National Federation of Independent Unions.

The average tenure of our full and part-time employees is 16.5 years. The average age is 49.8.

We are proud of our low staff turnover rates as compared to our hospitality and tourism colleagues. During the 2017/18 fiscal year, the MTCC experienced a 13 percent turnover rate for the salaried group and 4 percent for the full-time hourly personnel, with an overall rate of eight percent.



Communications Strategy

We have made great strides over the past year in raising our public profile and sharing our many stories to increase awareness. Our communication strategy consists of two pillars of activities: public relations and campaign activations. Our communication strategy targets four stakeholder groups. These four important groups include our customers, industry/ businesses, local community residents and government.

Public Relations

We continue to keep highly connected with our customers through regular communications and have established strong relationships with industry associations and business groups. With these two groups overall, we experience positive sentiment and high regard for our first-class facility and services. Our media outreach campaigns led with the key message that our Centre is important to Toronto's overall success.

Last year, we placed focus on building brand awareness among the local community, and to ensure this influential group of stakeholders not only understood the Centre's contribution to the city's success, but also understand other untold social good activities that are engrained in our business operations. With much success, our corporate social responsibility stories, as well as our community engagement activities, were very well received. We introduced a number of new marketing channels to amplify our stories, measure engagement and increase earned media.

Brand Activations / Campaigns

To further engage the community, a brand campaign was launched last December for a great cause. Local artists participated in creating canvases that showcased their original art pieces in front of our building, displaying a creative interpretation of what the holiday season meant to them. Each piece was then auctioned off with proceeds going back to the community, in partnership with the Daily Bread Food Bank. The campaign received significant interest from the local community and was amplified on social media.

As a result of all of our public and media relations efforts, we secured significant press coverage from both industry and major local media outlets, and delivered close to eight million media impressions.

This year, we will continue our communications with these four groups of audiences. While we continue our regular reporting to the government, we recognize the need to further our communications with this important group and leverage board member relationships to forge discussions.