metro toronto convention centre

An Agency of the Government of Ontario

2015/18

Business Plan

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Executive Summary

The Metropolitan Toronto Convention Centre (MTCC) has been enjoying the best financial performance of its 31-year history, and we remain confident that MTCC will have strong results again in 2015/16. Recent economic developments notwithstanding, the convention centre has a strong order book for the coming year. The coming year does, however, present some unique challenges and MTCC management has developed its business plan accordingly. That plan is set out in the pages that follow.

Looking back

The year just ending, Fiscal 2014/15 is expected to go down as a record year for the MTCC, with forecast revenues, at $63.5 million, coming in higher than our previous best of $61.9 million, posted in 2011/12. We will have hosted a total of 547 events in 2014/15, and we maintained occupancy levels of approximately 55 percent on average. Collectively, these efforts helped us fulfil our goal of generating significant economic benefits for the City of Toronto – estimated last year to be approximately $530 million and to have sustained approximately 5,200 jobs in the sector.

The past year has been one of consolidation that permitted us to realize a good return on the significant investments we had made in the past four years to modernize our facilities. The modernized north kitchen, for example, has now been open more than 18 months, and its value is proving itself daily. Guest satisfaction with our food and beverage offering has improved, as have bottom line results, and our culinary team is spear-heading new areas of innovation and cost control that will continue to yield benefits for the MTCC.

A series of capital projects will be presented to the Board for approval, including a project to re-cable the South Building exhibit halls, and a longer term project to make significant improvements to the South Building – which is already 18 years old – to ensure that it continues to meet the needs of our clients and remains a contemporary convention centre. In the North Building, changes include a proposal to expand and improve the Front Street main entrance, to bring it in line with the upgraded doors and finishes of the Internal Street entrance.

We have also completed the second phase of our customer service improvement plans, which was focused on recruiting, orientation and training – initiatives that have seen our Customer Evaluation Survey results steadily improve. We are now entering the third phase of this program, during which we will be bringing the trainers in house and beginning to create tailored programs to address those areas where our survey results are lagging.

The years ahead

In many ways, Fiscal 2015/16 will be similar to the year just ended – continuing to show strong growth in the convention business, and improvements in operating efficiencies. We expect to host 574 events in 2015/16 – about 25 more than the current year – and we expect the number of major conventions to grow from 11 in 2014/15 to 12 in 2015/16. While the numbers are similar, however, there are important differences that will make 2015/16 a more challenging year.

A key difference is the anticipated business mix between domestic and non-domestic bookings. Whereas 9 of the 11 major conventions booked in the current year were non-domestic, next year only 6 of the 12 major conventions will be non-domestic. For next year, our goal is to increase the number of major conventions to 15, up from the 13 we achieved this year, with a focus on attracting US and international business. To this end, we are partnering with Tourism Toronto to add dedicated sales representation in Chicago and Washington, DC, working to bring additional convention business to our city.

A second challenge we face is the impact of having the Pan Am and Parapan Am Games in Toronto in the summer of 2015, only a small fraction of the building is being used and we anticipate that it may be the quietest July in the history of the building. As a consequence, although for the whole year we are booking as many events or more than in previous years, they will be taking place in a compressed time frame, making the spring and fall particularly busy, and scheduling much more difficult.

Still, we remain confident that 2015/16 will be among our best years, and we expect revenues will come in just slightly below this year's record level. Our budget calls for revenues of $62.9 million for 2015/16, and net operating income in excess of $16 million and a direct spending economic impact of $488 million – in line with our best years. We also expect to be able to increase distribution payments to the Province of Ontario from $2.5 million in 2013/14 to $5.0 million in the current year, $6.5 million in 2015/16 and $7.0 million in 2016/17.

The impact of technology

We have been carefully watching as changes in technology alter the way our business is done. Just as technology has had a profound – sometimes game-changing – impact on other sectors, we see the potential for significant disruption to our own traditional business model from "digitalization" – the widespread adoption of digital tools to transform the way people do business.

Some of these changes require that we provide more and different services to our clients – such as greater bandwidth to accommodate networking and social media applications during events at our facility. Some may alter the ways people interact, including their need to meet in person. Clearly, such changes can pose a threat to our business model, but they also present opportunities for us to enhance the experience of our clients when they attend business meetings.

As we consider the impact of these changes, we are taking steps to ensure that we are well positioned for the changes and can continue to remain relevant to our clients and satisfy their needs. What is clear already is that the demands on our infrastructure capacity and flexibility will continue to grow substantially. Our challenge will be not only managing network capacity, but also the network flexibility that will be required by the events. By way of example, as event planners integrate social media into their events, our technology team will be challenged to provide significant bandwidth to a large number of users simultaneously. There will also be additional demands on our client representatives to understand these new and increasingly complex requirements.

In response, in 2015/16, we will continue to enhance wireless capabilities for event attendees. To help us be able to provide quality coverage for large numbers of users simultaneously, we will be working with a specialized supplier that has already successfully addressed the challenge in a similar setting – namely, National Football League stadiums during football games. We will also be exploring the introduction of certain leading-edge audio-visual technologies to provide a new dimension to events being held at the MTCC.

We recognize that this will be a shifting landscape for some time, but we will be monitoring changes closely and seeking to identify trends quickly – and adjust our services and capabilities to anticipate the needs.

Clearly, this means our three-year business plan is not without risk.

Economic conditions, as the business plan was being finalized, were uncertain. The future course of technological change is also uncertain. What remains constant, however, is the professionalism of the women and men who work at the Metropolitan Toronto Convention Centre and their strong commitment to our customers, and the proven ability of the management team to respond quickly and effectively to changing conditions.

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.

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 economic growth in Canada is expected to chug along at a healthy 2.1% in 2015. This should have a positive effect on Canadian corporate meetings, and trade and public show markets which account for a significant part of our revenue. The US economic growth momentum has seen substantial improvement since the second quarter of 2014. Looking ahead, the economic recovery is expected to remain broadly on track which translates into more business confidence and interest in US clients taking events outside their borders
Related strategic priority	Booking large convention business and Canadian corporate meetings.
Impact and scope	**Medium.** Securing large convention business is essential to increasing our profitability and economic benefit to the city and province.
Mitigation	Should economic conditions change and revenues decline, the MTCC will take steps to cut back on expenditures.

Risk factor #2: Bill 12, Protecting Employees Tips Act, 2014 (formerly, Bill 49); an Act to amend the Employment Standards Act, 2000 with respect to tips and other gratuities s

Description	This Private Members' Bill proposes to amend the Ontario Employment Standards Act, 2000, by prohibiting employers from withholding tips and other gratuities from employees.
Related strategic priority	Human capital and compensation.
Impact and scope	**High.** MTCC's net operating income could potentially be reduced by $1.6 million to $1.7 million per annum. This will significantly reduce cash flow and result in lower distribution payments to the shareholder. Distribution of the service charge should MTCC be required to give the employer portion to food and beverage workers would result in recruitment, retention and equity issues and put pressure on wage demands from non-food and beverage workers. If Bill 12 is to come into force as presently drafted, the current collective agreement that addresses gratuity distribution would remain in place until expiration (December 31 , 2015). As such, both union and non-union employees will be impacted once this collective agreement expires. The MTCC would be obligated to comply for unionized workers once the collective agreement expires in December 2015.
Mitigation	Management will continue to monitor the issue closely.

Risk Factor #3: Renovation and expansion of convention / trade facilities

Description	Despite reports that convention centre expansions are outstripping the market need for increased space, we continue to see new or expanded convention and trade facilities emerging in Canada and the US. This over-supply continues to apply pressure to the bidding process. It remains a buyers' market.
Related strategic priority	Strategically target large convention / congress business and build occupancy over the long term.
Impact and scope	**Medium.** With an increase in supply, there is often 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' value expectations. Pressure on price will be a constant.
Mitigation	We will continue to focus on maintaining our existing client base while securing more business, specifically large conventions. We will pursue a diversified sales strategy to prevent risk if any one business sector performs poorly. We will continue to invest in customer service training and focus on reinforcing the high standards that have been created for each department.

Risk Factor #4: Emergency preparedness

Description	As Canada's largest convention centre we host hundreds of events each year with-millions 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 must prepare and practice for emergencies. Accordingly, we need to have a plan to be able to resume business as quickly and efficiently as possible if a major emergency was to occur.
Related strategic priority	Safety of attendees and MTCC staff.
Impact and scope	**Medium to high.** The impact would correspond with the level of disaster.
Mitigation	Our emergency preparedness 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 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 2014, management upgraded a current version of our emergency preparedness software, and revised floor layouts and photos of crucial areas to reflect the North Building's modernization. Updates to our Fire Safety Plan also took place in 2014 that reflect changes in the Ontario Fire Code. We will also continue to work jointly with our neighbours, Rogers Centre, CN Tower and Air Canada Centre to conduct periodic exercises. We will continue to work in cooperation with local police, fire and ambulance services, and the City of Toronto's Office of Emergency Management.

Risk category: Accountability and governance

Risk factor #1: Broader Public Sector Executive Compensation Act, 2014

Description	Bill 179 has passed legislation and is now referred to as the "Broader Public Sector Executive Compensation Act, 2014." This Act effects changes to the compensation restraint measures contained in the Broader Public Sector Accountability Act, 2010. These changes were introduced in the 2012 budget and implemented through Bill 55. This Act was created to better manage executive compensation in the broader public sector by establishing compensation frameworks applicable to designated employers and designated executives earning cash compensation of $100,000 or more in a calendar year. Compensation frameworks may include hard caps on executive remuneration (i.e. salaries, bonuses, benefits and severance payments). The Act also provides for enforcement measures to ensure compensation limits are respected.
Related strategic priority	Compliancy with legislation.
Impact and scope	**Low.** If an Executive's compensation, prior to the effective date of any compensation framework is greater than provided for in the framework, the Executive's compensation can remain in effect. As such we don't anticipate any impact amongst our current Executive team. In instances where the framework would apply to persons who become Executives after any framework is established, our concern would be attracting new or promoting existing talent to the Executive level, as a result of the perception of inequity when compared to private sector opportunities relating to the proposed compensation restrictions. There is also a possibility of this resulting in a two tier compensation structure at the senior level, although we view this as unlikely.
Mitigation	MTCC will continue to conduct wage and benefit research within the hospitality sector on an annual basis.

Risk category: Information technology and infrastructure

Risk factor #1: Ability to maintain telecommunications pricing

Description	Some event managers, exhibitors and event attendees view internet access, especially wireless, as a service that convention centres should provide at a low cost or complimentary. Event managers underline the importance of attendee wireless access to the success of their events as they continue to incorporate event-related applications and the use of social media. With increased understanding of the level of investment required by facilities clients are now expecting pricing to be fair and flexible as opposed to be free. An increasing number of convention facilities have responded to this pressure by providing some degree of free wireless access. Commonly, there are service-level restrictions on the free access with premium services available at a cost. We also see demand for additional variability in the pricing structures for both wired and wireless connections.
Related strategic priority	Being competitive in the marketplace.
Impact and scope	**Medium.** Events requiring attendee access into the session areas have been willing to pay for this additional service. However, it remains a contentious issue. Additionally, we recognize there are network infrastructure and staff costs incurred when providing these services. These costs will increase as the volume and complexity of wireless access continues to grow. Without rate increases, this will ultimately impact profit margins.
Mitigation	We have introduced changes to our 2014/15 rate structure for clients with multiple wireless devices. This change was made recognizing the increased use of multiple wireless devices, particularly by event managers and exhibitors. We will continue to monitor the feedback from our clients and continue to monitor the ways in which other major convention centres charge for their network services.

Risk factor #2: 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 are business critical to the success of our clients' events.
Related strategic priority	Being competitive in the marketplace.
Impact and scope	**High.** There is a need to ensure the appropriate level of network bandwidth is available to all users. Providing high performing wireless access to large numbers of attendees in a concentrated area (such as a session room) is a challenge for all convention centres. This high density usage will continue to be an issue as the number of Wi-Fi devices and associated applications grow.
Mitigation	We will continue to invest in network management to allocate the necessary service levels required for specific applications. We will continue to invest in the growing performance and flexibility of our data network, and network redundancies to address infrastructure component failures. We are specifically investigating options to address high density usage by attendees. We will continue to discuss this with other convention facilities facing the same challenge. We are evaluating restricting our wireless service to the 5.0 GHz spectrum. Currently wireless devices utilize the 2.4 GHz and/or the 5.0 GHz spectrums. We may maintain 2.4 GHZ wireless coverage for general, less critical usage (such as attendee access).

Risk factor #3: 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. 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.** Cyber crime is so diverse, a general impact cannot be applied.
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. Within each business application, access is only provided to staff with a business requirement. Within each business application, individual access is restricted to the requirement and responsibility of their business function. Corporate policies are in place which document employees’ responsibilities in their use of our information technology. New business applications or infrastructure components are assessed and appropriate protection and access controls are implemented. As new threats are identified, we assess the potential exposure and impact, and take actions as necessary. We assessed our credit card information management practices against the PCI standards. Since the assessment, we have addressed the critical gaps. Should we be assessed on PCI compliance by an external auditor, we would have twelve months to address any further measures.

Risk Category: Human Resources

Risk factor #1: Human capital and aging workforce

Description	If the MTCC can no longer retain and attract high performing individuals, there is risk that MTCC staff may not be able to perform essential duties to meet growing business and operational demands. The average age of our workers is 47.5 years old. An aging workforce impacts essential capabilities and specific skills.
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 MTCC 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, safety claims and occupational incidents will be a continued challenge. Managers are challenged to meet business objectives when scheduling employees that are unable to perform at their full capacity. The resulting accommodation scenarios, issues, require time, case management expertise and training; all of which impact both the employees' and managers' overall productivity. In addition, an aging employee may also affect the morale of co-workers as a result of workplace accommodations.
Mitigation	The MTCC will continue its human capital investment by recognizing and providing training to all employees to ensure service excellence and job skills enhancement. The Joint Health and Safety Committee and our Operations Department will review various labour-intensive tasks that could be automated, process streamlined, and/or ergonomically improved. We will place greater emphasis on organizing health and wellness events to educate employees. We will continue to manage our early safe return-to-work program (ESRTW), our workplace accommodation process, and performance management procedures and work with our third party health and safety provider to maximize early and safe return-to-work initiatives, and continue to partner with various operational managers. We will work closely with our unions and management, and benefit providers to explore solutions to reduce the financial impact.

Risk category: Other risks

Risk factor #1: Marshalling yard

Description	MTCC has renewed the lease for the Cherry Street yard for another 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. 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 will conduct 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. In addition, management will revisit the original plan to purchase our own land.

Risk factor #2: Increased local area development

Description	This past year has been the first full year of operation for the Ripley's Aquarium. As anticipated, high attendance, resulted in added volume to the area. In addition, The new South Core Financial Centre, located at the northeast corner of Lower Simcoe Street and Bremner Boulevard, encompasses two office towers, a retail space and a 45-storey, four-star Delta Toronto Hotel. The MTCC, city and GWL worked together to create a new PATH connection which creates a westerly link to a final connection into the Skywalk. City council has also approved two new projects located at Simcoe and Front Streets: 156 Front Street (Cadillac Fairview), which comprises a 54-storey office tower and Union Square (Allied REIT), a 48-storey office tower.
Related strategic priority	Ensure our operation and client events are not negatively impacted by surrounding developments and increased traffic.
Impact and scope	**Medium to high.** Recent developments have created a much more vibrant and lively district. The opening of the Simcoe Street underpass in 2010 has created added vehicle and pedestrian traffic. We are not currently experiencing a negative impact to our internal events and our parking revenues continue to show positive results. Added vehicle volume could create challenges for our parking operation in the future.
Mitigation	We will continue to manage our parking operation efficiently by carefully monitoring and maximizing internal client use versus external parking demands. Where necessary, we will increase traffic policing to safely move vehicles and 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, seriously impact client confidence and, in turn, corporate sales.
Impact and scope	**High.** Failing to meet client expectations in a major way would impact MTCC's reputation and, by extension, Toronto as a destination for large conventions.
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 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.

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 97 percent from our clients on the post-event evaluation survey, with a response rate of 40 percent. We will achieve an overall satisfaction rating of 94 percent, with an 18 percent response rate on our exhibitor services evaluation survey.
Strategies	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.
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	Actual 2013/14	Forecast 2014/15	Goal 2015/16
Overall customer satisfaction	94%	94%	96%	96%	97%	97%
Exhibitor satisfaction	N/A*	94%	96%	94%	94%	94%

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

Goal #2: Occupancy	
Goal	We will complete fiscal 2014/15 with an occupancy rate of 54-55 percent which is our goal. Based on the business we have confirmed for next year and the anticipated size of the conventions we are hosting, we are expecting an occupancy rate of 54-55 percent again in the fiscal year 2015/16. 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 be achieved by pursuing all market segments so we can fill in the shorter and smaller availabilities with shorter term business. Our focus continues to be on large convention business.
Performance measures	Occupancy is tracked for each event, then summarized and reported monthly.

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 gross revenue and continue to focus on rebuilding our cash reserve, which was depleted during the first two phases of the modernization project. 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 and to deliver an appropriate dividend payment to our shareholder. We will generate the following financial results as indicated in the 2015/16 fiscal budget: • Gross revenue $62.9 million • Net operating income of $16.2 million • Capital budget of $5.8 million including special projects 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

Description	Actual 2012/13	Actual 2013/14	Forecast 2014/15	Budget 2015/16	Forecast 2016/17	Forecast 2017/18
Gross revenue (millions)	$58.1	$59.1	$63.5	$62.9	$64.3	$65.3
Net operating income (millions)	$13.3	$14.8	$16.7	$16.2	$16.3	$16.8
Net operating income %	23.0%	25.0%	26.4%	25.7%	25.3%	25.7%
Capital expenditure (millions)	$15.5	$10.4	$7.0	$5.8	$6.5	$6.5
Distribution payment (millions)	$3.5	$2.5	$5.0	$6.5	$7.0	$8.0
Economic benefit (millions)	**418**	**400**	**530**	**488**	**N/A**	**N/A**

Goal #4: Human resources	
Goal	MTCC has a significant number of labour-intensive jobs. As our workforce continues to age, the goal of providing suitable accommodation and mitigating increased health care and safety claims will be a priority. We will address the issue of declining productivity/performance with high priority.
Strategies	Although employees are encouraged to be self-sufficient, our permanent workforce (in particular our hourly complement) is culturally diverse and may not be aware of the various types of support available. We will provide guidance and support in the area of pre-and-post-retirement planning through the use of self-help tools such as online resources, pre-retirement education sessions and links to government resources. We will determine the feasibility of developing a formal retirement transition program for our unionized workforce. This would involve providing financial incentives to specific staff to participate in a formal retirement transition program. We will continue to diligently manage our workplace accommodation process and performance management procedures. We will continue to promote an integrated approach to health, safety and wellness programs by developing prevention strategies (including ergonomic reviews, process improvements / automation of labour intensive tasks, employee awareness, training and education), effective management of accommodation and return-to-work cases. We will continue to monitor benefit costs and develop cost containment strategies to successfully manage rising costs. We will continue to recommend and develop relevant strategies to address the unique needs of our human capital and aging workforce.
Performance measures	We will continue to monitor the annual performance review process to ensure consistency and accountability across the board. We will continue to monitor our health and safety incidents with the goal of achieving zero lost time accidents and will closely monitor our return-to-work program to ensure timely offers of modified work are being executed. We will continue our annual succession discussion regarding management positions and begin to create succession reports. This will identify potential gaps or high-risk areas so that we can develop proactive retention plans to mitigate the impact of losing key personnel.

Goal #5: Corporate social responsibility	
Goal	**Environmental** Consistently maintain 90 percent diversion of waste from landfill in 2015/16. We are forecasting a minimum diversion of 90 percent for 2014/15. Continue retrofitting and upgrading lights and fixtures throughout the facility. Reduce the facility's carbon footprint by a minimum of 3 percent from the previous year (5,600 tonnes of CO2). **Social** Increase employee engagement and participation in corporate social responsibility initiatives as well as events, which benefit the community and /or the environment. **Economic** Integrate 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 and educate employees and visitors to contribute to recycling program. Further expand donation program to capture more items from waste stream while helping to support local organizations. This program includes both food donation and in-kind donations from events. Replace existing lighting units to LED units and investigate new lighting system control technologies. Continue to encourage our clients to reduce the carbon footprint of their 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 their largest environmental impact(s) and develop strategies, policies and procedures to reduce them.
Performance measures	Conduct monthly site audits of waste and recycling collected throughout the facility. 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	Technology Services: We will maintain our industry leadership position through innovative uses of information technology.
Strategies	Investigate and, as feasible, implement technologies that enhance the experience of show managers, exhibitors and event attendees. Implement new or enhance existing information systems to provide efficiencies to MTCC staff.
Performance Measures	Key initiatives for 2015/16 include the following: • Continue to enhance wireless capabilities for event attendees. One of these challenges is to provide quality coverage in localized areas where there is an inordinately high number of attendees. Explore the use of leading edge audio/visual technology to provide a new dimension to events being held at the MTCC. • Explore business opportunities arising from emerging technologies, including: - Use of beacon technology for attendee way-finding and facility information - Enhance the ability of events to integrate remote (virtual) participation - Use of mobile devices to enhance the ability of MTCC staff to deliver customer services. • Improve business information analysis and decision making through new or enhanced business information systems. We will be implementing a contemporary Human Resources Information System (HRIS) We will be upgrading our Event Business Management System for improved functionality and mobile / off-site access. • Provide all employees (administrative and salary) with improved access to information to enhance their quality of work life, including: - Using the new HRIS, employees will have online access to their personal information Incorporating employee personal or corporate email addresses into our distribution lists to widely communicate corporate information.

Business Digitalization Disruption

Information technology continues to impact our business at accelerated rates, both in how we use technology and how our customers use technology. Historically, the use of information technology has been centred on improving business processes, such as how we communicate, access, and process information, etc. This will continue, and while it will impact our business and customer expectations, it does not fundamentally alter our existing business model.

However, the emergence of business digitalization is a disruptive force for both ourselves and our customers. Business digitalization goes beyond the notion of using technology to improve business processes or to recreate them in a digital format; it creates new business models that blur the distinctions between the digital and physical worlds.

We have already seen the impact of business digitalization in other industries. The retail industry is a prime example of this, where business-to-consumer transactions no longer require the bricks-and-mortar presence. As a specific example, consumers can browse, buy books and begin reading them within minutes, without leaving their chair. This has had clear ramifications on the physical presence of book stores.

There are also examples in the hospitality industry, primarily in the travel and hotel sectors. Companies such as Travel.com and Expedia have altered the way consumers select and book their travel and accommodations. In some emerging models, such as AirBnB and Uber, digitalization has fundamentally altered how services such as lodging and urban transportation are provided.

Within the convention centre business, specific examples are not as mature and the potential impacts are largely speculative. However, we are seeing developments in other industries, such as education, that would logically relate to our business. Using internet connectivity, there is growing availability for online classroom training. This is generally referred to as Mass Open Online Courses (MOOC's). It allows students to participate in educational programs, including at the college and university levels. It is important to note that MOOCs are not simply webcasts of classroom lectures; but also incorporate experiential functionality such as interactions with teachers and other students.

There has been a similar trend in the corporate business industry. Incented by both time and money savings, traditional face-to-face meetings have been replaced, or augmented by electronic meetings. Internet-based technology (such as GoToMeeting), provide a viable alternative for small meetings. As digitalization options continued to mature, virtualizing larger meetings became an option. Along with this maturation, the costs and technical complexities have decreased, making this approach feasible for businesses of all sizes.

The questions revolve around what that business model would look like and how it would impact the existing business models of MTCC and our customers. While this generates far more questions than answers, it is important that we incorporate this disruption into our strategic discussions.

To summarize our current thinking:

- *Will digital (internet) interactions replace physical meetings, resulting in fewer events, or reduced attendance at events or change face-to-face events?*

  Digitalized meetings continue to improve in simplicity, functionality, cost, and individual comfort level. They will become an increasingly popular mechanism for meetings and training. Digitalized meetings will not simply replicate the physical meetings, they will add valued functionality that is not possible (or at least not pragmatic) within the physical business model.

  Clearly, some event types are more likely to be impacted than others. In the near term, meetings (particularly small to mid-size) and seminars are the most susceptible. While not totally immune, conventions and trade shows will be impacted to a lesser degree.

  Some events may be downsized or disappear completely due to digitalization disruption within their own, specific business model.

Will digital interactions provide new opportunities for events?

Absolutely. A growth in digital meetings does not necessarily mean a comparable decline in physical meetings. Not only do both address business needs and provide value, they can work in conjunction with each other.

Digitalization can be used during events to enhance the event experience. We have seen hybrid events that, in various ways, combine virtual and physical attendee participation. This has the additional value of re-using the captured content for other purposes such as event promotion and maintaining participant engagement after the physical event has ended.

However, whether through technology or other mechanisms, event producers will need to provide defined value in their on-site experience if they are to remain viable. Converging the event digital experience with existing individual technology uses (smartphones, mobile devices, social media, etc.) will be critical to providing that experience.

- *What does the MTCC need to do?*

A number of things:

As part of our ongoing strategic planning, we will continue to monitor the impact of digitalization in businesses in general and, specifically, the convention centre business. While examples of business model disruption from digitalization will continue to grow, there remains substantial uncertainty and hype within the emerging models. Identifying trends will be challenging.

As more profound digitalization opportunities are adopted by our customers, the investment in the data network infrastructure and management will grow above historical norms. The challenge will be not only managing network capacity, but also the network flexibility that will be required by the events.

This will be a shifting landscape for some time and the shifts will occur quite rapidly. We need to be aware of this in both our near- and long-term planning.

With respect to managing our telecommunications infrastructure, we will continue our investment in our overall capacity (bandwidth) as well as the distribution and allocation of bandwidth. This is a particular challenge in situations where a large number of users are within a localized area (density).

From an infrastructure management perspective, we need to ensure our staff has the resources and training they require to plan and deliver event requirements that are increasingly complex. We also need to understand, and where possible facilitate, the increased use of mobile devices, applications, and specialized devices that are being used by events.

A Corporate Structure and Future Business Outlook

The MTCC operates within the accountability framework of the province as set out in the Agencies and 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-sufficient organization, and in a manner that will promote and develop tourism and industry in Ontario. This has been accomplished by attracting hundreds of thousands of convention delegates to Toronto over the past three decades.

As the MTCC enters its 31st year of business, its experience as one of Canada's leading convention facilities has helped it effectively manage its business. This experience will help the organization propel itself successfully forward into the future.

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 sales revenues. This success, coupled with effective management of corporate expenditures, translates into positive bottom line results. This has enabled the Corporation to continue to upgrade its buildings, to provide a payment to its shareholder, the Government of Ontario, and to generate a positive economic benefit to the City of Toronto of $400 to $550 million each year, creating approximately 5,200 jobs annually and generating annual taxes, an average of $130 million.

South Building upgrades

The South Building was opened in 1997 and since then has been used extensively by thousands of guests attending events. To ensure this asset remains contemporary and competitive, we will embark on a comprehensive review of how this part of our complex compares in the marketplace. This analysis will include all aspects of technology and the changing demands on our wired and wireless internet services, how new emerging technologies are being incorporated, including large scale projection applications, video wall tiles and beacon technology. Emphasis will be placed on client expectations and requirements, and their perception of our competitiveness. We will use focus groups and one-on-one interviews with our clients and prospects to ascertain this information. This review will include a standard decor evaluation and how this part of our complex relates to the recently updated North Building. We will also investigate if any further energy saving and sustainability opportunities exist.

Emerging technology

Management has recently been introduced to a Canadian company, Christie Digital, an international leader in the field of high end projection equipment and video tile wall technology. Outside of its normal theatrical / production role, this equipment is increasingly being used to create large scale visual environments / feature areas such as: dynamic animated projections on building exteriors; the visual manipulation of entire roomscapes, or video tile walls for messaging and branding opportunities. We are currently identifying the opportunities we may have using this technology, determining its potential impact as a value added and revenue generating amenity within our business operations. To date, only a very few venues have incorporated this feature as part of an event related production, so it would be a point of distinction for MTCC.

The cost to set up this type of infrastructure would require a significant investment; and therefore we would require partnering with our service providers in order for it to be financially viable. The question is whether or not our clients would be willing to pay the extra cost for this emerging technology in its initial stage.

Customer service

We are now entering the third phase of our customer service improvement plans. Stage one was focused on recruiting the right people, orientation and initial customer service training. Phase Two involved establishing departmental standards and the integration of those standards between departments. The principle of "mutual accountability" was introduced as key part of a customer service refresher training program to ensure that staff would follow the standards. As a result of this program we have seen our customer evaluation survey results steadily improve. Now 96 percent of our clients indicate we have met or exceeded their overall expectations.

We will customize Phase Three of our program based on the specific needs of each area of the company after assessing the progress made on the first two sections. A series of focus groups has been conducted by a facilitator to determine the key issues to be addressed and the areas of the company that can most impact our results. This research will help uncover why some departments have been more successful than others and will provide input on what tailored training is required to help develop lagging sections. A key part of the plan is to continue to engage supervisory and front line team members.

Phase Three will transition orientation and customer service refresher training to in-house training. A train-the-trainer program has been created to ensure a smooth transition and the effectiveness of future program delivery. A consultant will create and deliver the customized portions of the third phase.

Market segment overview

The upcoming year will be very similar to the current year. The number of events being projected is 5 percent up from the current year. Our occupancy is projected to be 54-to-55 percent, which is similar to how we will finish this year. The challenge for 2015 is the month of July. With the Pan Am / Parapan AM Games taking place in Toronto and only a small fraction of our building being used, the situation has left us with a large gap in our booking calendar for July, with very limited opportunities to fill the space.

Having said this, bookings for this year are similar in number to 2014/15, which is good news. This will require space compression; we are being conservative with how much new business we will be able to add throughout the year. In addition, the Easter weekend will take place twice in the 2015/16 fiscal year, which traditionally is a very quiet week for events.

The total number of conventions is forecasted to drop by 14 percent for next year; the number of major conventions will be similar to the current year.

The challenge will be to accommodate the needs of our annual customers and add new business to our calendar. Hosting this many major conventions means our booking calendar will be very compressed in the busy months of April through June and September through November.

As we look beyond next year, accommodating the needs of our annual customers will be an increasing challenge as we successfully book more major convention business from the US and international markets. Our goal will increase from 12 major conventions booked for future years this year to 15 for next year. One of the main strategies to win more convention business will be to target events that traditionally take place in July or August as these dates are less desirable for our annual customers.

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 2015/16:

- 2015 inflation rate is forecasted at 1.3 percent.*
- US exchange rate – CDN currency is forecasted to average between $0.84 and $0.86 USD during 2015/16.*
- Canadian prime lending rate at 3.0 percent.
- Economic growth – GDP for 2015 is forecasted at 2.7 percent.*

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

A moderate improvement in global growth is expected over the next two years, but with marked differences across the major economies and large risks and vulnerabilities. Global growth is projected to pick up from 3.25 percent in 2014 to 3.75 percent in 2015 and just under 4.0 percent in 2016.

Management's yearly budgetary review of the MTCC event calendar, estimated pick-up business, cost structure and market conditions have formed the basis of the revenue and expense projections for 2015/16.

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

- 2015 projected number of events: 574
- 2015 projected occupancy rate: 54-55 percent

- Historical pick up rate
- Expected changes in energy rates.

The revenue and expenses for 2016/17 and 2017/18 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, 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 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 Ministry of Tourism, Culture and Sport). 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 then 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 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 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 completing major modernization work in the North building in 2013/14, corporate expenditures relating to capital projects have been significantly reduced. With the projected results from its operations coupled with lower annual capital expenditures, the MTCC expects to see its cash reserves return to pre-modernization levels over the next couple of years.

Based on its projected operational results as outlined in the Business Plan, the MTCC will generate sufficient cash flow to meet its operational obligations, finance sustaining capital improvements to both its buildings and to 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.

Client deposits are not included in the cash flow; however, management has the option to use client deposits for additional funding that may arise in the course of operating the business.

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, 2014, total $54 million. Based on the 2014/17 Business Plan, the planned distribution payment for 2014/15 is $3.5 million. However, due to strong financial results for the current year, management will be recommending to the Board of Directors an increase in the distribution payment to $5 million if market conditions continue to remain stable and year-end financial results come in as projected.

The projections for the following two years are:

- $6.5 million on March 31, 2016
- $7.0 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.

Overview

Public Relations

Over the next year, we will take advantage of every opportunity to encourage media exposure and enhance points of contact with our clients and the public. Our communications strategy focuses on promoting the major conventions taking place here, and their economic benefits. Historically, media releases are well received and generate press articles, social media chatter and inbound opportunities for our sales team. We will continue to position our centre as the #1 Convention and Trade Show Facility in Canada.

Branding

We will continue to evolve the brand experience through all mediums so that it creates loyalty and influences purchasing behaviour. Customers rely more on brands to guide their choice when competing services cannot be easily compared or contrasted, and trust is deferred to the brand's emotional connection. Our people and facility benefits will set us apart from the competition. Our advertising, graphics, collateral, exhibits, digital presence will remain an important part of illustrating our leadership position and keeping up with the industry standard.

Social Media

With the addition of our new social community specialist, we continue to expand our social media reach and enhance our in-house writing capabilities. Next fiscal year, we will place a greater focus on content creation via blog posts and video. The content will be mostly targeted to planners with a goal of increasing this community on our various channels. We will move toward more in-depth talking points rather than just touch points. Focus will be on creating talked about, tweetable, linkable, photographical and shareable experiences around our centre that will generate interest and leads. Our new social media-monitoring tool will aid us in producing robust analytics, and in listening to relevant conversations happening online.

Website

Our website continues to serve three primary groups; planners, attendees and exhibitors. The site is complex with many layers and must be adapted to other mobile platforms. We will update our current web based technologies and design to better serve our primary groups on all platforms.

Strategies	Tactics
Validate current economic value of events that take place at MTCC.	Finalize an economic impact study to establish attendee and exhibitor behaviour surrounding events held at MTCC. Total direct spending figures will then be communicated to our customers and the community.
Take advantage of public relations opportunities and raise the profile of MTCC.	Distribute press releases announcing US and Canadian major conventions, or noteworthy corporate news that has a significant economic impact to the city and province.
Deepen our social media strategy to reach and engage planner and industry leader's community and overall increase online brand awareness.	Move toward more in-depth talking points rather than touch points. Become a content rich platform that keeps our audience engaged and coming back.
Keep our brand current and relevant.	Refresh and upgrade website and brand material where required. Conduct competitive market evaluations and establish brand evolution.

Organizational Chart and Summary of Staff Complement

Organizational chart

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

Summary of staff numbers

The MTCC currently employs 1,014 employees:

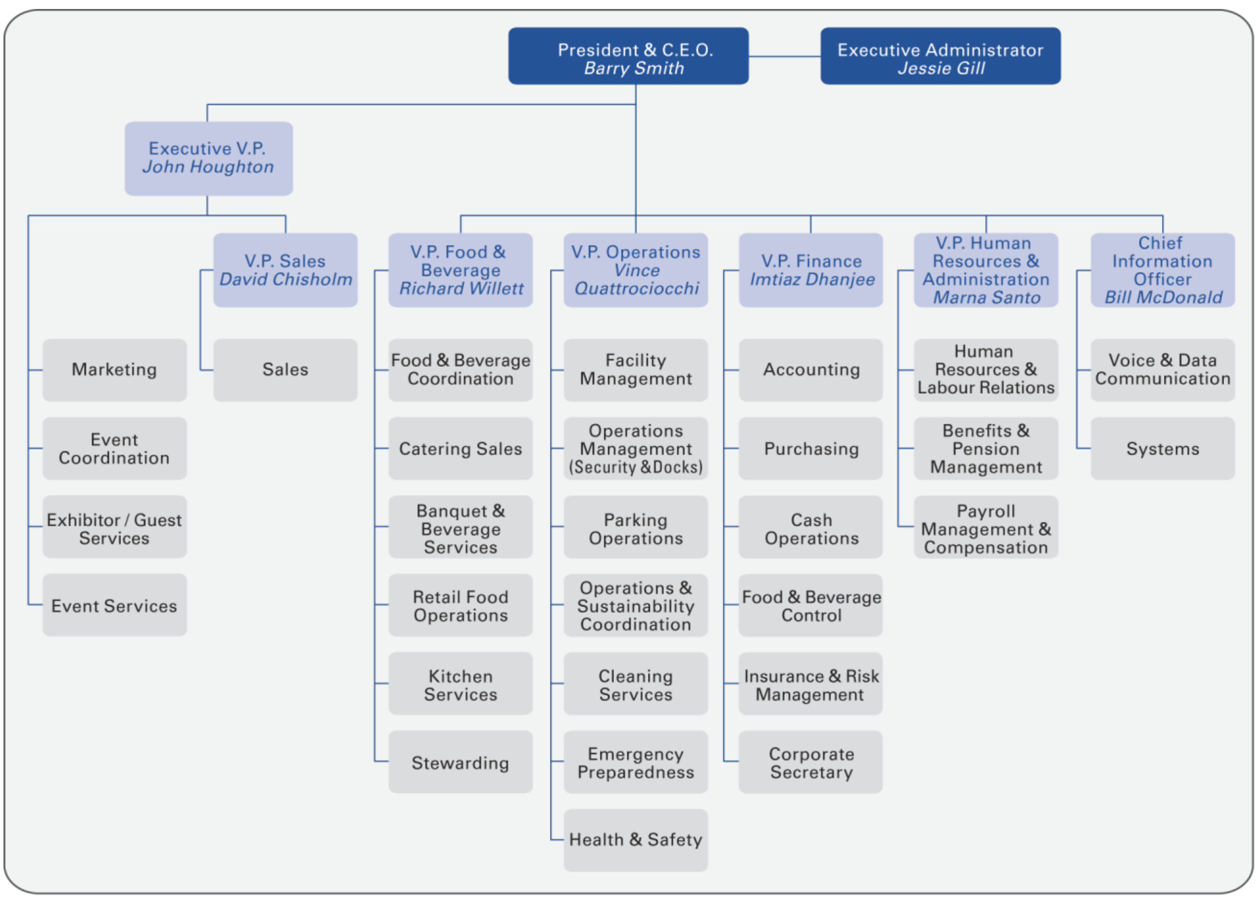
- 370 full-time (including salaried contract)
- 27 part-time and 617 casual; the hourly complement is 875, 33 non-union, 842 unionized
- For bargaining unit employees, 821 employees are members of the Labourers' International Union of North America Local 506; 21 security employees are members of the Canadian National Federation of Independent Unions.

The average tenure of our full and part-time employees is 15.07 years. The average age is 47.5.

We are proud of our low staff turnover rates as compared to our hospitality and tourism colleagues. During the 2013/14, MTCC experienced a 12 percent turnover rate for the salaried group and 1 percent for the full-time hourly personnel, with an overall rate of 5 percent.

In order to ensure that our approach to compensation reflects current industry expections we conduct the following wage comparisons annually:

- Toronto Board of Trade
- Hospitality Human Resources Professional Association (HHRPA)
- Public Sector Salary Disclosure List



Statement of Financial Position

	Actual As at March 31, 2014	Forecast As at March 31, 2015	Budget As at March 31, 2016	Forecast As at March 31, 2017	Forecast As at March 31, 2018
Financial assets:					
Cash	$ 2,720,725	$ 5,909,400	$ 8,608,400	$ 10,340,000	$ 11,559,400
Customer deposits	12,993,950	13,324,700	13,209,000	13,510,000	13,711,600
Accounts receivable	3,429,741	3,743,600	3,711,100	3,795,700	3,852,300
	$ 19,144,416	**$ 22,977,700**	**$ 25,528,500**	**$ 27,645,700**	**$ 29,123,300**
Liabilities:					
Accounts payable and accrued liabilities	$ 7,102,938	$ 6,979,600	$ 6,919,000	$ 7,076,600	$ 7,182,200
Deferred revenue	12,993,950	13,324,700	13,209,000	13,510,000	13,711,600
Employee future benefits	2,331,800	2,056,800	1,781,800	1,507,000	1,231,800
Deferred contributions related to tangible capital assets	46,676,219	45,683,100	44,690,000	43,696,900	42,703,800
	$ 69,104,907	**$ 68,044,200**	**$ 66,599,800**	**$ 65,790,500**	**$ 64,829,400**
Net debt	**-$ 49,960,491**	**-$ 45,066,500**	**-$ 41,071,300**	**-$ 38,144,800**	**-$ 35,706,100**
Non-financial assets:					
Tangible capital assets	$ 190,338,215	$ 188,812,100	$ 185,676,100	$ 182,896,800	$ 179,817,300
Inventories	503,370	507,600	503,200	514,700	522,300
Prepaid expenses	516,162	507,600	503,200	514,700	522,300
	$ 191,357,747	**$ 189,827,300**	**$ 186,682,500**	**$ 183,926,200**	**$ 180,861,900**
Accumulated surplus	**$ 141,397,256**	**$ 144,760,800**	**$ 145,611,200**	**$ 145,781,400**	**$ 145,155,800**

Statement of Operations and Accumulated Surplus

	Actual 2013 / 2014	Forecast 2014 / 2015	Budget 2015 / 2016	Forecast 2016 / 2017	Forecast 2017 / 2018
Revenue:					
Food and beverage	$ 22,436,078	$ 24,750,800	$ 23,614,500	$ 24,600,000	$ 25,000,000
Facility rental	15,552,597	16,163,400	16,250,000	16,300,000	16,500,000
Parking	10,173,778	10,500,000	10,900,000	11,100,000	11,300,000
Commissions	5,196,088	5,804,200	5,900,100	6,000,000	6,100,000
Communications	1,841,002	2,000,000	1,950,000	1,990,000	2,000,000
Capital contribution	993,111	993,100	993,100	993,100	993,100
Other	2,906,998	3,239,300	3,292,300	3,350,000	3,400,000
Total gross revenue	**$ 59,099,652**	**$ 63,450,800**	**$ 62,900,000**	**$ 64,333,100**	**$ 65,293,100**
Expenses:					
Facility rental	$ 4,361,425	$ 4,411,600	$ 4,526,400	$ 4,564,000	$ 4,603,500
Event services	497,882	530,400	536,900	553,000	561,000
Food and beverage	14,802,338	15,504,200	14,959,900	15,498,000	15,750,000
Communications	532,058	607,500	801,200	806,700	810,000
Parking	2,673,215	2,914,400	3,035,300	3,086,000	3,142,000
Sales and marketing	3,273,975	4,326,200	4,612,300	4,704,500	4,798,600
Engineering	5,055,090	5,055,700	5,149,400	5,252,400	5,357,400
Energy	3,126,574	3,027,700	3,143,300	3,206,200	3,270,300
General and administrative	7,147,821	7,572,300	7,132,700	7,632,700	7,400,000
Other expenses	2,705,522	2,765,900	2,827,500	2,734,700	2,801,200
Amortization	7,997,729	8,371,400	8,824,700	9,124,700	9,424,700
Total expenses	**$ 52,173,629**	**$ 55,087,300**	**$ 55,549,600**	**$ 57,162,900**	**$ 57,918,700**
Annual surplus	**$ 6,926,023**	**$ 8,363,500**	**$ 7,350,400**	**$ 7,170,200**	**$ 7,374,400**
Accumulated surplus, beginning of year	$ 136,971,233	$ 141,397,300	$ 144,760,800	$ 145,611,200	$ 145,781,400
Distribution payment	-$ 2,500,000	-$ 5,000,000	-$ 6,500,000	-$ 7,000,000	-$ 8,000,000
Accumulated surplus, end of year	**$ 141,397,256**	**$ 144,760,800**	**$ 145,611,200**	**$ 145,781,400**	**$ 145,155,800**

Statement of Changes in Net Debt

	Actual As at March 31, 2014	Forecast As at March 31, 2015	Budget As at March 31, 2016	Forecast As at March 31, 2017	Forecast As at March 31, 2018
Annual surplus	$ 6,926,023	$ 8,363,500	$ 7,350,400	$ 7,170,200	$ 7,374,400
Acquisition of tangible capital assets	-10,398,174	-7,000,000	-5,843,500	-6,500,000	-6,500,000
Amortization of tangible capital assets	7,997,729	8,526,200	8,979,500	9,279,500	9,579,500
	4,525,578	9,889,700	10,486,400	9,949,700	10,453,900
Acquisition of inventories	-5,151,856	-5,520,000	-5,480,000	-5,600,000	-5,690,000
Acquisition of prepaid expenses	-605,642	-650,000	-645,000	-660,000	-675,000
Consumption of inventories	5,128,744	5,500,000	5,470,000	5,570,000	5,700,000
Use of prepaid expenses	621,524	674,300	663,800	666,800	649,800
Distribution payment	-2,500,000	-5,000,000	-6,500,000	-7,000,000	-8,000,000
Change in net debt	$ 2,018,348	$ 4,894,000	$ 3,995,200	$ 2,926,500	$ 2,438,700
Net debt, beginning of year	-$ 51,978,839	-$ 49,960,500	-$ 45,066,500	-$ 41,071,300	-$ 38,144,800
Net debt, end of year	**-$ 49,960,491**	**-$ 45,066,500**	**-$ 41,071,300**	**-$ 38,144,800**	**-$ 35,706,100**

Statement of Cash Flows

	Actual As at March 31, 2014	Forecast As at March 31, 2015	Budget As at March 31, 2016	Forecast As at March 31, 2017	Forecast As at March 31, 2018
Cash provided by (used in): **Operating activities:**					
Annual surplus	$ 6,926,023	$ 8,363,500	$ 7,350,400	$ 7,170,200	$ 7,374,400
Items not involving cash:					
Amortization	7,997,729	8,526,200	8,979,500	9,279,500	9,579,500
Employee future benefits	-320,000	-275,000	-275,000	-275,000	-275,000
Deferred contributions related to tangible capital assets	-993,111	-993,100	-993,100	-993,100	-993,100
	$ 13,610,641	**$ 15,621,600**	**$ 15,061,800**	**$ 15,181,600**	**$ 15,685,800**
Change in non-cash assets and liabilities:					
Accounts receivable	129,112	-313,900	32,500	-84,600	-56,600
Inventories	-23,112	-4,200	4,400	-11,500	-7,700
Prepaid expenses	15,882	8,600	4,400	-11,500	-7,700
Accounts payable and accrued liabilities	1,116,568	-123,300	-60,700	157,600	105,600
	$ 14,849,091	**$ 15,188,800**	**$ 15,042,400**	**$ 15,231,600**	**$ 15,719,400**
Financing activities:					
Distribution payment	-$ 2,500,000	-$ 5,000,000	-$ 6,500,000	-$ 7,000,000	-$ 8,000,000
Capital activities:					
Additions to tangible capital assets	-$ 10,398,174	-$ 7,000,000	-$ 5,843,500	-$ 6,500,000	-$ 6,500,000
Increase / decrease in cash	**$ 1,950,917**	**$ 3,188,800**	**$ 2,698,900**	**$ 1,731,600**	**$ 1,219,400**
Cash, beginning of year	$ 769,808	$ 2,720,700	$ 5,909,500	$ 8,608,400	$ 10,340,000
Cash, end of year	**$ 2,720,725**	**$ 5,909,500**	**$ 8,608,400**	**$ 10,340,000**	**$ 11,559,400**

Capital Budget 2015/16

	Cost
Technology Services	$ 300,000
Event Services	40,000
Operations	1,500,000
Food & Beverage	412,700
Admin. / Sales & Marketing	130,000
Oxford Properties projects	500,400
Contingency Fund	700,000
Special Projects	1,760,400
Cash Reserve	500,000
Total Sustaining Capital Budget	**$ 5,843,500**

Metro Toronto Convention Centre
255 Front Street West, Toronto, Ontario M5V 2W6
T: (416) 585-8120 | F: (416) 585-8198
www.mtccc.com