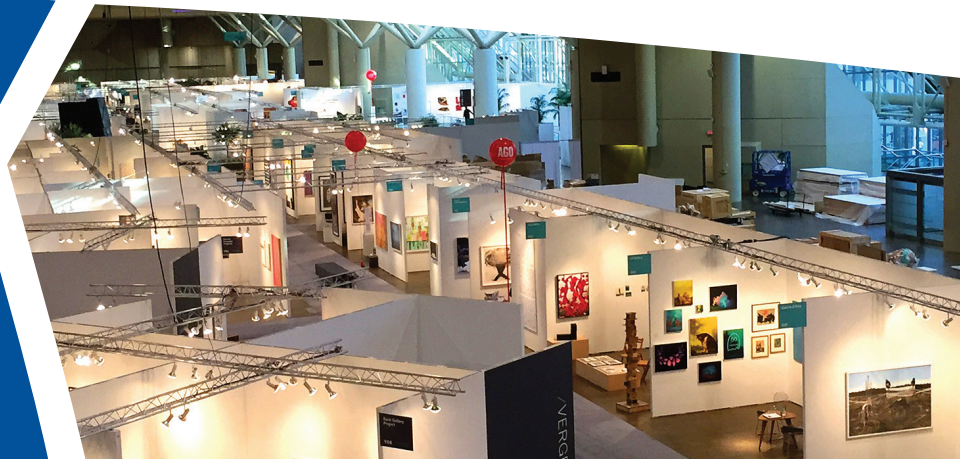




An Agency of the Government of Ontario



2016/19

Business Plan

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Executive Summary

Despite generally sluggish growth in Canada's and the world's economy, the Metropolitan Toronto Convention Centre (MTCC) has continued to post a strong financial performance, and we expect to experience continued growth in our operating results for the coming years. To do so, however, will require that the MTCC continue to invest in its facility so that we are able to provide the most competitive product to our clients. Our plan to achieve these results is set out in the pages that follow.

Looking back

The past two years have been record years for the MTCC. After reporting gross revenues of \$63.7 million in Fiscal 2014/15, our best year ever, we forecast gross revenues for the 2015/16 fiscal year to be just slightly lower at \$62.7 million, making it our second-best year ever. We will have hosted 554 events by year-end, which is in keeping with prior years. In 2015/16, we welcomed 39 conventions to our facility, of which 12 were major conventions, although occupancy levels were slightly lower than forecast at 52 per cent. This good performance allowed us to continue to generate significant economic benefits for the City of Toronto which we estimate Fiscal 2015/16 to have been approximately \$488 million – enough to sustain approximately 4,000 jobs in the sector.

Competition for convention visitors continues to be fierce in all three geographies where we seek to attract business: here in Canada, in the U.S. convention market, and in the international congress market. Here in Canada, the supply of meeting facilities continues to improve, with the addition of new and expanded facilities like the Halifax Convention Centre and the RBC Convention Centre in Winnipeg. The challenge in the U.S. remains convincing meetings planners to look beyond their borders, while attracting international visitors requires a highly customized approach and longer lead-times. Fortunately, our efforts in all three markets in the past year have been successful, and we expect our efforts in U.S. and international markets will be helped, going forward, by the lower value of the dollar.

Last year, we faced the unique challenge posed by having Toronto host the Pan American and Para-Pan

American Games: Business in our facility was much slower than usual during the month of July as very few meetings were scheduled during this major international sporting event. We made good use of the down time at the convention centre to complete a number of sustaining capital projects throughout the facility.

We also began the third phase of our customer service improvement program in 2015. The program provides training for our Sales, Event Coordination and Catering staff and gives them the tools to work more effectively together and improve the customer experience. As part of this program, we introduced new evaluation reports for our clients and exhibitors and will be striving to raise satisfaction standards to new highs in the year ahead.

The years ahead

In many ways, Fiscal 2016/17 will be similar to the year just ended – but we expect to see some shifts in the mix of business we attract to the convention centre.

We expect to host 580 events in 2016/17 – about 26 more than the prior year. We will host 40 conventions this year compared to 39 in the last year. However, we expect to see some change in the mix of business we host at the Convention Centre. We have 11 major conventions booked for 2016/17 versus 12 in 2015/16. We will host 5 US major conventions, 4 international and 2 Canadian conventions this year. As it happens, ten of those major conventions are booked in the first five months of the fiscal year – with the interesting result that, while July 2015 was among our quietest ever, we expect July 2016 to be among our busiest ever.

Another key difference is the anticipated mix of business between Canadian and non-Canadian bookings. In 2015/16, most of our major conventions originated in Canada, whereas our bookings for the 2016/17 year include five U.S. and four international conventions. Major conventions booked by U.S. and international groups tend to be bigger and more profitable to the MTCC, and we therefore expect our major convention business will generate a higher share of revenues this year.

Our budget calls for revenues of \$64.7 million for 2016/17, and net operating income in excess of \$16 million. We also expect to be able to increase distribution payments to the Province of Ontario from \$6.5 million in the last fiscal year to \$7.0 million in each of the next three fiscal years.

The coming year, 2016, sees the beginning of a period of negotiations with two of our major labour unions – LIUNA Local 506 and CNFIU. We have a good respectful relationship with the two unions, and we are confident that we can sustain the collaborative environment we currently enjoy, and quickly reach collective agreements that are mutually beneficial.

The coming year will also see the beginning of a period of capital improvements to the South Building of the convention centre. Renovations to the North Building were well received by our clients, and we feel it is time to bring similar improvements to the South Building, which is already 19 years old. We have already done work to improve the kitchen facilities in the South Building, and we have now set aside an additional \$8 million in our capital budget for 2016/17 to begin work to increase the flexibility of the space and improve operational efficiencies, as well as enhance the look and feel of the space. We expect the improvements will take place over a three-year period, and will be financed entirely from within MTCC's operating funds.

As we begin the process and choose our suppliers, we have been asking our architectural and design professionals to think carefully about ways we can respond to the evolving needs of the convention centre industry. We want to identify potential expansion and functional design possibilities that can be achieved both in the near term and over the next 10 to 20 years. We will be seeking Board approval for the first part of this program in the coming weeks. In anticipation of the work that will be required, we have identified two timeslots toward the end of the fiscal year when the construction can take place, and we will schedule our client business accordingly.

The impact of technology

The other major factor influencing our plans is changing technology.

Like all businesses, the convention centre industry is being transformed by technology developments, and the MTCC is committed to being an industry leader in innovation. Client expectations are changing rapidly – both in terms of the scope and availability of technology services demanded, and in terms of the price they are willing to pay to receive those services.

For the MTCC, this means growing pressure on revenues derived from technology services, and a pressing need to improve our technology services. As an important part of our response, we will be increasing our network capacity significantly in 2016/17, by upgrading our overall network to 10 GB bandwidth from the existing 1 GB.

At the same time, we will explore the use of leading-edge audio/visual technology to provide new services and experience for our clients, and other emerging technologies that could be of benefit. These include beacon technology, which can be applied to way-finding or to provide additional information about the facility. Digitalization – the widespread adoption of digital tools to transform the way people do business – has significant potential to disrupt our traditional business model. We continue to be on the outlook for the opportunities these changes provide – but remain vigilant to the risks.

All business plans entail risk.

There is uncertainty about the economy, about technology, and about the actions of others which may have an impact on our business. We are confident we can deal effectively with uncertain developments because we know we can rely on the professionalism of the women and men at the Metropolitan Toronto Convention Centre. We are proud of them – and their skills and their experience.

Above all, we are proud of their commitment to customers – the people who count on us to help them create successful events.

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, tradeshow, 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:

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



Ernst & Young Awards, 2015

Environmental Scan and Risk Assessment Strategies

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

Risk category: Operational	
Risk factor #1: The economy	
Description	<p>According to the Bank of Nova Scotia, the Canadian economy is expected to grow 1.6 percent in 2016 up from 1.2 percent in 2015. This should have a positive impact on the Canadian economy and is a positive indicator for the Canadian corporate meetings and trade and public show markets which account for approximately 33.8 percent of our events revenue.</p> <p>The US economy is expected to grow 2.5 percent in 2016 matching the growth rate forecasted for 2015. Looking ahead, as the US economic recovery continues, consumers and business confidence is expected to increase as well. This will have a positive impact on our US business. With our close ties to the US, coupled with the expected lower Canadian dollar, we expect our US based convention business to remain stable or improve. Our booking calendar for the next two years is quite strong.</p>
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	
Description	This Private Members' Bill amends 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	<p>Medium. According to the Ministry of Labour, as long as the MTCC is transparent in its service agreements with its customers, by articulating how the gratuities are distributed, the Bill is not likely to have any impact on the MTCC.</p> <p>Distribution of the service charge, should MTCC be required to give the employer portion to food and beverage workers, would result in equity issues and put pressure on wage demands from non-food and beverage workers.</p> <p>The Unions' understanding of this Bill differs from that of Managements'. As this document goes to print, collective bargaining is underway.</p>
Mitigation	Management has updated its service agreements and contractual language with its customers to clearly define how the gratuities will be distributed.

Risk factor #3: Renewal and sustainability of Convention Development Fund (CDF)	
Description	The Convention Development Fund (CDF) was established to fund major non-domestic conventions held in Toronto at the MTCC. This fund is primarily used to underwrite MTCC facility rental charges and other conference-related expenses. The agreement is renewed annually. The objective is to ensure that sufficient funds are available for Toronto to attract large conventions that bring significant economic value to this marketplace.
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 and is seen as a buyer's market.. If sufficient funding arrangements are not made with our industry partners, Toronto, as a destination, will not be competitive.
Mitigation	All industry partners that benefit from this funding model need to continue their support for this program and we do not anticipate any major changes to this program.
Risk factor #4: Renovation and Expansion of Convention/Trade Facilities	
Description	The convention centre expansion cycle in Canada and the US has slowed, resulting in a slowdown of the over-supply of convention space. However, renovation and modernization of existing facilities continue to take priority. Therefore, there has been no change in pre-existing buyers market.
Related strategic priority	Focus our efforts on large convention / congress business.
Impact and scope	Medium. Increased supply of convention centre space often results in a shift in existing business or a change in rotation patterns of national business. We will not be immune to these changes.
Mitigation	<p>Our focus is on maintaining our existing client base while securing more business, specifically large conventions. We use a research-based targeted approach to identifying and growing our US and international congress business.</p> <p>We constantly work with successful event producers to create new business models that share risk. This diversified sales strategy reduces our risk if any one business sector performs poorly.</p> <p>We will continue to invest in customer service training and focus on reinforcing the high standards that have been created for each department.</p>

Risk factor #5: Emergency preparedness

Description	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	<p>Our emergency preparedness plan directs the Disaster Management Team to meet in pre-designated locations to assess the scope of the problem. Plans and actions would then correspond accordingly.</p> <p>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.</p> <p>In 2015, management upgraded a current version of our emergency preparedness software, and revised floor layouts, equipment information and photos of crucial areas to reflect the North Building's modernization. In addition, the MTCC and Enwave Energy (our tenant in the South Building) Fire Safety Plans were added to emergency preparedness software.</p> <p>We will also continue to work jointly with our neighbours Rogers Centre, CN Tower, and Air Canada Centre to conduct periodic exercises.</p> <p>We will continue to work in cooperation with local police, fire and ambulance services, and the City of Toronto's Office of Emergency Management.</p>



Fan Expo Canada

Risk category: Accountability and governance

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

Description	Bill 8, the Public Sector and MPP Accountability and Transparency Act, received Royal Assent in December 2014. Bill 8 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. The Act also provides for enforcement measures to ensure compensation limits are respected.
Related strategic priority	Compliance with legislation and Human Capital
Impact and scope	Unknown. If an Executive's compensation, just prior to the effective date of any compensation framework, is greater than provided for in the framework, the Executive's compensation can continue to remain in effect for a period of 3 years. 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.
Mitigation	MTCC will continue to conduct wage and benefit research within the hospitality sector on an annual basis.



Canada Walk of Fame

Risk category: Information technology and infrastructure

Risk factor #1: Ability to maintain telecommunications pricing

Description	<p>Event planners, exhibitors, and event attendees view internet access, especially wireless, as a service that convention centres should provide at a low cost or complimentary. This continues to gain momentum with the proliferation of mobile, wireless devices used by event attendees. Event managers further 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.</p> <p>While there is continued pressure on pricing for all Internet access services, there is particular emphasis on providing low cost options for general attendee access. This represents a challenge for all facilities, recognizing the operational and capital investment required to adequately provide these services.</p>
Related strategic priority	<p>Being competitive in the market place.</p>
Impact and scope	<p>Medium. Our pricing is in line with other major North American convention facilities. However, there is concern about our general ability to be competitive in the market, particularly in smaller events and corporate meetings.</p>
Mitigation	<p>We are reviewing our approach to pricing services for attendee access. This will focus on providing more flexibility in our pricing structure to better accommodate the variety of event sizes and requirements.</p> <p>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, including attendee wireless.</p>



Canfitpro

Risk factor #2: Ability to provide high network performance and flexibility	
Description	We are seeing an increase in the demand for data networking services and the growing complexity in which these services are used. The performance, reliability, and flexibility of these services is now business critical to the success of our clients' events.
Related strategic priority	Being competitive in the market place.
Impact and scope	<p>High. There is a need to ensure the appropriate level of network bandwidth is available to all users. It is equally critical that we provide specific levels of bandwidth for higher demand applications, such as video streaming. In addition, there is continued investment in network redundancy and replacement of end-of-life network components.</p> <p>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 wireless devices and associated applications grow.</p>
Mitigation	<p>We will be upgrading our overall network bandwidth from 1 GB to 10 GB. This will include replacing our Internet circuits (primary and backup) and all of our switches.</p> <p>We will complete the replacement of all of our wireless access points throughout the facility with access points that support the higher performing 802.11 AC communications protocol.</p> <p>We will continue to invest in network management tools that allow us to monitor network usage and to segment our network to allocate the necessary service levels required for specific applications.</p> <p>We will continue to invest in the growing performance and flexibility of our data network, and network redundancies to address infrastructure component failures.</p>
Risk factor #3: Business Disruption from Digitalization	
Description	<p>Digitalization refers to uses of technology beyond improving business processes, but rather substantially disrupting the existing business models of the MTCC and our customers.</p> <p>Potentially, some events that have been held at convention centres could be conducted over the Internet instead. This has a stronger probability in some types of events than others, but would still have some impact into the number of events held at the MTCC, or the level of attendance at events.</p> <p>While digitalization disruption may pose threats to some events, it also provides new opportunities for events and convention facilities. Combining Internet services and emerging technologies will enhance the experiences for event planners, exhibitors, and attendees.</p>
Related strategic priority	Being competitive in the market place.
Impact and scope	Low to High. Because the impacts can potentially be wide ranging and largely uncertain, impacts may vary substantially.
Mitigation	<p>We have established an Innovation Fund to invest in new technology and it will be directed towards technology innovation projects that will facilitate both ourselves and event planners in creating an enhanced attendee experience.</p> <p>We will continue to invest in our network infrastructure. Network services are critical to the ability of our customers to incorporate digitalization initiatives.</p>

Risk factor #4: Open Data Directive

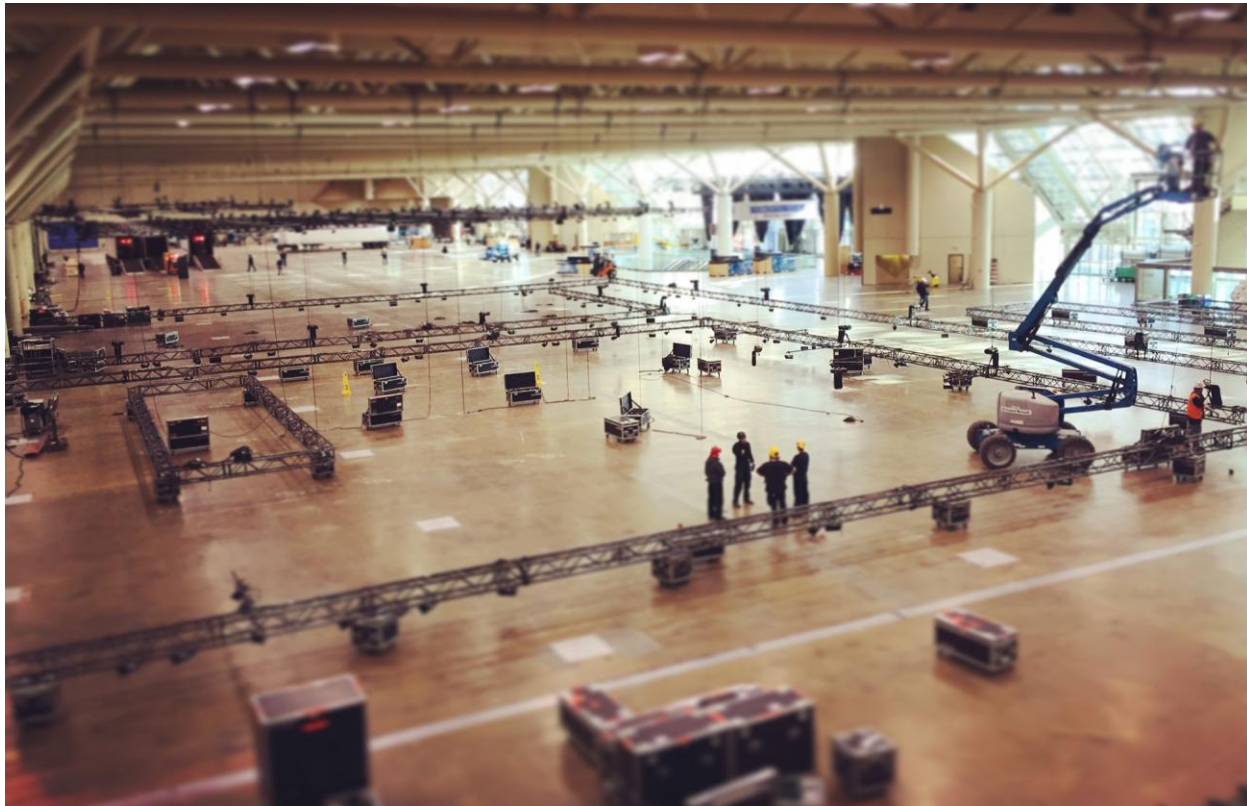
Description	The Ontario Government has released the “Open Data Directive”. This directive requires that public access to government data will be available by default (i.e. unless restricted by specific rationale such as legal, security, confidentiality, commercial sensitivity, etc.). All Ministries and Agencies are expected to adopt this directive.
Related strategic priority	Compliance with Legislation.
Impact and scope	<p>Medium to High. We are currently posting business expense filings for designated staff, and publishing our annual Business Plan on our corporate website. However, we do have two concerns that this more sweeping requirement may have on the MTCC.</p> <p>The first concern is the requirement to post procurement and contract information. While providing general information, such as the subject of the contract, the awarded vendor, and term dates, is reasonable, posting more detailed information, such as financial terms or unique offerings, may impact our ability to negotiate optimum terms. Vendors will be reluctant to negotiate terms knowing that it may involve disclosing information that they view as confidential, or would have any negative impact on their business. Even if the contract specifically identifies confidentiality, we may not be able to comply with those terms.</p> <p>The second concern is the yet unknown additional information that will need to be posted on our website. Should the expectations go substantially beyond the expense filings and Business Plan, we will need to allocate resources.</p> <p>At this point, these concerns are speculative. We will gain a better assessment as the specific expectations materialize.</p>
Mitigation	Through discussions with Ontario Government representatives, including attending training presentations conducted by the Ontario Government (currently being scheduled), we will gain a more accurate understanding of the specific requirements related to the MTCC. We will address any specific issues related to our noted concerns, should they materialize.



SalesForce

Risk Category: Human Resources	
Risk factor : Human capital and aging workforce	
Description	<p>If the MTCC does not continue to successfully retain and attract high performing individuals, we face the potential risk that our employees may not be able to perform essential duties to meet our ever growing business and operational demands.</p> <p>At September 8, 2015, the average age of our workforce was 47.8 years old. An aging workforce impacts essential capabilities and specific skills.</p>
Related strategic priority	To remain a recognized leader in our industry by aligning our people practices with our employer brand, “ <i>Our People are the Centre</i> ”.
Impact and scope	<p>High. The education, experience and capabilities of an employee impact the MTCC financially and operationally. As not all employees are equal, investing in the entire workforce, as well as external recruitment efforts is necessary to ensure the MTCC remains an industry leader.</p> <p>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.</p> <p>Managers are challenged to meet business demands when scheduling employees who are unable to perform at their full capacity. This results in over-complement scenarios, which affect daily labour metrics. Return-to-work / progress meetings and ongoing follow-up between multiple internal and external stakeholders on accommodation issues, require time, case management expertise, and training; all of which impact both employees’ and managers’ overall productivity.</p> <p>In addition, an aging employee may also affect the morale of co-workers because of possible increased burdened workloads as a result of workplace accommodations.</p>
Mitigation	<p>The MTCC will continue its human capital investment by providing training to all employees to ensure service excellence and job skills enhancement. This is achieved by identifying training opportunities through the budgetary process, annual performance management discussions, attending industry conferences, and reviewing our customer service satisfaction results.</p> <p>The Joint Health and Safety Committee (JHSC) 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 will place greater emphasis on organizing health and wellness events to educate employees through training sessions, and a wellness fair every two years to encourage employees to take their personal health and well-being seriously.</p> <p>We will continue to manage our early safe return-to-work program (ESRTW), our workplace accommodation process, and performance management procedures. With that, we will continue to work with a third party health and safety provider to maximize early and safe return-to-work initiatives, and continue to partner with operational managers to provide HR tool kits to effectively manage workers in the ESRTW program.</p> <p>In addition, MTCC will consider voluntary retirement programs as a mitigating factor as seen in other corporations.</p>

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. The existing lease has four years 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 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 also revisit the MTCC's original plan to purchase our own land to ensure our marshalling requirements are intact going forward. The purchase of land would require government approval.



AutoShow move-in

Risk factor #2: Impact of Oxford and area development on the MTCC

<p>Description</p>	<p>Toronto City Council has given the green light to 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.</p> <p>Concurrent with this increased area development, our landlord Oxford Properties Group Inc. (OPGI) is continuing with their plan to redevelop the site. The MTCC is aware that OPGI has retained architects and consultants to conduct feasibility studies.</p>
<p>Related strategic priority</p>	<p>Ensure our operation and client events are successful regardless of the surrounding developments and the anticipated increase in local area traffic.</p> <p>Ensure that our longer term convention centre operational and client requirements are realized in any redevelopment option.</p>
<p>Impact and scope</p>	<p>Medium to high. Recent developments in the neighbourhood 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 and has noticeably changed the local landscape. We are not currently experiencing a negative impact to our internal events, and our parking revenues continue to show positive results. However, the added volume could create challenges for our parking operation in the future.</p> <p>The impact to our success and growth potential would be jeopardized with a poorly designed convention facility that did not meet the needs of our clients and was not competitive with new and competing facilities.</p>
<p>Mitigation</p>	<p>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 in and out of docks and parking garages in order to minimize delays. In addition, we will continue to enforce employee parking restrictions to provide adequate parking for our clients.</p> <p>MTCC will engage professional design and architectural consultants to help develop convention centre layouts that would be contemporary with what is being developed today and what would ensure MTCC's continued success in the marketplace.</p>

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	Medium. 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	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 #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, 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 to medium depending on the nature of the failure. The potential loss of business reputation may be due to any reason. 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.



CN Tower, view from Metro Toronto Convention Centre, South Building

Corporate Goals and Strategies

This 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	<p>We will achieve an overall satisfaction rating of 95 percent from our clients on the customer evaluation report, with a response rate of 35 percent.</p> <p>We will achieve an overall satisfaction rating of 92 percent from our exhibitors, with a 20 percent response rate on our exhibitor services evaluation survey.</p> <p>Comparable results to the last year are not available due to the changes made in format and questions in this year's 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	<p>We will complete fiscal 2015/16 with an occupancy rate of 52 percent which is 2 percent less than our goal. We expect an occupancy rate of 53 to 54 percent based on the business we have booked for 2016/17 and the size of the conventions that will be hosted.</p> <p>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.</p>
Strategies	<p>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. It is the big conventions with significant space demands that improve our occupancy. Therefore, we will continue to focus on the US association and international congress markets through our strategic partnerships with Tourism Toronto.</p>
Performance measures	<p>Occupancy is tracked for each event, then summarized and reported monthly.</p>

Goal #3: Financial

Goal	<p>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. We plan to fund the South Building modernization project with cash generated from operations over the next three years. In addition, we will strive to maintain our facility to the highest standard through ongoing sustaining capital improvements.</p> <p>We will generate the following financial results as indicated in the 2016/17 fiscal budget:</p> <ul style="list-style-type: none"> • Gross revenue of \$64.7 million • Net operating income of \$16.3 million • Capital budget of \$13.2 million including South Building modernization, phase 1 • Distribution payment of \$7.0 million • Economic benefit of \$477 million <p>We will achieve our mandate to generate an economic benefit to the City of Toronto while operating on a profitable basis.</p> <p>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).</p>
Strategies	<p>Manage in accordance with the financial targets (revenue and expenses).</p> <p>Meet the requirements of the accountability measures established by the Agency Establishment and Accountability Directive (AEAD).</p>
Performance measures	<p>Monitor progress using monthly financial statements and timely completion of key AEAD requirements including the following:</p> <ul style="list-style-type: none"> • Annual report • Business Plan • External audit • Financial reporting

Description	Actual 2013/14	Actual 2014/15	Forecast 2015/16	Budget 2016/17	Forecast 2017/18	Forecast 2018/19
Economic benefit (millions)	\$423	\$537	\$488	\$477	N/A	N/A
Gross revenue (millions)	\$59.1	\$63.7	\$62.7	\$64.7	\$66.0	\$67.4
Net revenue margin %	61.1%	62.4%	62.2%	61.6%	61.6%	61.6%
Net operating income (millions)	\$14.8	\$17.4	\$16.3	\$16.3	\$17.2	\$17.5
Net operating income %	25.0%	27.3%	26.1%	25.2%	26.0%	26.0%
Capital expenditure (millions)	\$10.4	\$6.9	\$5.4	\$13.2	\$12.0	\$9.0
Distribution payment (millions)	\$2.5	\$5.0	\$6.5	\$7.0	\$7.0	\$7.0

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	<p>We will continue to promote an integrated approach to health, safety, and wellness programs and initiatives by developing prevention strategies which include ergonomic reviews, process improvements (automation of labour intensive tasks), employee awareness, training, and education.</p> <p>In addition, we will manage our workplace accommodation process and performance management procedures to transition employees safely back to work.</p> <p>We will promote employee awareness to ensure employees are fully informed of the various types of support that is available, such as self-help tools.</p> <p>We will continue to monitor benefit costs and develop cost containment strategies to successfully manage the rising costs.</p>
Performance measures	<ul style="list-style-type: none">• Monitor the annual performance review process 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 and high risk areas in order to develop proactive retention plans and mitigate the impact of losing key personnel.



Goal #5: Corporate social responsibility

Goal

Continue to maintain 90 percent diversion of waste from landfill in 2016/17.

Continue retrofitting and upgrading lamps and fixtures throughout the facility, including LED lights throughout mechanical and storage rooms, administrative offices, and loading docks.

The carbon footprint budget for the 2016/17 fiscal year is 5,132 tons of CO₂ equivalent versus a forecast of 5,248 tons of CO₂ equivalent in 2015/16, which represents a 2.2 percent reduction.

Increase positive community impact by continuing development of the donation program as well as to engage employees in corporate social responsibility initiatives throughout the year.

Strategies

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

Further increase energy saving measures by replacing existing lighting units to LED lamps and investigate new lighting system control technologies.

Investigate energy sub metering and tracking technologies to further 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 Bullfrog Power.

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

Organize both internal and external events of a variety of types, appealing to a range of individuals to benefit the environment, the company, and the community.

Performance measures

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

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	<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	<p>Key Initiatives for 2016/17 include the following:</p> <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 requires continual capital investment in all aspects of the network infrastructure. In 2016/17 this will include: <ul style="list-style-type: none"> ○ upgrade our primary Internet circuit from 1 GB to 10 GB ○ upgrade access in underserved areas (John Bassett Theatre, Halls F & G) ○ upgrade all access points to latest wireless communication protocol (802.11 AC) ○ replace end-of-life network components • In conjunction with the Building Modernization initiative, explore the use of leading edge audio/visual technology to provide new services and experiences dimension for events being held at the MTCC. • Investigate and, if feasible, implement emerging technologies that provide benefit events and our service delivery. This includes: <ul style="list-style-type: none"> ○ Use of beacon technology for attendee way-finding and facility information ○ Use of mobile devices to enhance the ability of MTCC staff to deliver customer services • Primarily from two major business application initiatives completed in 2015/16 (the new Human Resources Information System and the Business Event Plan), increase our ability to provide exceptional customer service and enhance employee engagement.



Metro Toronto Convention Centre, Level 700

Future Development and Business Outlook

The MTCC operates within the accountability framework of the province 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-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 32nd 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 continue 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 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 \$500 million each year, creating approximately 5,200 jobs annually and generating annual taxes of \$150 million.

South Building modernization

With the completion of the North Building modernization, client reaction has been very positive with the new contemporary warmer look and feel of this 32 year old building. Inevitably, as the North Building project concluded there quickly became a point of comparison by our clients with the now 19-year-old South Building.

From the time of the official opening of the South Building in 1997, the original look has remained unchanged. We have therefore recognized the need to bring the South Building and its interior finishes up to par with that of the North Building.

Management issued a Request for Proposal (RFP) to partner with an established architectural and design firm who is specifically knowledgeable and works in the convention centre industry.

The intent of the RFP was to address two objectives:

- The first objective is to assist us with design fit and finish upgrades to our South Building.
- The second objective is in seeking professional architectural and design expertise to respond to the evolving needs of the convention centre industry. This will provide us with professional foresight and vision of what potential expansion and functional design possibilities could be achievable in the near term and over the next 10 to 20 years.

The RFP closed in August 2015; management reviewed the bids and shortlisted 4 firms that specialize in convention centre architecture and design.

We advised the four shortlisted architect firms that the next step in the evaluation process would require us to provide these firms with a more comprehensive scope of work. This scope relates to specific improvements we would like to see with the modernization of our South Building along with an estimated budget and timelines for when we could conduct this improvement work.

In the following months, management worked with our key operating personnel and a cross section of our clients to seek their ideas and input to help determine the key areas of focus and the priorities for a renovated South Building.

In October 2015, the architect firms received the MTCC Renovation Project and Long Term Strategic Review Defined Scope RFP. In it, management detailed the scope of work in six distinct main program categories:

- Aesthetic Improvements
- Space Flexibility
- Operational Efficiencies
- Enhanced Retail Food Areas
- Technology Improvements
- Long Term Strategic Options.

Also identified in the RFP were our anticipated project timelines. We anticipate the modernization of the south building should take up to three years at a cost of approximately \$18 - \$20M.

The RFP closed in December 2015 and the selection committee evaluated the three finalists and a selection was made.

Customer service

The year ahead will provide us with an opportunity to really change our clients' experience, beginning the moment we finalize a sale. Through the "Influence with Authority" training program attended by Sales, Event Coordination, and Catering, we were given insight on how to deal with difficult situations, how to communicate the benefits of our policies and practices, and how to create a relationship with the client that is flexible without compromising our brand.

From this training, four keys areas in which we could change our clients' experience were identified. In this next phase of our customer service improvement plans we will use these four areas as our starting point to commence in a new way. The areas identified were:

- **The process of transitioning an account from Sales to Event Coordination and/or Catering..**
- **Our clients' understanding of the Operating Guidelines and its importance to the success of their event.**
- **Understanding the clients' event vision and objectives prior to showing them space.**
- **How the information we receive is stored and shared.**

Market segment overview

2016/17 is projected to be very similar to fiscal 2015/16. The number of events being forecasted this year is 580 compared to 554 in the last year. The occupancy percentage is estimated to be between 53 percent and 54 percent which is 2 percent higher than the prior year. We are beginning the year with modestly less business contracted which can be attributed to 3 events which will not be returning to our facility due to the rotational nature of the convention business. We expect to make up for this shortfall by picking up new business.

We have one less major convention booked for 2016/17 than the prior year. The vast majority of these conventions will take place within the first five months of the fiscal year. After perhaps our weakest July in history, we may have our best July ever. We are forecasting that our greatest opportunity to pick up new business will occur in the second half of the year. The total number of conventions that we will host in 2016/17 will be similar to the number of conventions hosted in 2015/16.

We will see an increase in the number of attendees and exhibitors from the US market segment from last year, but we will see a significant decrease in the number of attendees from the Canadian market segment.

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 2016/17:

- 2016 inflation rate is forecasted at 2.2 percent.*
- US exchange rate – CDN currency is forecasted to average between \$0.72 and \$0.74 USD during 2016.*
- Canadian prime lending rate at 2.7 percent.
- Economic growth – GDP for 2016 is forecasted at 1.6 percent.*

*Source: Scotiabank Global Forecast Update, January 2016.

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 3.1 percent in 2015 to 3.3 percent in 2016 and 3.6 percent in 2017.

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 2016/17.

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

- 2016 projected number of events: 580
- 2016 projected occupancy rate: 53-54 percent
- Historical pick-up rate
- Expected changes in energy rates

The revenue and expenses for 2017/18 and 2018/19 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 (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.

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 tradeshow 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. 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 the completion of phase 1 of the modernization plan, MTCC cash reserves have returned to pre-modernization levels. The corporation has no debt and continues to maintain a strong balance sheet.

During the next three years, management is planning to upgrade the fit and finish in the South Building to remain competitive with other renovated and newly built convention centres in North America.

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

The cash flow statement shows the projected cash position based on reasonable assumptions outlined in this three-year 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, 2015, total \$59 million. Based on the 2015/18 Business Plan, the planned distribution payment for 2015/16 is \$6.5 million.

The projections for the following two years are:

- \$7.0 million on March 31, 2017.
- \$7.0 million on March 31, 2018.

Event Technology Strategy

As technology is one of our success pillars, it is critical to define our immediate and long term plans for the technology that directly impacts the success of events. Our strategic view of event related technology is divided into three categories:

- Data Network Infrastructure – the network infrastructure used by our customers to meet their event requirements.
- Digital Signs – signs located throughout the facility to enhance the event and facility experience
- Emerging Technologies – new technologies that are emerging in the market with intuitive value to the event experience.

Throughout all of these plans, the overarching themes are (1) to create 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.

I. Data Network Infrastructure

The MTCC provides wired and wireless data networking services for events. These services are used by event managers, exhibitors, and, more recently, attendees. Commonly, Event Managers use the network for Internet access and for temporary local area networks (VLAN's). Exhibitors use Internet access to integrate their website and their corporate applications into their displays. Attendees use Internet access for event-specific purposes (event agendas, event information, social media, etc.) as well as for their personal need to “stay connected.”

Particularly in the last five years, we have seen an increased demand for these services, both in volume and complexity. It's a fair assumption that this growth will continue.

As the MTCC data network is the foundation layer for the current and future use of event technology usage, there will be a continued demand on the network capacity, performance, and coverage. To be a successful venue, the MTCC data infrastructure needs to be a step ahead of the demand growth.

II. Digital Signs

Digital signs have increasingly become a part of the MTCC experience. To date, digital signs have been used for event information, event promotion, wayfinding, sponsorship, and third party advertising. We see these usages continuing, and likely incorporating more complex event customization. Recently, we have seen some more contemporary uses of digital signs by events, such as displaying social media comments from event attendees.

We foresee high definition digital signs being used to create new visual experiences, further enhancing the event and building experience.

With this growing use of digital signs, there will be a stronger focus on content creation and management. This applies to both informational and graphical content. We will need to re-evaluate our processes and resources assigned to content management in order to fully realize value from the capital investment.

III. Emerging Technology

Utilizing mobile devices and mobile applications, as well as widespread, wireless Internet access, there are emerging technology products and services that will change the event experience. Both Event Managers and convention facilities are investigating (and in some cases implementing) these technologies.

By definition, 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. Also, there is the potential to gain early insights which will benefit subsequent implementations as these technologies mature and evolve into mainstream use. However, there are a number of risks associated with being an early adopter.

The general approach by the MTCC will be to “pick our spots” on some key technologies and manage risk accordingly.

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 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.



Communication Strategy

Overview

Public Relations

Over the past year, our primary focus has been on raising our profile to the trade press. The announcements of the major conventions coming to Toronto and to our facility have been well received, with pick-up from most of the larger industry publications. These releases have raised our brand profile within the industry both domestically and internationally.

Our media-monitoring tool is able to report on the global authors who share or mention the MTCC. Last year, over 12,400 global authors mentioned the Metro Toronto Convention Centre, with the majority based in the U.S. This positive measurement is a direct result of our public relations and social media activities.

As we continue to create press around the major US and International conventions coming to the MTCC, we will review their event programs and uncover other possible story ideas. This should present further opportunities for us to create more community-interest stories, connecting our brand in support of education, science, and healthcare initiatives in Toronto. We may find opportunities to create press to support our vertical markets in food and beverage, and sustainability. This strategy will be in partnership with Tourism Toronto. Collaborating on some of our PR and social media activities will increase coverage and strengthen Toronto's business events brand.

Social Media

Over the last year, we have expanded our social media efforts and increased our online brand awareness. We are actively participating on the most popular social platforms and continue to engage planners, exhibitors, and attendees. Our social platforms have proven to be a valuable listening tool, as they allow us to gauge feedback of our product and services, and we are then able to share these insights internally. Regarding content, what we have published on our social channels has been very well received, and we have expanded our platforms to attract and engage with more meeting planners.

With regards to growth, our follower base has increased exponentially since having a dedicated Social Community Specialist on board our team. Our Facebook following in particular increased in 2015/16 by 32 percent, and on LinkedIn we have seen a 26 percent increase. One contributor to our growth has been the addition of our most recent social platform: our corporate blog.

Last August we launched our new blog, and it has been very well received thus far. Our posts contain original content that is highly relevant to our targeted audience. Further, the content is strategic as it positions MTCC as a thought leader in the meetings and events industry, sharing useful information and transferring valuable knowledge from our experienced service teams.

Going forward, we will continue to focus on attracting more meeting planners on specific platforms where they can be accurately identified, such as LinkedIn. We will also place more focus on visuals, leveraging infographics, photos, and videos for further interest and outreach in an endeavour to make our posts more creative and highly shareable.

Website

Our corporate website is currently being redesigned to have a responsive interface. When complete, our new responsive website will deliver the best optimal viewing experience across multiple devices. The Planners, Attendees and Exhibitors sections of the website will undergo a full review to determine how we may better serve our current customers, as well as identify new prospects.

Advertising Campaign

Our current "Look Closer" advertising campaign has had a successful 3-year run so far. We will evaluate our campaign, research competitor ads, and determine a plan for a new advertising campaign.

Communication Strategy (continued)

Strategy #1: Keep our brand in front of our customers through regular coverage in the trade press.

Tactics:

Distribute press releases announcing US and Canadian citywide conventions to our facility that have a significant economic impact to the city and province.

Strategy #2 Expand our social media strategy to reach a broader online planner community.

Tactics:

Create highly targeted advertising campaigns in LinkedIn, where display ads would appear directly to our target audience.

Strategy #3: Partner with Tourism Toronto media relations team.

Tactics:

Create joint press releases and social media activities to promote business events in Toronto. Review vertical markets that can raise the profile of the science, research, food and beverage, and sustainability initiatives in Toronto.

Organizational Chart and Summary of Staff Complement

Organizational chart

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

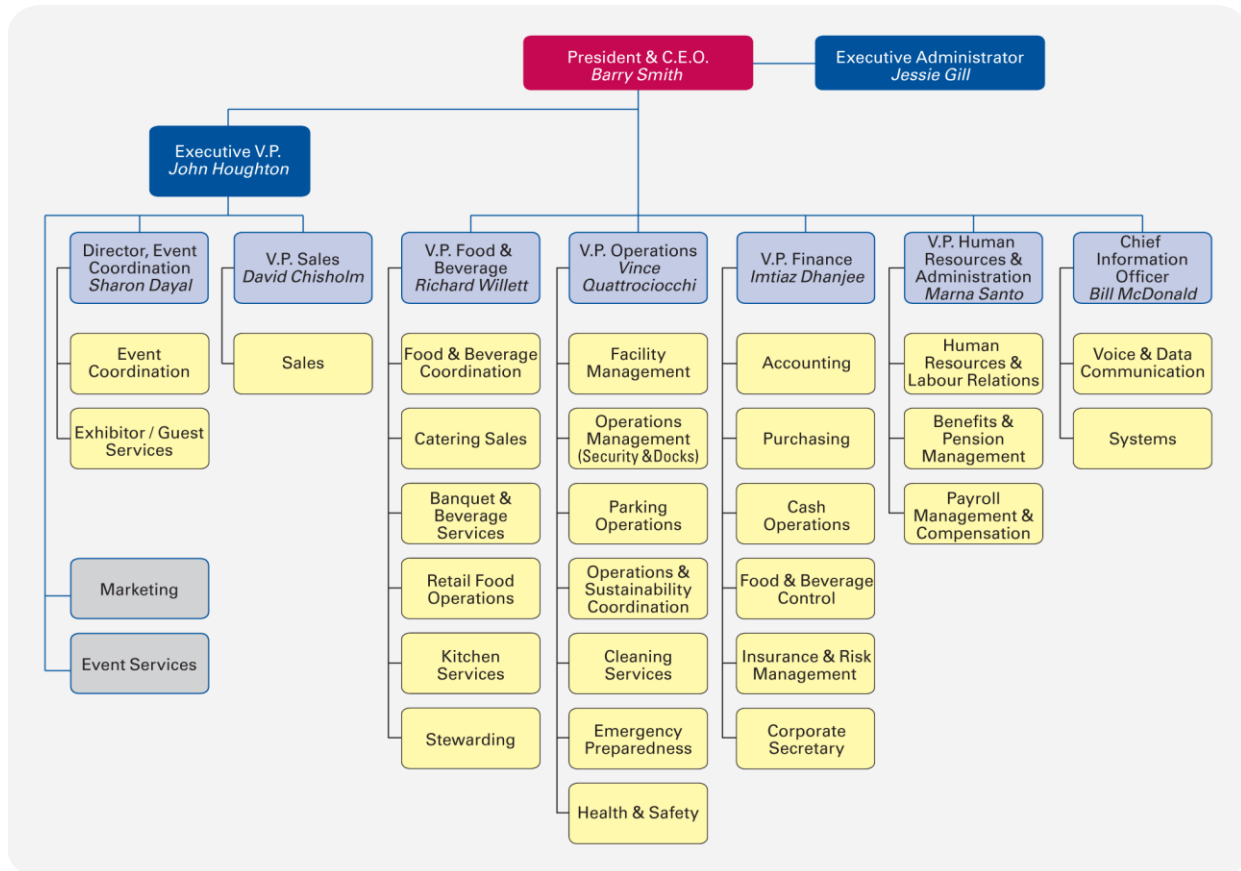
Summary of staff numbers

The MTCC currently employs 910 employees:

- 364 full-time (including salaried contract)
- 22 part-time and 524 casual; the hourly complement is 766, 32 non-union, 734 unionized
- For bargaining unit employees, 713 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 15.1 years. The average age is 47.8.

We are proud of our low staff turnover rates as compared to our hospitality and tourism colleagues. During the 2014/15, MTCC experienced a 10 percent turnover rate for the salaried group and 8 percent for the full-time hourly personnel, with an overall rate of 9 percent.



Statement of Financial Position

	Actual As at March 31, 2015	Forecast As at March 31, 2016	Budget As at March 31, 2017	Forecast As at March 31, 2018	Forecast As at March 31, 2019
Financial assets:					
Cash	\$ 5,177,000	\$ 10,182,100	\$ 5,623,800	\$ 3,090,600	\$ 3,705,600
Customer deposits	12,744,700	13,167,800	13,592,900	13,860,600	14,161,000
Accounts receivable	4,248,200	3,699,500	3,819,000	3,894,200	4,046,000
	\$ 22,169,900	\$ 27,049,400	\$ 23,035,700	\$ 20,845,400	\$ 21,912,600
Liabilities:					
Accounts payable and accrued liabilities	\$ 6,037,900	\$ 6,897,400	\$ 7,120,100	\$ 7,260,300	\$ 7,417,600
Deferred revenue	12,744,700	13,167,800	13,592,900	13,860,600	14,161,000
Employee future benefits	2,292,700	2,019,600	2,099,300	2,180,900	2,180,900
Deferred contributions related to tangible capital assets	45,683,100	44,690,000	43,696,900	42,703,800	41,710,700
	\$ 66,758,400	\$ 66,774,800	\$ 66,509,200	\$ 66,005,600	\$ 65,470,200
Net debt	-\$ 44,588,500	-\$ 39,725,400	-\$ 43,473,500	-\$ 45,160,200	-\$ 43,557,600
Non-financial assets:					
Tangible capital assets	\$ 188,739,600	\$ 185,200,100	\$ 189,187,000	\$ 191,663,000	\$ 190,835,900
Inventories	548,100	501,600	517,800	528,000	539,500
Prepaid expenses	688,400	501,600	517,800	528,000	606,900
	\$ 189,976,100	\$ 186,203,300	\$ 190,222,600	\$ 192,719,000	\$ 191,982,300
Accumulated surplus	\$ 145,387,600	\$ 146,477,900	\$ 146,749,100	\$ 147,558,800	\$ 148,424,700

Statement of Operations and Accumulated Surplus

	Actual 2014 / 2015	Forecast 2015 / 2016	Budget 2016 / 2017	Forecast 2017 / 2018	Forecast 2018 / 2019
Revenue:					
Food and beverage	\$ 24,908,300	\$ 23,544,200	\$ 24,900,000	\$ 25,398,000	\$ 25,956,800
Facility rental	16,173,100	16,050,000	16,000,000	16,320,000	16,679,000
Parking	10,675,500	10,800,000	11,100,000	11,322,000	11,571,100
Commissions	5,609,900	5,855,400	6,206,700	6,330,800	6,470,100
Communications	2,028,500	2,122,500	2,122,800	2,165,300	2,212,900
Capital contribution	993,100	993,100	993,100	993,100	993,100
Other	3,270,500	3,338,500	3,405,500	3,473,600	3,550,100
Total gross revenue	\$ 63,658,900	\$ 62,703,700	\$ 64,728,100	\$ 66,002,800	\$ 67,433,100
Expenses:					
Food and beverage	\$ 15,548,700	\$ 15,011,000	\$ 15,898,400	\$ 16,207,400	\$ 16,564,000
Facility rental	4,362,500	4,463,200	4,602,300	4,671,600	4,774,300
Parking	2,695,600	2,832,400	2,920,200	2,977,800	3,043,600
Communications	640,600	741,100	772,700	788,200	805,500
Event services	535,700	519,400	525,700	536,200	548,000
Sales and marketing	3,952,500	4,354,800	4,488,600	4,578,400	4,679,100
Engineering	5,123,900	5,116,100	5,183,300	5,287,000	5,403,300
Energy	3,092,300	3,116,300	3,149,300	3,212,300	3,283,000
General and administrative	7,484,800	7,269,000	7,845,100	7,502,000	7,667,000
Other expenses	2,709,800	2,784,500	2,851,400	2,908,400	2,972,400
Amortization	8,522,200	8,905,600	9,219,900	9,523,800	9,827,000
Total expenses	\$ 54,668,600	\$ 55,113,400	\$ 57,456,900	\$ 58,193,100	\$ 59,567,200
Annual surplus	\$ 8,990,300	\$ 7,590,300	\$ 7,271,200	\$ 7,809,700	\$ 7,865,900
Accumulated surplus, beginning of year	\$ 141,397,300	\$ 145,387,600	\$ 146,477,900	\$ 146,749,100	\$ 147,558,800
Distribution payment	-\$ 5,000,000	-\$ 6,500,000	-\$ 7,000,000	-\$ 7,000,000	-\$ 7,000,000
Accumulated surplus, end of year	\$ 145,387,600	\$ 146,477,900	\$ 146,749,100	\$ 147,558,800	\$ 148,424,700

Statement of Changes in Net Debt

	Actual As at March 31, 2015	Forecast As at March 31, 2016	Budget As at March 31, 2017	Forecast As at March 31, 2018	Forecast As at March 31, 2019
Annual surplus	\$ 8,990,300	\$ 7,590,300	\$ 7,271,200	\$ 7,809,700	\$ 7,865,900
Acquisition of tangible capital assets	-6,923,600	-5,366,000	-13,206,700	-12,000,000	-9,000,000
Amortization of tangible capital assets	8,522,200	8,905,600	9,219,900	9,523,800	9,827,000
	10,588,900	11,129,900	3,284,400	5,333,500	8,692,900
Acquisition of inventories	-5,273,100	-5,195,000	-5,360,000	-5,460,000	-5,585,000
Acquisition of prepaid expenses	-949,400	-935,000	-965,000	-985,000	-1,005,000
Consumption of inventories	5,228,400	5,150,000	5,320,000	5,425,000	5,540,000
Use of prepaid expenses	777,100	1,213,200	972,500	999,800	959,700
Distribution payment	-5,000,000	-6,500,000	-7,000,000	-7,000,000	-7,000,000
Change in net debt	\$ 5,371,900	\$ 4,863,100	-\$ 3,748,100	-\$ 1,686,700	\$ 1,602,600
Net debt, beginning of year	-\$ 49,960,400	-\$ 44,588,500	-\$ 39,725,400	-\$ 43,473,500	-\$ 45,160,200
Net debt, end of year	-\$ 44,588,500	-\$ 39,725,400	-\$ 43,473,500	-\$ 45,160,200	-\$ 43,557,600

Statement of Cash Flows

	Actual As at March 31, 2015	Forecast As at March 31, 2016	Budget As at March 31, 2017	Forecast As at March 31, 2018	Forecast As at March 31, 2019
Cash provided by (used in):					
Operating activities:					
Annual surplus	\$ 8,990,300	\$ 7,590,300	\$ 7,271,200	\$ 7,809,700	\$ 7,865,900
Items not involving cash:					
Amortization	8,522,200	8,905,600	9,219,900	9,523,800	9,827,000
Employee future benefits	-39,100	-273,100	79,500	81,800	0
Deferred contributions related to tangible capital assets	-993,100	-993,100	-993,100	-993,100	-993,100
	\$ 16,480,300	\$ 15,229,700	\$ 15,577,500	\$ 16,422,200	\$ 16,699,800
Change in non-cash assets and liabilities:					
Accounts receivable	-818,500	548,700	-119,400	-75,200	-151,800
Inventories	-44,700	46,500	-16,200	-10,200	-11,400
Prepaid expenses	-172,300	186,800	-16,200	-10,200	-78,900
Accounts payable and accrued liabilities	-1,065,000	859,400	222,700	140,200	157,300
	\$ 14,379,800	\$ 16,871,100	\$ 15,648,400	\$ 16,466,800	\$ 16,615,000
Financing activities:					
Distribution payment	-\$ 5,000,000	-\$ 6,500,000	-\$ 7,000,000	-\$ 7,000,000	-\$ 7,000,000
Capital activities:					
Additions to tangible capital assets	-\$ 6,923,600	-\$ 5,366,000	-\$ 13,206,700	-\$ 12,000,000	-\$ 9,000,000
Increase / decrease in cash	\$ 2,456,200	\$ 5,005,100	-\$ 4,558,300	-\$ 2,533,200	\$ 615,000
Cash, beginning of year	\$ 2,720,800	\$ 5,177,000	\$ 10,182,100	\$ 5,623,800	\$ 3,090,600
Cash, end of year	\$ 5,177,000	\$ 10,182,100	\$ 5,623,800	\$ 3,090,600	\$ 3,705,600

Capital Budget 2016/17

	Cost
Technology Services	\$ 673,000
Event Services	570,600
Operations	938,500
Food & Beverage	664,100
Admin./Sales & Marketing	75,000
Oxford Properties projects	1,485,500
Contingency Fund	500,000
Special Projects	300,000
Total Sustaining & Special Projects	\$ 5,206,700
Estimated Cash Reserve from 2015/16	500,000
Total Capital Budget 2016/17	\$ 5,706,700

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