



# **Crown Corporation**

## **B U S I N E S S P L A N S**

### FOR THE FISCAL YEAR 2008–2009

#### Trade Centre Limited

***Business Plan 2008–2009***

### Table of Contents

|  |      |
|--|------|
| Message from the CEO and Board Chair .....     | .271 |
| Mission .....                                  | .273 |
| Link to the Corporate Path .....               | .273 |
| Planning Context .....                         | .275 |
| Strategic Goals and Corporate Priorities ..... | .277 |
| Human Resources Strategy .....                 | .280 |
| Budget Context .....                           | .281 |
| Outcomes and Performance Measures .....        | .284 |

## Message from the CEO and Board Chair

We are pleased to present the 2008–2009 business plan for Trade Centre Ltd. This year we continue our focus on growth, partnerships and stakeholder relationships, workforce, and infrastructure. For this fiscal year it will be a focus on maintaining our competitive edge, operating efficiency, and service delivery to customers and maintaining employee satisfaction through sharing of information and working together for improved results.

As we look to the future, we must ensure that our business is viable and that we continue to meet our many stakeholders' expectations. Increasingly, as the demographics in the region change, we are focused on ensuring we have the workforce that will allow us to grow into the future. Therefore, our human resources strategy is focused on attracting high-calibre employees in a very competitive labour market and being recognized as the employer of choice. Our success is built on the ability of our employees to be leaders in the events and hospitality industry supported by our proactive solutions-focused approach to business and customer service.

Our mission of creating economic impacts by bringing people together in Halifax and Nova Scotia is always top of mind and influences our decisions every day with respect to customer service, event management, bid development, stakeholder partnerships and facility planning. We are very grateful for the strong partnerships we have built throughout the province and the country. In 2008–2009 we will continue our partnerships with Destination Halifax, the Halifax Stanfield International Airport Authority, the Hotel Association of Nova Scotia, Hockey Canada/Nova Scotia, the Atlantic Canada Opportunities Agency, many national and international event organizers, Halifax Regional Municipality and the Province of Nova Scotia.

We look forward to the coming year and the many opportunities it will present for TCL, HRM and the Province of Nova Scotia. This plan will provide TCL with the guidance required to move forward with confidence.

Yours truly,

Fred MacGillivray  
President & CEO

The Hon. Stewart McInnes  
Chair, TCL Board of Directors

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## Mission

***Creating economic and community benefits by bringing people together in Halifax and Nova Scotia***

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## Link to the Corporate Path

TCL's corporate priorities are linked to and consistent with the directions and priorities of the Province of Nova Scotia's Corporate Path in a variety of ways, as described below.

### ***Creating Winning Conditions***

#### **Globally Competitive Business Climate and Connections**

As a leader in the hospitality and events sector and as a member of the international World Trade Centre organization, TCL is accustomed to operating in a globally competitive business climate. This year, TCL intends to target research and work to identify local ambassadors in 2008. Discussions are under way with Convention Centres of Canada to pool resources on collaborative efforts in Europe.

One of TCL's corporate priorities is to work with government and other stakeholders to establish a facility plan to ensure adequate infrastructure to host major national and international events. Completed feasibility studies have been submitted and are under

review by the Province of Nova Scotia and the Halifax Regional Municipality for the construction of a new multi-purpose sports and entertainment facility and for expansion of the Convention Centre

#### **Globally Competitive Connections**

World Trade Centre Atlantic Canada (WTCAC) "makes trade happen" by introducing its members to new customers through a powerful network of 275 World Trade Centres in 83 countries. Over 750,000 companies worldwide belong to the largest not-for-profit organization in the world dedicated to creating trade opportunities—the World Trade Centres Association. Locally, the WTCAC supports its members through trade education, video-conferencing services, and market research and networking opportunities. These services help Atlantic Canada's businesses thrive in the emerging global economy.

#### ***Seizing New Economic Opportunities***

##### **Leader in Information Technology**

TCL has adopted a leadership role for our industry in providing the best technology experience for event attendees, convention delegates

Online communications for our guests allows them to continue to operate and communicate outside of their work environment on a safe, secure, efficient wireless network while roaming throughout the facility.



A new software installation for SilverVision has provided us an updated capability, having a more robust and reliable system for better in-game effects, transitions, and animation

A new system was installed as part of our major capital renovation to our convention centre facilities. This new equipment replaced 24-year-old technology, with a higher quality, more processing power for better control, and a greater sound quality. This allows us to provide a more professional finished product with regard to editing, to accommodate larger productions in house, and to supply a high-quality live sound reinforcement.

### ***Building for Individuals, Families, and Communities***

#### **Healthy, Active Nova Scotians**

Events, sports, and recreational activities taking place in TCL's facilities are major contributors to the health and well-being of our citizens. These activities engage Nova Scotians in the social and business aspects of the community and province, thereby contributing to healthy bodies and healthy minds.

With nearly one million individuals attending our events annually, and many more who take advantage of the recreational opportunities offered within our facilities, TCL is very supportive of the province's priority related to healthy, active Nova Scotians.

#### **Accessible Services**

TCL events cater to many different audiences at different price points and in a variety of venues, providing opportunities for all Nova Scotians to access events that meet their interests and economic situation.

With respect to our venues, all TCL facilities are wheelchair accessible, and upgrades to physical accessibility are ongoing.

#### **Vibrant Communities**

TCL's mission is to create economic impacts by bringing people together in Halifax and Nova Scotia. To that extent, our events bring people together within our facilities and our community. Our entertainment and sporting events, conferences, meetings, conventions, and trade and consumer shows add significantly to the cultural dynamics of the city and province and make an important contribution to the overall quality of life in Nova Scotia.

Working in collaboration with other TCL business units and strategic partners in the community, Events Halifax continues to attract new major events for the province. This success is a testament to the abilities of the core staff to bring the necessary partners together and work with event organizers at every step of the process. The results have been stronger alliances within the community, incremental increases in the hosting capacity of our communities; and economic impacts that translate into further growth of the industry, and of the city and province in general.

Exhibition Park is an integral part of the community with a focus on trade and consumer shows. It continues to grow in its popularity as a venue for social gatherings such as weddings and private dinners. While the physical plant is aging, our attention to customer service continues to motivate our clients to choose this facility over others in the region. It attracts more than 150,000 attendees at more than 100 events each year. The Maritime Fall Fair, a long-established event in Nova Scotia held at Exhibition Park, continues to attract large numbers of attendees. It brings together both those who are interested in a fun-filled and exciting family entertainment event and those who participate and are interested in a serious competition and agricultural showcase.

The World Trade and Convention Centre consists of approximately 50,000 square feet of convention and exhibition space and is also home to Windows at the World Trade Centre, a full-service restaurant and event venue. The convention centre hosts approximately 600 events annually, which attract about 150,000 people from around the province and around the world. Renovations carried out in 2006 and 2007 have upgraded the facility to provide a more inviting and comfortable environment for our customers.

Located in the heart of downtown, the Halifax Metro Centre is the premier venue for every major entertainment and sports events to visit the region. As the largest

multi-purpose facility in Atlantic Canada, it is specifically designated and geared for versatility and can practically accommodate some of the biggest and most spectacular events on a global scale. It is an integrated part of the World Trade and Convention Centre complex and can play a valuable part in any type of convention, meeting, or exposition, functioning as an exhibit floor and auditorium for major conference events.

These three major facilities are major economic generators for the province and the city. For the fiscal period ended March 31, 2007, the economic contribution was \$169.8 million in direct expenditures and \$137.6 million in incremental expenditures.

## Planning Context

The event and hospitality sector operates in a highly competitive global environment. Competition for conferences, trade and consumer shows, concerts, and sporting and entertainment events is fierce. As competitive venues continue to upgrade their facilities and build new ones, promoters, event planners, and patrons have an ever-increasing choice of venues. Competition in the local and regional market has increased with the planned activity in other Maritime cities to position themselves to compete in the industry. (For example, Moncton and Fredericton have announced their own plans to build convention facilities.) While customer



expectations continue to grow, there is little recognition of the business relationship and commitment to the industry. Event cancellations and/or reductions in numbers of attendees are common in the industry and have a direct negative impact on our profitability. The mix of events in any given year has a direct impact on the profitability of our operations. We do have a challenge with our seasonality, and the challenge of attracting conventions in the January-to-March time frame.

The economy continues to be strong in Halifax and nationally; however, our secondary market and most lucrative opportunity, the United States, will prove to be a challenge for Halifax, and indeed Canada, in the upcoming years. Canada has seen a substantial decline in tourism, meetings, and conventions in recent years. Many factors contribute to this downturn including the new passport requirement in 2008, the declining buying power of the U.S. dollar, an impending recession on the horizon, and the ongoing war against terrorism, which has subdued spending by many U.S. corporations. The announcement of Iceland Air's scheduled air connection to Europe is a very positive message and will provide increased access to European markets.

TCL operates the office tower, the Convention Centre and Windows, Ticket Atlantic, Halifax Metro Centre, and Exhibition Park. With the ongoing maintenance and renovations to the

Convention Centre and Halifax Metro Centre, a renewed pride has evolved in our properties, helping to rejuvenate employees' enthusiasm for our product. However, the office tower and Exhibition Park lack modernization and pizzazz. Exhibition Park is a remote property with a group of aging buildings. The office tower is not supported by the normal TCL business structure. If government support were to fail and provincial tenants leave for other accommodations, the tower would be seriously challenged financially. In addition, as fuel and utility costs continue to rise, they increasingly have a negative affect on operating budgets.

Changing labour market conditions including competitive market forces and a resulting decreasing labour supply create pressures on our ability to attract and retain qualified professional staff and part-time employees. Large events require large numbers of people to set up and tear down and serve customers.

TCL is fortunate to have many long-term employees who provide consistent service and are highly appreciated by our customers. A low turnover of staff means that they have intimate knowledge of our product and physical plant. Our employees take pride in what we do, and our customers tell us regularly that they appreciate the high-quality service they receive in all of our venues.

Impending retirements could create knowledge and experience drain on TCL, and with more than 50 per cent of our employees eligible for retirement by 2016, the organization must put in place an aggressive succession plan. Meeting the specific needs of various generations in the workplace places significant demands on management. Furthermore, constraints on wage increases and market positioning deter TCL from offering competitive compensation packages compared to the private sector, placing further pressures on the organization's ability to continue to deliver high-quality customer service.

TCL has a proud history of generating significant economic activity in the Halifax Regional Municipality (HRM) and the Province of Nova Scotia and will continue to do so in the coming year. We will continue to work with our partners to focus on attracting high-profile sporting and cultural events, conferences, and trade and consumer shows and on identifying new opportunities by targeting new markets. The events industry is a high-risk industry, and by setting aggressive targets, there will be a higher risk to the bottom line. Ongoing investment is imperative to allow us to invest in our people, operations, and facilities, which in turn will allow us to take full advantage of growth opportunities. These opportunities will support both achievement of our long-term sustainability and continued contribution to the economic well-being of the province in a very significant way.

With proper investment the future looks bright. As an important contributor to the provincial economy, TCL looks forward to 2008–2009 with much enthusiasm and anticipation.

## Strategic Goals and Corporate Priorities

As part of the TCL strategic plan, the organization set out four directives that serve as a guide for annual business planning. These strategic goals are as follow:

1. **Growth:** Create greater economic impacts by growing current business and developing new markets.
2. **Community Partnerships:** Build committed partnerships within the community, government, and business.
3. **Workforce:** Through innovative management approaches, attract and engage a committed and motivated workforce to support future growth of the business.
4. **Infrastructure:** In partnership with government and other stakeholders, lead the planning and development of the infrastructure necessary to host major national and international events.

Within these four strategic goals, TCL has established a number of corporate priorities for the 2008–2009 fiscal year.



## **Growth**

### **Fulfill Our Mandate as a Community Economic Driver**

In 2008–2009, we will target to achieve a direct economic impact of \$180 million from our events. TCL measures direct economic impacts each year, and this target is based last year's success. The model that has been in use is being redeveloped in the coming year, and we expect it will provide more precise results on a go-forward basis.

Our events, conferences, and trade shows draw significant attendance from within the province but also from across the country and around the globe. Many attendees who come from outside the province come early or stay after the event. The economic spinoff from our events is substantial and is felt around the province as these tourists travel outside HRM to take in attractions and events in other communities.

Inherent in our business is a parallel relationship between attracting major events and the financial and operational risks associated with them. These risks are never taken lightly and are carefully considered from all perspectives before a decision is made to pursue an event. In our experience, the resulting economic impact for the province often justifies a well thought-out, calculated risk.

### **Maximize Revenue and Operational Efficiencies**

Our financial goal in the next fiscal year is to maximize revenue potential and operational efficiencies in all our business units.

Our total revenue projections are \$ 22.7 million (TCL \$14.6 million, HMC \$8.1 million). This, however, will generate an operating deficit of \$253,373 for Trade Centre Limited and an operating surplus for Halifax Metro Centre of \$1.1 million.

All our revenue-generating business units are expected to achieve a positive contribution in 2008–2009 except for the World Trade and Convention Centre and Exhibition Park. Combined revenues of \$8.2 million for these facilities, a decrease of 0.3 per cent from 2006- 2007 actuals. Accessing new markets and customers will continue to be our priority, and will be enhanced through development of a number of key partnerships.

At the same time, the Convention Centre remains the largest economic generator of all our facilities. The value proposition of convention centres across the country is that they are typically not considered profit centres but rather their real value is in the positive economic impact generated for their communities and provinces.

## ***Community Partnerships***

### **Contribute to the Vibrancy of our Province**

TCL has been part of the global economy since 1984. Our venues attract people from many countries to a variety of events that contribute to the cultural diversity and overall quality of life in Nova Scotia. We market the city and the province around the world. When delegates attend our events, they are exposed to the province, our culture and our life style; and at the same time, the local population is exposed to many different cultures and people from around the world.

Our events build local pride and confidence, contribute to the provincial immigration strategy; and strengthen our partner relationships.

### **Create a Better Understanding of the TCL Business Model**

Our plans for 2008–2009 are to create a better understanding of the TCL business model and its ability to support diverse partnerships. At the core of this goal is an ability to communicate the following:

- the unique and complex nature of the TCL business model
- the benefits of the model to support a variety of strategic operational, supplier and other relationships

### **Leverage the Unique TCL Business Model to Build Strong Partnerships**

Plans for 2008–2009 are to leverage the unique TCL business model to build strong partnerships that promote collaboration around issues of mutual interest and for mutual benefit. TCL will provide a clear definition of what a partnership arrangement means to TCL and identify the organizations and individuals that TCL will need to partner with. A core common approach will be developed for any collaborative effort in which TCL is involved to ensure that the benefit accrues to the benefit of the partners and TCL.

## ***Workforce***

### **Employer of Choice (EOC)**

TCL has set a strategy to become an employer of choice to enhance workforce stability and the level of continuity that assures the preservation of our knowledge base and continual growth of customer and employee satisfaction, showing a 5 per cent increase in employee survey scores by 2009. With limited investment, our target for fiscal 2008–2009 is to maintain our satisfaction levels, and we are looking to continually improving scores as we go forward. In 2008–2009 fiscal year we will create a plan or road map that will provide direction on the “how to” of becoming an employer of choice. We will complete the gap analysis and goal-setting process and register with the tourism industry EOC process. Consideration will be given to the



necessary best practices that will propel us forward, such as succession planning, training for competitive advantage, compensation planning, and best practice recruitment and staffing to support growth and changes in our business.

### **Infrastructure**

#### **New Facilities Construction**

Final feasibility studies have been submitted and are under review by the Province of Nova Scotia and the Halifax Regional Municipality. The plans call for the construction of a new multi-purpose sports and entertainment complex and the expansion of the current Convention Centre into the current Halifax Metro Centre.

#### **Carry Out Renovations and Upgrades**

From an operations perspective, our focus in the coming year will be on continuing to upgrade and improve our facilities. Our priorities for the next fiscal year will include the ongoing capital projects in the Convention Centre. We expect to complete the projects in the Convention Centre within a \$2.2-million budget in the next fiscal year. An application has been submitted for funding approval for the renovation of the office tower to accommodate a provincial government department as a long-term tenant.

We have submitted funding requests for capital renovations for Exhibition Park that are necessary to bring the facility to a state

where it can compete more successfully against similar facilities in the region. Other improvements will include cosmetic upgrades to washrooms and safety upgrades for catering outlets at Exhibition Park

Ongoing are improvements to the Halifax Metro Centre, some equipment replacements, and improvements to accessibility in all our facilities.

## **Human Resources Strategy**

Human Resources and Payroll at Trade Centre Limited is in the process of change from all perspectives—function, organizational needs, and employee needs—in order to better support the organization to create and sustain the desired culture and continued development of our competitive advantages of quality innovation, service, and brand image as an economic driver for Halifax and Nova Scotia. HR's role is to provide the proper architecture internally to enable managers, supervisors, and employees to create success for our stakeholders across a broad spectrum of industries threaded together via economic generation and events. It is both an exciting and challenging time for Human Resources in any organization that really cares about its employees and its customers. Trade Centre Limited must

engage in workplace practices that will help us become an “employer of choice”—the sooner the better as we prepare for expansion, increased competition across most business units, and a highly competitive labour market with four generational groups and their values merging in the workplace.

As with most organizations facing limited resources and high expectations, TCL must constantly assess the focus of HR and Payroll. Priority is building the right culture to enable TCL to meet and achieve its goal of becoming an employer of choice to enable delivery of events and economic impact for our city and province.

For this year, Human Resources priorities will focus on the areas identified in the new strategic vision for TCL. Developing the road map or plan to become an employer of choice must be quickly defined and put in place for TCL to reach the status as employer of choice. Continued recruitment will bring us to one of our greatest challenges, which is recruiting and retaining professional and part-time workers in an increasingly competitive labour market.

## Budget Context

TCL faces unique challenges from a funding perspective, in that our facilities were created as economic generators for the province and not as profit centres. For a

period of time, TCL was successful in achieving surpluses; however, they were not sufficient to support all annual capital needs. In the past several years, we have experienced deficits, and our forecasts indicate a continuation of that trend. The majority of this loss results from the operation of our largest economic generator, the Convention Centre.

To remain competitive, TCL must invest in the business for the long term. This means that investments in marketing, human resources, facilities, and enhanced and new service offerings are critical. These investments must be both tactical and strategic in nature. Without these investments, TCL will quickly lose market share, which will negatively impact our contribution to the economic well-being of the province. TCL strives to manage its resources responsibly and achieve the maximum return on each of its investments.

TCL operates a number of event-driven business units that depend solely on the number of attendees and the level of spending per attendee, which in turn drives the organization’s revenues and expenses. The business units generate economic benefits for the Halifax Regional Municipality and the province by bringing people together from within the region and around the world. Attracting attendees from outside Nova Scotia generates additional tourism revenues for the



province through pre- and post-delegate travel expenditures. TCL's level of economic return to the province far exceeds the revenue shortfall and the need for support from the province.

We expect to end the current fiscal year (2007–2008) with a shortfall of \$2.07 million (Feb 08) before depreciation for TCL and a surplus of \$684.4 thousand for HMC before reserves. In 2008–2009, we expect to generate revenues of \$22.7 million, necessitating an investment of operating support of \$253,373 from the Province of Nova Scotia and a surplus of \$1.1 million for Halifax Metro Centre.

## Operations Budget Summaries

|  | 2007-08<br>Estimate<br>(\$) | 2007-08<br>Forecast<br>(\$) | 2008-09<br>Estimate<br>(\$) |
|--|-----------------------------|-----------------------------|-----------------------------|
| <b>Revenues</b>                          | 13,403,007                  | 12,371,657                  | 14,706,608                  |
| <b>Expenses</b>                          |                             |                             |                             |
| Event operations                         | 5,561,475                   | 5,836,734                   | 6,353,597                   |
| Salaries and benefits                    | 3,596,095                   | 3,590,462                   | 3,841,374                   |
| General operations                       | 3,536,810                   | 3,822,409                   | 3,737,760                   |
| Taxes and insurance                      | 1,060,000                   | 1,192,957                   | 1,027,250                   |
|  | <u>13,656,380</u>           | <u>14,442,562</u>           | <u>14,949,981</u>           |
| <b>Income (loss) before depreciation</b> | <b>(253,373)</b>            | <b>(2,070,904)</b>          | <b>(253,373)</b>            |
| <b>Depreciation</b>                      | <b>1,650,000</b>            | <b>1,519,648</b>            | <b>1,650,000</b>            |
| <b>Income (loss) for the year</b>        | <b>(1,926,373)</b>          | <b>(3,590,552)</b>          | <b>(1,903,373)</b>          |

Note: Revenues and expenditures for the Halifax Metro Centre are not reflected in this budget. Halifax Metro Centre is a facility owned by the Halifax Regional Municipality and operated by Trade Centre Limited under a management agreement. All operating deficits or surpluses accrue to the municipality, and all capital improvements are funded by the municipality. Forecasts for 2007-2008 are as at time of preparation. (Feb, 2008 YTD)



# Outcomes and Performance Measures

## Growth

*Create greater economic impacts by growing current business and developing new markets*

| Outcome  | Measure                               | Data   | Yearly Target<br>2008-09                         | Ultimate Target   | Strategic Action to Achieve Target  |
|--|---------------------------------------|--|--|---|---|
| Achieve combined revenues of \$ 22.7 million for TCL and HMC | Year-end audited financial statements | Budget 2007-2008 combined revenues of \$20.0 million | Incremental revenue growth over budget 2007-2008 | Revenue growth of 33.6 % over budget 2007-08 to \$ 26.3 million | <ul style="list-style-type: none"> <li>• New programs and services</li> <li>• Facility investment</li> <li>• Investment in staff</li> <li>• Sales and marketing investment</li> </ul> |
| TCL: \$14.6 million<br>HMC: \$8.1 million                    |                                       | TCL: \$13.4 million<br>HMC: \$6.6 million            | TCL: \$1.6 million<br>HMC: \$1.5 million         | TCL \$18.0: million<br>HMC \$8.3 :million<br>Sustainability     |   |

## Partnerships/Stakeholders

*Build committed partnerships within the community, government and business*

| Outcome  | Measure                            | Data                          | Yearly Target<br>2008-09                    | Ultimate Target   | Strategic Action to Achieve Target  |
|--|------------------------------------|-------------------------------|---|---|---|
| Alignment with government, community and business partners | Formal partnership agreements—MOUs | No formal agreements in place | 3 MOU agreements with partners/stakeholders | Create a better understanding of the TCL business model<br>Leverage the unique TCL model to build strong partnerships | <ul style="list-style-type: none"> <li>• Communications program</li> <li>• Targeted partner/stakeholder engagements with decision makers</li> </ul> |

## People

*Through innovative management approaches, attract and engage a committed workforce to support future growth of the business.*

| Outcome   | Measure   | Data  | Yearly Target<br>2008-09                 | Ultimate Target  | Strategic Action to Achieve Target   |
|---|---|---|--|--|--|
| Become employer of choice to enhance workforce stability and a level of continuity that assures the preservation of our knowledge base and continual growth of customer and employee satisfaction | Employee survey score. Survey completed on a 12- to 18-month rotation | Survey results are benchmarked back to 2003 | Maintain score comparable to prior years | Overall rating of employee satisfaction of 75% or higher by 2012 | <ul style="list-style-type: none"> <li>• Compensation plan</li> <li>• Employee communications plan</li> <li>• Programs and awards</li> </ul> |

## Infrastructure

*In partnership with government and other stakeholders, leads the planning and development of the infrastructure necessary to host major international events.*

| Outcome  | Measure                                     | Data  | Yearly Target<br>2008-09  | Ultimate Target   | Strategic Action to Achieve Target   |
|--|---|---|---|---|--|
| Joint agreement between three levels of government for expansion of our facilities<br>Convention centre<br>Sports and entertainment centre | Agreement in place for facility development | Feasibility study completed and submitted to HRM and the province | Feasibility study analysis completed and agreement in place for development | Finalize plan and commence construction of new facilities<br>Convention centre<br>Sports and entertainment centre | <ul style="list-style-type: none"> <li>• Communications and formal submissions to HRM and the province</li> <li>• Communications awareness with partners and stakeholders</li> </ul> |
| Internal development plan for Exhibition Park  | Submitted for TCL board approval            |   | Exhibition Park development plan completed for approval                     | Completion of project by end of fiscal 2012   |  |