

EVENTS EAST BACKGROUND

SEPTEMBER 2018

This overview of Events East Group has been prepared to provide additional context and background on the organization, its structure and its operations, in support of Regional Council's review and approval of the 2018-19 annual business plan.

ORGANIZATIONAL OVERVIEW

Events East manages and operates the Halifax Convention Centre, Scotiabank Centre and Ticket Atlantic. We are known for attracting and hosting the best events in the region through our commitment to event excellence. Our facilities allow us to attract new visitors and opportunities to Halifax and Nova Scotia, connecting us to the world.

HALIFAX CONVENTION CENTRE

Designed to meet the needs of multiple events, Nova Scotia's new Halifax Convention Centre offers 120,000 square feet of flexible space in the heart of downtown. Blending the most experienced team with the largest, most flexible event space in Atlantic Canada, we help build unique events.

Scotiabank CENTRE

Scotiabank Centre is the largest multipurpose facility in Atlantic Canada, serving as the region's premier venue for major entertainment and sporting events and the nucleus of major event activity in Nova Scotia. With a seating capacity of more than 10,000 and the versatility to accommodate a range of events, Scotiabank Centre hosts between 450,000-500,000 attendees each year and is home to the Halifax Mooseheads, the Halifax Hurricanes, and the Royal Nova Scotia International Tattoo.

TICKET ATLANTIC

Through the services of Ticket Atlantic, exclusive ticketing provider for Scotiabank Centre, we provide Atlantic Canadians access to a wide variety of events, from world-renowned concerts to outdoor festivals to international sporting events.

MISSION

We connect the world to Nova Scotia by creating memorable event experiences.

VISION

Our people and our community make us the favoured event destination for our guests.

STRATEGIC PILLARS

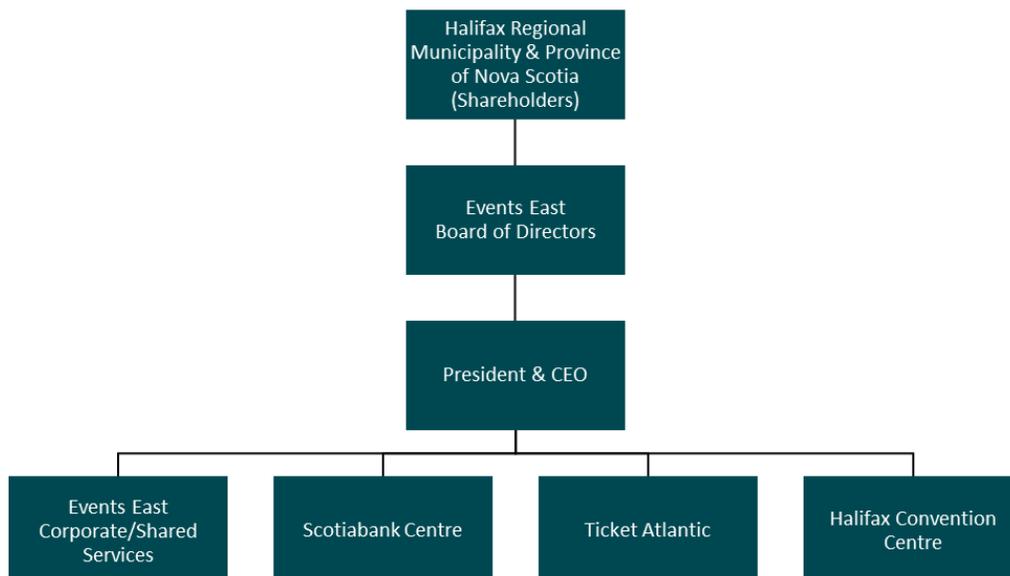
To achieve our vision together with our community, we focus on five key areas: **Guest Experience, Community Connection, Business Growth, Talent & Culture** and **Accountability & Sustained Performance**. Our annual business plans and priorities are rooted in these pillars.

STRUCTURE & MANDATE

The [Halifax Convention Centre Act \(the Act\)](#), proclaimed April 4, 2016, led to the establishment of the Halifax Convention Centre Corporation (now doing business as Events East). This is a government partnership between the Province of Nova Scotia (Province) and Halifax Regional Municipality (HRM) who, as the shareholders, jointly share oversight of the corporation and its operations.

Management and control of the affairs of Events East is vested in a Board of Directors. The Board consists of the Deputy Minister, Nova Scotia Department of Business and the CAO, HRM and up to four members appointed by the Governor in Council and up to four members appointed by the Halifax Regional Council.

Events East works in collaboration with its shareholders and through oversight of the Board of Directors to manage our business in a responsible and transparent manner. Consistent with the Act, the annual business plan (including budgetary estimates) and an annual accountability report for Events East are reviewed and approved by both shareholders and the Board of Directors.



Transition from Trade Centre Limited

The [Act](#) provides that Events East will operate, maintain and manage the activities of the Halifax Convention Centre in a manner that will promote and develop economic development, tourism and industry in the Province generally, and the Municipality in particular. Effective April 1 2017, this mandate was expanded to include Scotiabank Centre¹ and Ticket Atlantic. Governance and operations of these business areas was transferred to Events East from Trade Centre Limited (TCL), which is a provincial Crown corporation. This included the designation of all employees of TCL to Events East.

While governance of the operations noted above were formally transferred to Events East in 2017-18, the budget and financial accountability remained with the Province until February 28, 2018, upon substantial completion of the new Halifax Convention Centre. Per the agreement between HRM and the Province, substantial completion of the new convention centre triggered the shared financial accountability between the two parties, effective March 1, 2018. As such, the audited financial statements for the 2017-18 fiscal year, as provided in the [annual report](#), reflect TCL's operations for the period April 1, 2017 to February 28, 2018.

As at March 31, 2018, the financial position of TCL was comprised of the operating assets of the Office Tower (which was subsequently sold to a private sector party on April 9, 2018), Ticket Atlantic and the assets and liabilities wholly-owned by the Province. No liabilities of the Province related to TCL, such as the supplemental pension arrangement with a former president and CEO and the long-term service awards, were transferred to Events East as part of the transition.

At the direction of the Province, TCL is expected to be wound up during fiscal 2018-19. In consultation with the shareholders and the Board of Directors of Event East, a process to review and assess the financial transfer of Ticket Atlantic will take place as part of the TCL wind-up.

Scotiabank Centre continues to be owned solely by HRM and operated by Events East under an operating agreement. [It has a separate approved business plan, budget and accountability report.](#)

¹ Scotiabank Centre is owned by HRM and operated by Events East under an operating agreement. All operating income or losses generated accrue to HRM, and all capital improvements are funded by the municipality.

2018-19 BUSINESS PLAN²

With the opening of the new Halifax Convention Centre, our focus in 2018-19 will be ensuring the success of our first full year of operations. In addition to hosting our first events and conventions, our team will continue to work on the stabilization of our organization and operations. This year, we will evolve from planning our transition to full implementation of the programs and processes designed to deliver our shared vision for an enhanced guest experience in collaboration with our partners and our community. Primary focus throughout the year will be on successfully hosting over 150 events and welcoming in excess of 100,000 guests to our new Centre. This includes ensuring our service delivery model appropriately reflects the significance and complexity of the international and national events we are now able to host.

In keeping with our long-term strategy, sales and marketing efforts will remain concentrated on securing national and international events that draw new visitors to Halifax and Nova Scotia. Activity will focus on securing events for the first five years of operations, consistent with our public projections. Business development will continue to align with economic development efforts and sectors of strength through attracting events and conventions that help to enhance Nova Scotia's reputation as a centre of excellence and innovation.

With the new Halifax Convention Centre as our backdrop, we will work with our strategic partners to leverage our venues and the events we host to create opportunities for our guests to engage with our community. A key focus will be on implementation of enhanced delegate welcome and local programs, showcasing our province and inspiring visitors to love Nova Scotia like a local. Achieving our mission and vision is only possible through an engaged and dedicated team. Working with a team who believes that customer experience is our top priority, we will continue to engage in activities that reinforce our culture of service excellence.

² For full context and details, please refer to the 2018-19 Events East business plan.

OPERATING BUDGET SUMMARY & CONTEXT

For the year ended March 31, 2019

	Estimate 2018-19 (\$)
Revenues	11,127,100
Expenses	
Event Operations	6,573,300
Salaries and Benefits	2,953,000
General Operations	1,445,000
Rent – Corporate Offices	<u>222,300</u>
Total Expenses	11,193,600
Operating Income Before Building Costs	(\$66,500)
Halifax Convention Centre Building Operating Costs	2,973,000
Property Taxes	<u>1,071,500</u>
Total Building Operating Costs	4,044,500
Operating Income (loss) Before Depreciation	(4,111,000)
Grant Revenues from Shareholders	\$4,111,000
Depreciation	<u>484,100</u>
Gain (loss)	<u>(484,100)</u>

Having achieved substantial completion of the Halifax Convention Centre in late fiscal 2017-18, the 2018-19 year represents the first full year of operations under the joint ownership of the Province and HRM, who jointly fund Events East and its operations, as reflected in these estimates.

This operating budget reflects sources of revenue and costs associated with attracting and delivering events in the Halifax Convention Centre. The capital lease for the Halifax Convention Centre itself is the responsibility of the Province and HRM and is not reflected in Events East's financials.

The estimate for operating Events East and the Halifax Convention Centre's first full year of operations, prior to building costs, is a deficit of \$66,500. The new facility is nearly triple the size of the previous facility, it will host more complex and significant events, and it is part of the Nova Centre, an integrated complex. Building operating costs are estimated to be \$4.0M, resulting in total funding or grant revenues required from the shareholders of \$4.1M.

Revenues of \$11.1M are derived from event organizers who rent the facility and purchase food and beverage for their events within the Centre. In addition, net commissions from ancillary services, primarily from audio visual and convention services, are included in revenues.

Expenses of \$11.1M are comprised of direct and allocated costs including but not limited to cost of sales and salaries and wages associated with attracting, supporting and delivery of events.

Halifax Convention Centre building operating costs, which represent the convention centre's property taxes, utilities, and maintenance, along with its proportionate amount of shared operating costs of the Nova Centre are estimated to be \$4.0 million. The estimate of building operating costs, which was developed based on an assessment of standard estimates for buildings, will be closely monitored and updated routinely throughout the year as operations normalize.