



Events East

2020/21 Reconstitution Business Plan
for the Halifax Convention Centre & Ticket Atlantic

Contents

Foreword	2
Mandate	3
Recovery Planning Context	4
Reconstitution Priorities & Activities	5-6
Core Outcomes & Measures	7
Financial Context	8
Operating Budget Summary	9

Foreword

COVID-19 and the resulting public health measures put in place to protect Nova Scotians, have had a significant impact on the events and conventions industry as well as the ongoing operations of the Halifax Convention Centre and Ticket Atlantic.

In March 2020, the Province of Nova Scotia announced a recommendation to restrict public gatherings over 150 people to mitigate public health risk. The number of people allowed to gather was subsequently reduced through federal and provincial recommendations. As a result, the Halifax Convention Centre temporarily closed and all event activity that was planned from March to September 2020 was cancelled or postponed. The Ticket Atlantic Box Office also closed and migrated to providing its services remotely.

Subsequently, in July 2020, provincial gathering limits were increased within the guidelines set out in Health Protection Act Order by the Chief Medical Officer of Health. The Halifax Convention Centre re-opened in September 2020 to local/regional events within public health guidelines and required protocols. We respect that the return to large-scale gatherings and national and international conventions will only happen when public health restrictions related to gathering limits and travel evolve. As such, our *2020-21 Reconstitution Business Plan* is focused on a phased approach to the safe resumption of event activity and supporting our community and economy through the phases of recovery.

Aligned with the Province of Nova Scotia's measured approach to safely re-starting, we are committed to working with our shareholders to begin to safely operate and host events in this new normal. While there are still many unknowns, we are confident in our ability to adapt our operations to achieve the safe re-opening of our venue and support the recovery of the broader meetings and conventions industry in Nova Scotia.

The *2020-21 Reconstitution Business Plan* provides an overview of our strategic focus areas for this year and the activities required to adapt to the COVID-19 operating environment and the impacts on our industry. This plan reflects the priorities and core outcomes to return to safe operations and mitigate the long-term impacts of COVID-19 on our business.

Mandate

WHO WE ARE

Events East Group is a special purpose government agency that 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 Nova Scotia, connecting us to the world.

We were created as part of a government partnership between the Province of Nova Scotia and Halifax Regional Municipality (HRM) and we work in collaboration with them to manage our business in a responsible and transparent manner.

MANDATE

We were created in 2014 through the *Halifax Convention Centre Act* to 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 April 2017, our mandate expanded to include the continued management and operations of Scotiabank Centre and Ticket Atlantic.

PERFORMANCE SUMMARY

We are mandated to attract and host events that create economic and community benefits for Nova Scotia, with an emphasis on national and international event attraction.

Prior to the impact of COVID-19 on fiscal 2020-21, the Halifax Convention Centre was projecting to host 150 events, consistent with our overall performance since opening in 2018 (summarized below).

YEAR TO DATE EVENTS & IMPACT SUMMARY			
	Original Target 2020-21	Actual 2019-20	Actual 2018-19
Total Events	150	151	163
Total Attendees	90,000	89,740	102,203
Total Direct Expenditures	\$55 million	\$50.4 million	\$65.6 million

Recovery Planning Context

In March 2020, under the guidance and oversight of our Board of Directors and in collaboration with our shareholders, we implemented our Pandemic Preparedness Framework in response to COVID-19. This included the constitution of our internal Emergency Operations Group, the creation of a special ad-hoc committee of the Board to support management, and implementation of initial health and safety protocols. We also implemented a temporary remote working strategy and began developing our reconstitution plans.

In early 2020-21, the prolonged impact of COVID-19 on the meetings and conventions industry became evident. The combination of physical distancing requirements, gathering limits and travel restrictions have created significant limitations for event hosting that are expected to continue throughout the year and into 2021.

COVID-19 had an immediate effect on event activity originally booked for 2020-21 at the Halifax Convention Centre, impacting all events from March until September 2020, and all national and international event activity booked for the year. Given the continued uncertainty, client confidence across all markets is low in the near-term, while a desire to host

meetings and conventions in Nova Scotia remains high for the long-term.

As we reconstitute our business, our strategic areas of focus are:

1. *Returning to Safe Operations*
2. *Business Retention*
3. *Industry & Community Alignment*
4. *Safe Return to Work*
5. *Responsible Management*

This includes working in close collaboration with our joint shareholders, the Province, and HRM, as we navigate the complexities of a global pandemic and the resulting impacts. It also focuses on a multi-phased engagement strategy with our clients, community and stakeholders, that continues to position Halifax and Nova Scotia as a desirable event destination and reinforces the important role we play in driving community and economic impact through the events we host.

While the current landscape impacts our ability to attract and host events in 2020-21, our strategic priorities for the year focuses on positioning us for the future.

Reconstitution Priorities & Activities

RETURNING TO SAFE OPERATIONS

Returning to safe operations is our core focus for the year as we work to incorporate new, enhanced health and safety measures into our operational standards. Working in close collaboration with our clients, suppliers, and staff, we will be diligent in our focus to create safe, yet memorable event experiences for our guests. To safely re-open and resume hosting events, we will fully adhere to public health directives and recommendations.

Actions:

- Prepare and submit a framework to public health for the safe re-opening of the Halifax Convention Centre.
- Develop and implement enhanced operating standards and protocols to adapt to COVID-19 requirements while continuing to meet client expectations.
- Support clients in the development of safe event plans.
- Continue to monitor industry trends and public health protocols.

BUSINESS RETENTION

Given the impact of COVID-19 and restrictions for air access and travel, national and international events booked for 2020-21 have been significantly impacted. Current global and domestic travel restrictions, as well as gathering limits, have created uncertainty into 2021. As such, our near-term strategy is working with event organizers to host strategic local and regional events. Long-term sales and marketing efforts continue to concentrate on client retention, reassurance, and rebooking. Our primary focus is retaining impacted national and international events for a future year, as well as working with our partners to continue to position our Centre and Nova Scotia as a strong destination for future events.

Actions:

- Rebook impacted 2020-21 events for future years.
- Build client confidence and retain events in 2021 and beyond through proactive, direct-to-customer outreach.
- Secure and safely host strategic local/regional events.
- Redevelop our long-term sales and marketing strategy, including finalizing the international event attraction strategy and corporate market sales approach.

INDUSTRY & COMMUNITY ALIGNMENT

Now more than ever, reinforcing a connection with our industry and community is critical. We are committed to maintaining strong relationships with our industry and local partners to host events that drive business recovery and vibrancy in our city. As partners, we are strongest when we work together. And, as Nova Scotians, we are a proud and welcoming community. Together, we will adapt our approach to welcoming and hosting visitors and continue to reinforce the value of events in creating community and economic benefit.

Actions:

- Align with key stakeholders and industry partners on recovery efforts for the meetings and conventions sector, including proactive communication and engagement with our community.
- Support events and community initiatives that drive economic recovery and community vibrancy.
- Continue to foster strategic partnerships to position Halifax and Nova Scotia as a desirable, accessible destination for events.
- Optimize our Local Program to increase long-term impact and reach to support business and tourism recovery.

SAFE RETURN TO WORK

COVID-19 and the resulting impact on event activity has had significant implications for our staff and organizational culture. Guided by a commitment for transparent, ongoing communication, we remain focused on supporting our employees through this challenging period while taking the necessary steps to prepare for our re-opening within a new health and safety environment.

Actions:

- Develop and implement a phased return to work program based on public health guidelines.
- Conduct training for event-based roles and suppliers to safely host events within new protocols.
- Develop resourcing strategy to support event volumes.
- Continue employee communication to facilitate ongoing engagement and retention.

RESPONSIBLE MANAGEMENT

In collaboration with our shareholders, we are focused on the responsible management of our organization and operations. Our short-term focus is on the reconstitution of our business with an emphasis on effectively and safely managing a sustainable return to normal operations. Under our Pandemic Preparedness Framework, management and the Board have continued to work through contingency planning, mitigation strategies and ongoing assessment of the impact of COVID-19. As we continue to monitor and adapt to the impact of COVID-19 and the new complexities of event hosting, we will work with our shareholders to ensure ongoing alignment and appropriate governance and oversight of our reconstitution.

Actions:

- Implement Pandemic Preparedness Framework and ensure continued refinement based on learnings and ongoing impacts.
- Monitor and align with public health directives.
- Develop and implement financial mitigation strategies.
- Reconfirm long-term strategy for Ticket Atlantic, including competitive procurement process for ticketing software.

Core Outcomes & Measures

In 2020-21, we will monitor and measure our performance in the following areas, aligned with the reconstitution of our business and organization:

CORE ACCOUNTABILITY MEASURES		
Reconstitution Priority	Measure	2020-21 Target
Business Retention	National and international event retention	Rebook 75% of impacted national and international events for a future year.
Returning to Safe Operations	Safe hosting protocols	Implement protocols and operational standards to re-open and successfully host local/regional events in 2020-21.
Safe Return to Work	Return to work program	Implement a phased return to work program based on event volumes.
Responsible Management	Financial mitigation and overall performance	Work within \$11.1M joint shareholder investment.

Financial Context

COVID-19 was an unforeseen public health crisis that has had a substantial impact on the planned performance of the Halifax Convention Centre and Ticket Atlantic in 2020-21. As uncertainty continues throughout the year, the revised budget reflects the loss of planned events and associated revenue as well as the limited volume of event activity that does not reflect our typical event mix.

Historically, operations before building costs are funded through event activity. Before the impact of COVID-19, the budgeted shareholder investment was \$5.6M, related to building costs and property taxes. The revised shareholder investment, which is jointly funded by the Province and HRM, is estimated at \$11.1M for 2020-21 after cost mitigation strategies have been accounted for.

In 2020-21, the Halifax Convention Centre plans to host a reduced volume of events, with an emphasis on local and regional events that align with public health gathering and travel restrictions. Budgeted revenues utilize assumptions such as the probability of hosting certain events, food and beverage spending, and a reduction in the number of delegates. For budgeting purposes, it has been assumed that current gathering limits and border restrictions remain in place until the end of the fiscal year (March 2021). The budget for Ticket Atlantic is based on confirmed event activity and events on-sale as of August 2020.

Our financial model includes both fixed and variable costs. Variable costs are associated with our operations and relate to hosting events. Certain fixed costs are necessary to support operations, irrespective of event volume. A series of cost mitigation strategies have been implemented where possible to limit financial exposure.

The Halifax Convention Centre building operating costs are estimated to be \$2.2M. Due to the temporary closure of our venue in mid-March 2020, cost savings associated with building maintenance and utilities usage have been recognized. In addition, property taxes of \$2.0M are included in accordance with the Memorandum of Understanding (MOU) between the Province and HRM.

Operating Budget Summary

(For the year ended March 31, 2021)

	Revised Budget 2020-21 (\$)	Initial Budget 2020-21 (\$)	Actuals 2019-20 (\$)	Budget 2019-20 (\$)
Revenues	860,000	13,035,000	12,482,762	11,385,000
Expenses				
Event Operations – Fixed Costs	1,847,000	2,025,000	2,015,704	1,772,700
Event Operations – Variable Costs	1,136,000	5,397,000	4,959,105	4,618,300
Salaries and Benefits	3,520,000	3,894,000	3,659,602	3,587,100
General Operations	865,000	1,499,000	1,381,937	1,406,900
Total Expenses	7,368,000	12,815,000	12,016,348	11,385,000
Operating (Loss)/Gain Before Building Costs, Property Taxes and Depreciation	(\$6,508,000)	\$220,000	\$466,414	\$—
Building Operating Costs (Note 1)	2,178,000	3,373,000	3,561,706	3,183,800
Operating Loss before Property Taxes and Depreciation	(8,686,000)	(3,153,000)	(3,095,292)	(3,183,800)
Property Taxes (Note 2)	2,040,000	2,040,000	2,015,060	1,826,200
Operating Loss Before Depreciation	(10,726,000)	(5,193,000)	(5,110,352)	(5,010,000)
Depreciation	370,000	410,000	362,616	380,000
Estimated Shareholder Investment	\$11,096,000	\$5,603,000	\$5,472,968	\$5,390,000
Investment Required from Shareholder – HRM	\$5,401,000	\$2,801,500	\$2,736,484	\$2,695,000
Investment Required from Shareholder – PNS	\$5,573,000	\$2,701,500	\$2,592,694	\$2,580,000

Note 1: Halifax Convention Centre building operating costs include the contractual lease operating costs related to the Nova Centre. The annual contractual lease payment is the responsibility of the Province of Nova Scotia and is not reflected in the above values.

Note 2: Property taxes are calculated pursuant to the MOU between the Province of Nova Scotia and HRM.

Note 3: Revenues and expenses for Scotiabank Centre are not reflected in the values noted above. Scotiabank Centre is a facility owned by HRM. Events East operates the facility on behalf of HRM under an operating agreement. All operating income or losses generated by the facility accrue to HRM, and all capital improvements are funded by the municipality.