



Metropolitan Toronto Convention Centre and Ottawa Convention Centre

2023 Value-for-Money Audit

Why we did this audit

- Ontario has two provincial convention centres—the Metropolitan Toronto Convention Centre (MTCC), and the Ottawa Convention Centre (OCC, or the Shaw Centre)—that are operated as Crown agencies and overseen by the Ministry of Tourism, Culture and Sport (Ministry).
- MTCC and OCC estimate they have contributed on average about \$493 million and \$110 million, respectively, to the provincial economy annually in the past decade (excluding 2020/21 and 2021/22, which were impacted by COVID-19 public health restrictions).

Why it matters

- The centres have not attracted as many large-scale events since the COVID-19 pandemic, which has lessened their economic impact.
- MTCC's and OCC's long-term success would stimulate economic activity, create employment opportunities, spur economic growth, and generate tax revenue.

What we found

Ministry Has Not Provided Effective Oversight of Provincial Convention Centres

- Provincial convention centres are mandated to operate “in a manner that will promote and develop tourism and industry in Ontario.” Despite this, both centres focused on profitability when bidding to win the opportunity to host events. The Ministry received advice in 2016 that the centres could end up generating less economic impact for Ontario if they focused primarily on events that were profitable.
- Since 2018, centres had collectively lost the opportunity to host 19 events (15 at OCC and 4 at MTCC), that could have brought an estimated \$52 million in economic impact to the regions, because the centres set their bid price too high in an effort to achieve greater profitability.
- Surveys from 2013/14 to 2022/23 showed almost all of the centres' clients rated their overall experience at MTCC and OCC positively. Despite this, the two centres have been less successful in attracting conventions since the COVID-19 pandemic. Compared to June 2019, June 2023 convention bookings were down by 44% at MTCC and 50% at OCC.
- A 2021 task force recommended the Ministry implement an incentive fund to attract more conventions and business events. Despite Ministry requests in 2022 and 2023 to fund incentives, the government has not approved the funding.

RECOMMENDATIONS 1 and 2

MTCC's Size, Layout and Lack of Available Hotel Rooms Limits Large-Scale Convention Bookings

- MTCC faces challenges due to its facility's size and layout, making it unsuitable for some large-scale international conventions. MTCC ranks 18th among a sample of 21 comparable North American convention centres in contiguous rentable space, hindering its ability to host very large events. We found that since 2001/02, this has resulted in 20 international conventions formerly held at MTCC relocating to other convention centres.
- We found that hotel-related issues caused MTCC to lose 23 event bids submitted between 2017 and 2019. A consultant hired by MTCC concluded that Toronto ranked 15th of 20 comparable cities in Canada and the United States in hotel room availability, behind smaller cities such as Seattle and Indianapolis.

- In 2019, MTCC proposed redevelopment plans to the Ministry to expand event space and build a hotel the centre would control. At the time of our audit, the Ministry had not yet provided direction on the proposal.
- As of June 30, 2023, MTCC estimated there was a backlog of about \$17 million in capital repairs. However, we found that MTCC did not have a timetable to address the backlog.

RECOMMENDATIONS 3, 4, 5 and 6

Lack of Direct Flights Limits OCC's Ability to Attract Out-of-Town Events

- OCC has struggled to book events, especially those attracting out-of-town attendees. In a 2020 survey of event planners before the COVID-19 pandemic, about 40% of planners rated flight access to Ottawa as "average or poor." As of August 2023, international flight service to Ottawa remained more than 50% lower than pre-pandemic levels.
- Our analysis showed that OCC lost seven bids for events to be held between 2022 and 2026 due to a lack of direct flights.
- As of July 31, 2023, OCC had a backlog of about \$15.8 million in capital repairs, with some considered critical to operations.

RECOMMENDATIONS 8, 9 and 10

Conclusions

- Metropolitan Toronto Convention Centre (MTCC) and Ottawa Convention Centre (OCC) were not operating in a way to best achieve their mandates, as they were making operational decisions that focused on their own profitability rather than the promotion and development of tourism, which generates economic impact for the province.
- The Ministry of Tourism, Culture and Sport (Ministry) did not properly oversee MTCC and OCC.
- Despite challenges, generally, both MTCC and OCC satisfied the expectations of their clients and maintained economic efficiency.

Read the report at www.auditor.on.ca