

# B.C. PAVILION CORPORATION

## ANNUAL REPORT

April 1, 2012 to March 31, 2013





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## Message from the Chair



I am pleased to present the Annual Report for B.C. Pavilion Corporation (PavCo) for the year ended March 31, 2013.

PavCo's mandate is to increase economic benefit to British Columbia through the operation of the province's premier event facilities: BC Place and the Vancouver Convention Centre.

Over the last year we have seen a shift in focus for our organization, from building construction and renovation to marketing and business development, particularly in regard to BC Place.

The revitalized stadium has been open since September 2011, and received numerous industry and consumer accolades as a major entertainment and sporting venue.

In addition to vastly improved aesthetics and comfort, the sound quality has surpassed expectations and dramatically enhanced the facility's reputation as a top-class venue for major artists. Furthermore, BC Place is proving its strength in attracting high profile sporting events such as the FIFA Women's World Cup and both the 2011 and 2014 Grey Cup Championships.

The Vancouver Convention Centre has proved successful in attracting high profile events, notably the 2014 and 2015 TED Conference which is to be held in Canada for the first time. During 2012/13, the Convention Centre was awarded the prestigious Professional Convention Management Association's Spirit Award and a Meetings Industry Marketing Award.

In 2012/13 PavCo met all financial targets for the year. The overall loss from operations was lower than anticipated, as a result of higher corporate revenues and reduced operating costs. The loss before contributions and amortization was also lower than anticipated. Revenues for 2012/13, at \$54.7 million exceeded PavCo's target, as a result of strong short-notice bookings at the Vancouver Convention Centre. Event revenues were also higher than in 2011/12, but overall income was lower.

Implementation of cost restraint programs during the year resulted in a reduction in operating costs. However, business development costs were higher than budget as a result of expenditure to secure the 2014 Grey Cup Championship.

Non-resident attendance at the Vancouver Convention Centre was lower than projected, mainly due to a trend in shorter convention length. It is important to note that the booking cycle for 2012/13 largely took place during the recent economic downturn. Attendance in 2013/14 is projected to increase.

During 2012/13, gross domestic product from events at the Vancouver Convention Centre was estimated at \$210 million<sup>(1)</sup>. Economic impact from spending at BC Place for this time period was estimated at \$122 million<sup>(1)</sup>.

In addition to increasing economic benefit for the province of British Columbia, PavCo continues to strive to reduce its deficit through a combination of attendance-building and reduction in operating costs. PavCo expects to eliminate operating deficit at the Vancouver Convention Centre within the next 3-5 years, and reduce the ongoing deficit at BC Place.

2012/13 saw us achieve a three-year agreement with our unionized employees at BC Place, allowing us to move forward as a team and continue delivering amazing experiences for our clients and guests. PavCo's success is a result of the effort of many people who make up our staff teams in BC Place, the Vancouver Convention Centre and PavCo's corporate office, for which I and the Board are extremely appreciative.

Despite ongoing global economic challenges, both the Vancouver Convention Centre and BC Place continue to attract events and support our province's economy and tourism industry. PavCo's priority for the year ahead is to build on its success to date and continue to increase the profile of, and revenue from, these two world-class facilities.



**Stuart McLaughlin**  
*Board Vice-Chair*<sup>(2)</sup>

<sup>(1)</sup> *Goal 1 performance - Maximize revenues and economic growth, and use funding in a manner that provides optimum return to the Shareholder.*

<sup>(2)</sup> *The role of Chair of the PavCo Board was vacant at the time of publication. Stuart McLaughlin was appointed to the Board in June 2012 and became Vice-Chair in April 2013.*

## Accountability Statement

The 2012/13 PavCo Annual Report was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*, and the BC Reporting Principles. I am accountable for the contents of the report, including what has been detailed in the report and how it has been reported.

The information presented reflects the actual performance of PavCo for the 12 months ended March 31, 2013 in relation to the Service Plan published in February 2012.

I am responsible for ensuring internal controls are in place to ensure information is measured and reported accurately and in a timely fashion.

All significant assumptions, policy decisions, events and identified risks, as of June 5, 2013, have been considered in preparing the report.

The report contains estimates and interpretive information that represent the best judgment of management. Any changes in mandate, direction, goals, strategies, measures or targets made since the 2012/13 to 2014/15 Service Plan was released and any significant limitations in the reliability of data are identified in the report.



**Stuart McLaughlin**  
*Board Vice- Chair*

## Our Organisation

B.C. Pavilion Corporation was formed under the *British Columbia Business Corporations Act*, and acts as an agent of the government under the *British Columbia Enterprise Corporation Act*. B.C. Pavilion Corporation registered 'PavCo' as a business name under the *Partnership Act (British Columbia)*.

### About PavCo

PavCo is a provincial Crown corporation with a mandate to increase economic benefit to British Columbia through the management of two world-class public facilities located in downtown Vancouver: BC Place and the Vancouver Convention Centre.

From hosting global summit meetings to world-class sporting and entertainment events, PavCo performs on its mandate of generating economic and community benefit through the prudent management of its public facilities. PavCo owns and operates BC Place and the Vancouver Convention Centre. It operates the East building of the Convention Centre under a lease with Canada Place Corporation, a subsidiary of Port Metro Vancouver, a federal Crown corporation.



PavCo contributes significantly to the growth of the tourism industry, as many out-of-town clients travel throughout British Columbia before and after attending events at its facilities.

The expanded Convention Centre is the provincial flagship for conventions and meetings. BC Place is the largest indoor gathering place in British Columbia, and provides support to industry as a venue for trade and consumer shows, as well as being a major sports and entertainment centre.

Both of PavCo's facilities have undergone extensive renovations and now offer the most sophisticated technology and architecture in their respective fields.

PavCo's shareholder is the Provincial Government. Principal stakeholders include the BC Lions Football Club and Vancouver Whitecaps FC. BC Place is proud to be the home of the Lions and Whitecaps - two successful sports teams.



Since the BC Lions' early beginnings in 1953, fans have witnessed the evolution of an outstanding football team that has gone on to capture six Grey Cup Championships. The Vancouver Whitecaps FC have also built a strong fan base since their first game in 1974. In 2012 the Vancouver Whitecaps became the first Canadian club to reach the Major League Soccer (MLS) Cup Playoffs after securing fifth place in the Western Conference standings.

PavCo stakeholders also include: Tourism Vancouver, as a contributing partner to the expanded Convention Centre; along with businesses and associations representing the tourism and hospitality industry; clients leasing space for commercial activity and renting space for events; suppliers of goods and services to events; and the general public.

PavCo has three divisions:

- BC Place
- Vancouver Convention Centre
- Corporate Services

**PavCo's mandate** is to generate economic and community benefit for the people of British Columbia through prudent management of public facilities.

**PavCo's vision** is to be the global leader in outstanding venues and events.

**PavCo's values** are: Quality and Service; Respect, Fairness and Honest Communication; Financial Responsibility; Creativity and Innovation; Enthusiasm; Environmental Responsibility, and Integrity.

More information can be found at <http://www.bcpavco.com>



## About the Vancouver Convention Centre

Located on the downtown waterfront, the Vancouver Convention Centre is an award-winning facility and British Columbia's flagship convention centre. Each year, the Vancouver Convention Centre hosts more than 500 events, welcoming hundreds of thousands of attendees, and generating economic activity for the province of British Columbia.

The Convention Centre first served as the Canada Pavilion for the World's Fair Expo in 1986. Since then, it has tripled in size with the addition of its West building expansion, and is recognized as one of the leading convention centres in the world.

*"The Vancouver Convention Centre is a one-of-a-kind venue that has proven to be a significant economic driver for not only the city, but for the province."* **Ian Pullan, General Manager, the Fairmont Waterfront**

The Vancouver Convention Centre covers 1.1 million square feet (or four city blocks) with a combined total of 466,500 square feet of pre-function, meeting, exhibition, and ballroom space. Vancouver has consistently been named North America's top destination by the International Congress and Convention Association.

The Vancouver Convention Centre comprises two uniquely designed buildings, with outdoor terraces and plaza space, a "living roof" featuring more than 400,000 indigenous plants, and a commanding waterfront ballroom with five-story high ceilings, natural light and breathtaking mountain vistas.



The Convention Centre is the first ever repeat winner of the International Association of Congress Centres (AIPC) Apex award for World's Best Convention Centre.

The West building of the Convention Centre is certified LEED® Platinum, making it the first convention centre in the world to receive the highest LEED® rating.

*"The Vancouver Convention Centre has an exceptional team of professionals who consistently exceeded our expectations by responding at a moment's notice to make our conference run more smoothly."* **Lynn Smith, CMP, Vice President, Meetings Association of Fundraising Professionals**

## About BC Place

BC Place is an architectural signature for the Province and the largest sports, exhibition and entertainment venue of its kind in British Columbia.

It ranks in the Top 100 stadiums in North America for capacity, with seating for 54,500 or more based on event configuration.

Its cable-supported, retractable roof is the largest of its kind. The roof reveals over 7,500 square metres of sky and has turned BC Place into a year-round, open-air facility.

*“The renovations of BC Place have not only accommodated Whitecaps FC, but have also rejuvenated the historical centerpiece of the City of Vancouver. The stadium will remain an important part of the City and Whitecaps FC for years to come.”*

**Rachel Lewis, Chief Operating Officer  
Vancouver Whitecaps FC**

BC Place is one of the most technologically advanced stadiums in the world. It boasts a cutting-edge spectrum of customizable features, such as high definition video displays, interior temperature control, incredible acoustics, retractable seating, and a coverable FIFA-rated playing surface.



The “Northern Lights Roof Display” is a spectacular 36-foot façade lit up by thousands of individually-addressable, energy-efficient LED lights, creating colour animations that bring life to the Vancouver skyline. The display can light the stadium in a wide range of static colours, and dynamic animations for events, and is used to raise awareness of community-based initiatives.



BC Place is proud to be home to two of Vancouver’s professional sports teams: the BC Lions of the Canadian Football League and the Vancouver Whitecaps of Major League Soccer. Together these two important tenants bring hundreds of thousands of spectators to the stadium annually.

In 2012/13, the stadium welcomed more than 1.2 million guests to events including: Paul McCartney’s

ON THE RUN concert, Roger Waters’ THE WALL performance, Vancouver Home & Design Show, BC Home & Garden Show, Vancouver International Boat Show, Vancouver International Auto Show, EAT! Vancouver Food and Cooking Festival, the Vancouver Sun Run, Monster Jam Monster Trucks, PlayDome Carnival and BC High School Football.

## Our Governance

PavCo's Board of Directors provides leadership and direction to the organization in a manner consistent with directives set out by the Provincial Government. During 2012/13, the Board consisted of 11 members, all independently appointed by the Shareholder.

Mandate and priorities are communicated through the Government's annual *Letter of Expectations*. This letter serves as the basis of agreement between the Shareholder and PavCo, including the high-level performance expectations, public policy issues and strategic priorities.

The *Government's Letter of Expectations* between the Shareholder and PavCo, against which progress is being reported, was dated January 2012 and can be found on the PavCo website at <http://www.bcpavco.com/resources>.

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PavCo has developed a comprehensive charter of Board activities, as well as several terms of reference and policies in accordance with the Province's Board Resourcing and Development Office's *Best Practice Guidelines*. These can be found at [www.bcpavco.com/resources](http://www.bcpavco.com/resources).

The principles included in the Provincial Government's Governance Framework provide an understanding of the roles and responsibilities for all parties that are part of the Crown Corporation Governance Environment:

- stewardship, leadership and effective functioning of the Board
- clarity of roles and responsibilities
- openness, trust and transparency
- service and corporate citizenship
- accountability and performance
- value, innovation and continuous improvement

PavCo's Board members and standing committees are as follows:

Board/Committee	Members		Board/Committee Role
Board of Directors	Chair:  Directors:	Vacant  Michael J. Ballingall Theresa Breining David W. Guscott John A. Horning Alan Lowe Terrence A. Lyons Stuart McLaughlin Frank W. Palmer Don Zurowski  H. Peter Fassbender <sup>(iii)</sup> Suzanne Anton <sup>(iii)</sup> David Podmore <sup>(i)</sup> Miriam Kresivo <sup>(i)</sup> Grant Ritchie <sup>(i)</sup> Susan Gomez <sup>(i)</sup> Bob Bryant <sup>(i)</sup>	Ensure the Board and management operate in good faith, in compliance with regulatory and legal requirements, and to the highest ethical and moral standards.  Individual biographies of the Board Chair and Directors are found at <a href="http://www.bcpavco.com/team">http://www.bcpavco.com/team</a>
Audit & Finance	Chair: Members:	Terrence A. Lyons John A. Horning Alan Lowe Stuart McLaughlin Don Zurowski	Monitor financial policies, reporting, conflicts of interest, financial budgets, forecasts, risk management, and other related matters. Oversee the financial reporting process. Review financial statements, audit plans, reports, and controls with Auditors.
Corporate Governance	Chair: Members:	John A. Horning David W. Guscott Terrence A. Lyons	Monitor governance, Board effectiveness, staffing, compensation issues, and the implementation of all structural changes to the organization.
Marketing & Communications	Chair: Members:	Vacant <sup>(ii)</sup> Michael J. Ballingall Theresa Breining Frank Palmer	Monitor and advise on effective external communications policies and protocol for the organization. Provide overall direction and development of the sales and marketing process for the organization.

(i) Left the PavCo Board during 2012/13.

(ii) Bob Bryant served as Chair of the Marketing & Communications Committee in 2012/13.

(iii) Left the PavCo Board in May 2013.

## The Executive Team

PavCo is led by a team of executives and management with extensive experience in their respective areas of business:

### Corporate Office

- Dana Hayden Interim President and Chief Executive Officer<sup>(1)</sup>
- Vacant Chief Financial Officer and Corporate Secretary<sup>(1)</sup>
- Ken Cretney Chief Operating Officer<sup>(1)</sup>
- Kim Campbell Director, Finance<sup>(1)</sup>
- Kate Hunter Director, Communications & Stakeholder Relations
- Julie Turner Director, Executive Operations & Board Liaison

### Vancouver Convention Centre

- Craig Lehto Assistant General Manager
- Claire Smith, CMP Vice-President, Sales & Marketing
- Anthony Busby Director, Finance
- Andrea Horton Director, Human Resources
- Dan Lee Director, Facility Operations

### BC Place Stadium

- Kathy deLisser Assistant General Manager
- Brian Griffin Director, Facility Operations
- Graham Ramsay Director, Sales & Marketing
- Mike McFaul Director, Engineering and Maintenance
- Dan Quan Director, Finance
- Winnie Mok Director, Information Technology
- Deborah Dutton Director, Event Operations
- Vacant Director, HR & LR

<sup>(1)</sup> Corporation Officers

# Our Performance

PavCo's mandate is to create significant economic and community benefit for the people of British Columbia by developing, marketing and operating world-class public convention, sports and entertainment facilities.

We measure our progress every year through financial reporting and benchmarking within the convention/meeting industry as well as within the live sports/entertainment industry. PavCo continually strives to minimize operating costs and generate economic benefit for the province of B.C.

## Generating Economic Benefit

*"The Vancouver Convention Centre just might be the single biggest factor in the visitor economy for our city."* **Rick Antonson, President and CEO, Tourism Vancouver**

The business that comes from PavCo's facilities generates significant economic benefit to British Columbia through hotel occupancy; clients' use of services and supplies provided by B.C. businesses; and attendees travelling to areas of British Columbia beyond Vancouver, before and after events.



In 2012/13, the gross domestic product from events at the Vancouver Convention Centre was estimated at \$210 million. During this time, the Convention Centre hosted a total of 585 events, including 51 conventions and 47 trade and consumer shows.

BC Place also contributes towards province-wide economic activity. The facility provides a venue for sports, entertainment, cultural and business activity that would not otherwise take place in British Columbia. In 2012/13, out-of-province stadium patrons generated an estimated \$26 million in economic benefit. Economic impact from all spending at the stadium was estimated at \$122 million.

In 2012/13, discussions continued regarding the development of land to the west of BC Place. In March 2013, PavCo signed an updated Master Development Agreement with Paragon Gaming that will enable PavCo to lease land to Paragon, subject to certain pre-development requirements.

Similar to other facilities worldwide, operational revenues from the Vancouver Convention Centre and BC Place are currently insufficient to cover operational and capital expenses, although the Vancouver Convention Centre is forecast to break-even in the coming years.



## Attracting High Profile Events

*"This place is amazing. There's some magic here for us."*  
**BC Lions Running Back Andrew Harris, talking about BC Place.**

Both the Vancouver Convention Centre and BC Place continue to be known as major venues, within British Columbia, across Canada and the world.

During 2012/13, BC Place hosted several high profile events. Thanks to the enhanced sound quality within the stadium, BC Place's first major concert – Roger Waters' THE WALL – was enjoyed by more than 37,000 guests, generating an estimated \$9.8 million in economic activity in the province.



This was followed by the incredibly successful Paul McCartney concert, which generated an estimated \$13 million in economic activity for B.C. In addition to high profile concerts, BC Place was the venue for the 2013 Times of India Film Awards and will host the Grey Cup Championship in 2014.

During 2012/13, highlights of conventions hosted at the Vancouver Convention Centre include the American Educational Research Association Annual Meeting (13,600 attendees), 60th ASMS Conference on Mass Spectrometry (6,470 attendees) and the Alzheimer's Association International Conference (4,300 attendees). The Convention Centre is predicting another strong year for 2013/14 including the high profile TED Conference.

## Our Impact on the Community



Both the Vancouver Convention Centre and BC Place value the opportunity to engage with, and support, the local community. BC Place is proud to support the SOLEfoods urban farm – a socially sustainable initiative located just 200 metres from the stadium. The Vancouver Convention Centre also operates a "scratch" kitchen, using primarily local, seasonal ingredients.

The Vancouver Convention Centre has partnered with several local charities as part of its Corporate Social Responsibility program, which includes United We Can, Greater Vancouver Food Bank Society, CANstruction Vancouver and the Union Gospel Mission.

The Vancouver Convention Centre also offers a Public Tour Program to connect with the local community and visitors. More than 11,000 people have been hosted on tours since the program was launched in 2009.



BC Place actively supports local charities, community groups and not-for-profit societies. In 2012/13 the stadium donated hundreds of unsold tickets to Kids Up Front, a charitable organization that provides tickets to children who would not otherwise have the opportunity to attend events.

During 2012/13, the relocation of the float plane terminal in Coal Harbour was completed. Work continues towards completion of the seawall path between Harbour Green Park and the Vancouver Convention Centre. PavCo remains in consultation with Vancouver Harbour Flight Centre (VHFC), to help facilitate dialogue between VHFC and local residents, regarding operation of VHFC in Coal Harbour. PavCo also maintains contact with residents in the False Creek area with respect to the development of land to the west of BC Place.



## Challenges & Opportunities

PavCo continues to be impacted by global economic fluctuations, which may negatively impact the anticipated number and/or duration of events, and associated revenue. PavCo marketing plans are purposefully developed to address this ongoing challenge and drive event numbers and attendance.

Increased global awareness of sustainability issues and environmental impact is allowing the Vancouver Convention Centre, which has significant sustainability initiatives, to have a competitive edge in attracting and retaining business. With the construction phase at BC Place having come to an end, the stadium is working with its tenants (Vancouver Whitecaps FC and the BC Lions Football Club) to identify new advertising and sponsorship opportunities, as well as working to improve its client offerings.

The transition towards a strong marketing focus is illustrated in the appointment of several new Board members during 2012/13 who have considerable marketing expertise. Both the Vancouver Convention Centre and BC Place also continue to work with industry stakeholders to bring new events to the province.

## Our Goals

The 2012/13 Annual Report sets out PavCo's performance over the last year, assessed against goals identified within the Corporation's 2012/13 to 2014/15 Service Plan.

The strategic goals were changed in the Revised 2013/14 to 2015/16 Service Plan, to reflect the organization's shift towards a marketing focus.

As a result of this change, the Corporation has amended certain performance measures.

Projected targets and future performance are detailed within this report against the Revised 2013/14 to 2015/16 Service Plan.

Full details of the measures used to assess performance against both Service Plans can be found online at: <http://bcpavco.com/resources/reports/>

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## **2012/13 to 2014/15 Service Plan Goals & Performance**

PavCo has the following strategic goals in the 2012/13 to 2014/15 Service Plan:

- **Maximize revenues and economic growth and use funding in a manner that provides optimum return to the Shareholder**
  - **Maintain and increase client services and satisfaction**
  - **Maintain and improve the facilities under our management**
  - **Increase innovation, learning and growth**
- 

### **Goal 1 - Maximize revenues and economic growth and use funding in a manner that provides optimum return to the Shareholder**

#### **Key strategies**

*Improve the return to the Shareholder on its investment in PavCo's facilities, primarily through the following:*

- Creating a compelling vision and model for marketing the expanded Convention Centre and renewed BC Place;
- Seeking events from out-of-province which will generate the maximum amount of economic benefits to our community;
- Seeking and creating high-profile events that will promote growth and support for British Columbia's business base;
- Pursuing global markets for long-term growth;
- Diversifying markets to stabilize long term business;
- Repositioning our facilities as being more flexible to users;
- Increasing operational efficiencies.

**Goal 1 performance - Maximize revenues and economic growth, and use funding in a manner that provides optimum return to the Shareholder**

Performance Measure (\$ millions)	Past Performance		2012/13 Performance (target per 2012/13 to 2014/15 Service Plan)		Future Performance (per Revised 2013/14 to 2015/16 Service Plan)		
	2010/11	2011/12	Target	Actual	2013/14	2014/15	2015/16
<b>Impact from out-of-province (non-resident) spending</b>							
Economic impact from out-of-province visitors to the Vancouver Convention Centre (mixed model) <sup>(i)</sup>	\$716	\$914	\$648	\$622	N/A	N/A	N/A
Gross domestic product from events at the Vancouver Convention Centre <sup>(ii)</sup>	\$242	\$309	\$219	\$210	N/A	N/A	N/A
Economic impact from events at BC Place from out-of-province spending <sup>(iii)</sup>	\$1	\$23	\$23	\$26	\$25	\$29	\$35
Increased non-resident delegate days at the Vancouver Convention Centre <sup>(iv)</sup>	427,000	535,000	403,000	347,632	425,000	450,000	450,000
<b>Impact from all spending</b>							
BC Place from all spending <sup>(iii)</sup>	\$3	\$71	\$100	\$122	\$115	\$125	\$136
Increased attendance – BC Place <sup>(v)</sup> (Number represents total attendance)	81,000	646,000	1,400,000	1,230,000	1,140,000	1,178,000	1,285,000

- (i) Economic impact for 2011/12 was significantly higher than for other years as the year was exceptional for convention activity in Vancouver. Actual benefits for 2012/13 are lower than forecast due to a reduced number of out-of-country visitors following the economic downturn, since most conventions and meetings are booked several years in advance. This Performance Measure has been discontinued. It was calculated using a model that had been previously adopted by some other North American Convention Centres known as the “Mixed Model”. This Model is not supported by BC Stats as the methodology is considered to overestimate indirect and induced economic benefit. Going forward, PavCo will use the “Commodity Model” which is supported by BC Stats.
- (ii) This Performance Measure has been discontinued. Measures have been standardized to report solely on benefits generated through the Commodity Model.
- (iii) Economic impact generated in 2012/13 from BC Place represents the first full-year of this measurement since the stadium reopened. The reported economic impact for 2011/12 results from 6 months of event activity, while 2010/11 comprised only one event. Economic impact for BC Place is the sum of direct, indirect and induced spending arising from BC Place events, calculated using the BC Stats model. Economic impact has been calculated by the Economic Planning Group, which utilizes BC Place event statistics and estimates, tourism research estimates and Tourism Vancouver overnight spending figures (2004 survey updated by CPI) to estimate out of province originating and all direct spending, respectively. These values are input into the BC Stats model to calculate the spin off effects and the total economic impact generated by BC Place events.
- (iv) Per KPMG 2002, a “non-resident delegate” is a delegate originating from (or normally residing) outside of the Province of British Columbia. “Non-resident delegate days” is the aggregate number of days that a non-resident delegate attends events at the Convention Centre. Non-resident delegate day attendance at the Vancouver Convention Centre was lower than target for 2012/13. Attendance projections for 2012/13 were forecast to be lower than for 2011/12 as several very high attendance events occurred during 2011/12. The booking cycle for many 2012/13 events took place during the economic downturn, resulting in many events being booked for shorter periods and planned with fewer attendees. Non-resident attendance shortfalls were offset by an increase in attendees from within the province. The figures shown demonstrate total number of non-resident delegate days.
- (v) Only one event occurred in 2010/11, due to closure for Stadium retrofit. BC Place reopened for business operations on September 30, 2011. Attendance for 2011/12 was for a half-year of operations. Attendance at BC Place events reflects the facility’s importance as a gathering place for the people of British Columbia and visitors to the province. Accordingly, attendance is a key measure of the success of the facility and its clients. Attendance drives food and beverage sales and is the foundation for sponsorship revenue generation.

## Goal 2 – Maintain and increase client services and satisfaction

### Key strategies

- Continue to provide a high level of service to support retaining our customers;
- Work with our industry partners to attract guests who will bring the greatest amount of benefits to local and Provincial economies;
- Promote our facilities as the preferred venues for client target markets.

### Goal 2 performance – Maintain and increase client services and satisfaction

Performance Measure	Past Performance		2012/13 Performance (target per 2012/13 to 2014/15 Service Plan)		Future Performance (per Revised 2013/14 to 2015/16 Service Plan)		
	2010/11	2011/12	Target	Actual	2013/14	2014/15	2015/16
<b>Service quality survey scores</b>							
<b>Service Quality - Vancouver Convention Centre</b>	8.8/10	9.0/10	9.0/10	9.3/10	9.0/10	9.2/10	9.2/10
<b>Service Quality - BC Place</b>	N/A	N/A	90%	91%	Surveys and scoring criteria are under development for this measure		
<b>Facility occupancy days</b>							
<b>BC Place<sup>(i)</sup></b>	N/A	129	250	272	N/A	N/A	N/A

Quality surveys are conducted with clients and guests at both facilities to determine client expectations and satisfaction levels. Wherever possible, both facilities improve service levels as a result of feedback. The event business is very competitive, and client satisfaction is critical.

- (i) Occupancy days consist of building conversion, event move in, move out and the actual event opening or public days. Occupancy days are a measure of how busy the stadium is with direct event-related activity. The measure is being discontinued as the original targets have been surpassed, and a further increase in occupancy days will have a marginal effect on results.



### Goal 3 – Maintain and improve the facilities under our management

#### Key strategies

- Implement repair and maintenance plans to improve the facilities under our management;
- Effectively manage facility capital improvement programs.

### Goal 3 performance – Maintain and improve the facilities under our management

Performance Measure	Past Performance		2012/13 Performance (target per 2012/13 to 2014/15 Service Plan)		Future Performance (per Revised 2013/14 to 2015/16 Service Plan)		
	2010/11	2011/12	Target	Actual	2013/14	2014/15	2015/16
<b>Achieve major capital work milestones</b>							
Major Maintenance	60% Complete	100% Complete	-	-	-	-	-
Furniture, Fixtures and Equipment	10% Complete	100% Complete	-	-	-	-	-
Retractable roof and upgrades	55% Complete	100% Complete	-	-	-	-	-

Following completion of the BC Place renovations, no further major capital works are currently scheduled. This performance measure is due to be discontinued.

## Goal 4 – Increase innovation, learning, and growth

### Key strategies

- Continue to support staff development in required skill areas, building capacity and motivation to achieve our strategic goals;
- Implement a performance-contingent compensation system that attracts high performance staff.

### Goal 4 performance – Increase innovation, learning, and growth

Performance Measure	Past Performance		2012/13 Performance (target per 2012/13 to 2014/15 Service Plan)		Future Performance (per Revised 2013/14 to 2015/16 Service Plan)		
	2010/11	2011/12	Target	Actual	2013/14	2014/15	2015/16
<b>Employee involvement</b>							
<b>Retention of event staff at BC Place<sup>(i)</sup></b>	N/A	N/A	85%	81%	82%	85%	85%

- <sup>(i)</sup> Retention of event staff was not measured in 2010/11 and 2011/12 as staff were not working regularly during the facility closure. Retention for 2012/13 was lower than expected, but is anticipated to increase due to the ratification of a three-year agreement with unionized employees. Going forward, BC Place will measure retention levels of all staff (not just event staff).

## **Revised 2013/14 to 2015/16 Service Plan Goals & Performance**

The strategic goals detailed in the Revised 2013/14 to 2015/16 Service Plan are as follows:

- **Optimize corporate profit and create economic benefits.**
  - **Provide exceptional customer service.**
  - **Engage our stakeholders and industry partners to increase cooperative efforts to bring events to our facilities and to British Columbia.**
  - **Maintain leading edge venue quality standards.**
  - **Be an employer of choice.**
- 

### **Goal 1 - Optimize corporate profit and create economic benefits**

#### **Key strategies**

*Improve the return to the Shareholder on its investment in PavCo's facilities, primarily through the following:*

- Creating a compelling vision and model for marketing the Convention Centre and BC Place;
- Seeking events that will generate the maximum amount of economic benefits to our community;
- Seeking and creating high-profile events that will promote growth and support for British Columbia's business development;
- Pursuing global markets for long-term growth;
- Diversifying markets to stabilize long term business;
- Repositioning our facilities to be more flexible for users;
- Increasing operational efficiencies.

## Goal 1 – Optimize corporate profit and create economic benefits New measures and projected results

Performance Measure	Past Performance		2012/13 Performance (target per 2012/13 to 2014/15 Service Plan)		Future Performance (per Revised 2013/14 to 2015/16 Service Plan)		
	2010/11	2011/12	Target	Actual	2013/14	2014/15	2015/16
Corporate operating deficit before government contributions (\$ millions) <sup>(i)</sup>	N/A	N/A	N/A	N/A	\$26.046	\$10.252	\$23.034

PavCo is in the process of establishing new measures and targets to report on the economic benefits of both BC Place and the Vancouver Convention Centre. Economic impact is calculated based on: surveyed or estimated expenditures by organizers and visitors at events in our facilities; subsequent spending in the Province following the event; the multiplier effect through the economy of such spending. Projections for 2013/14 and future years are based on estimates by PavCo management.

<sup>(i)</sup> The corporate operating deficit before government contributions is the sum of: sales revenues, other revenues and deferred contributions, less total expenses.

## Goal 2 - Provide exceptional customer service

### Key Strategies

- Ensure event planning and operations are client-centric;
- Provide an exceptional service culture;
- Ensure PavCo and its suppliers' staff provide seamless, superior service.

Guest and client satisfaction were previously reported as a combined measure, but each customer group's level of satisfaction will be measured and reported separately going forward. Criteria for these performance measures are being established for 2013/14 and future years.

### Goal 3 - Engage our stakeholders and industry partners to increase cooperative efforts to bring events to our facilities and to British Columbia.

#### Key Strategy

- Develop and grow collaborative business relationships.

Performance Measure	Past Performance		2012/13 Performance (target per 2012/13 to 2014/15 Service Plan)		Future Performance (per Revised 2013/14 to 2015/16 Service Plan)		
	2010/11	2011/12	Target	Actual	2013/14	2014/15	2015/16
<b>Events occurring that we secured in partnership with our stakeholders</b>							
Number of events that are attracted or implemented in cooperation with stakeholders - BC Place - Vancouver Convention Centre	N/A	N/A	N/A	N/A	6	7	7
	N/A	N/A	N/A	N/A	25	28	30

This is a new goal within the Revised 2013/14 to 2015/16 Service Plan. It represents events expected to occur during the year that were booked with the assistance of, or referred, through stakeholders.

## **Goal 4 - Maintain leading edge venue quality standards**

### **Key Strategies**

- Determine best practices, processes and quality standards for operations of similar venues. Identify targets against these standards for PavCo's facilities to achieve;
- Ensure staff and service providers are appropriately trained and equipped to help PavCo achieve and surpass the benchmark quality standards.

PavCo is determining quality standards against which it will measure its targets, and will use these standards as a baseline against which to measure its performance in 2013/14 and future years. Results will be compared against benchmarks set throughout the event management industry.

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## **Goal 5 - Be an employer of choice**

### **Key Strategies**

- Provide clarity around goals, objectives and values of PavCo;
- Support employee diversity and develop a flexible workplace culture;
- Continue to support staff development in required skill areas, building capacity and motivation to achieve our strategic goals.

## Goal 5 - Be an employer of choice New measures and projected results

Performance Measure	Past Performance		2012/13 Performance (target per 2012/13 to 2014/15 Service Plan)		Future Performance (per Revised 2013/14 to 2015/16 Service Plan)		
	2010/11	2011/12	Target	Actual	2013/14	2014/15	2015/16
<b>Employee engagement</b>							
Score on employee surveys BC Place <sup>(i)</sup>	N/A	N/A	N/A	N/A	Employee surveys and scoring criteria are under development		
Score on employee surveys Vancouver Convention Centre <sup>(ii)</sup>	N/A	N/A	N/A	N/A	4.4/5	4.4/5	4.4/5

<sup>(i)</sup> Employee surveying has not been undertaken regularly at BC Place. As the measure is new, forecasts and targets are under development. The baseline will be set in 2013/14 and we will seek to improve from this baseline in subsequent years.

<sup>(ii)</sup> All full-time and part-time employees at Vancouver Convention Centre are invited to participate in employee surveys that measure employee ratings on: communication and direction, management effectiveness, commitment to results, job satisfaction, treatment respect and balance, organizational satisfaction and commitment, retention and development, familiarity with Vancouver Convention Centre's service standards, job security, remuneration and job benefits. Where possible, normative scores were included in this report for benchmarking purposes. The normative scores are taken from the Ipsos National Workplace Survey which was conducted online in April 2011 with 1,575 English speaking employees who work at least 30 hours a week. The purpose of these normative scores is to provide the Vancouver Convention Centre with a broad indicator of how its employees compare against other Canadian employees.



## Government's Letter of Expectations

PavCo's sole Shareholder is the Province of British Columbia. The 2012 *Government's Letter of Expectations* outlines the roles and responsibilities of PavCo as outlined below:

Action	Progress
<p>Report back on the Corporation's sales and marketing program for the expanded Vancouver Convention Centre, including performance measures and targets to monitor the success of the program and that support the tripling of non-resident delegate days by 2015.</p>	<p>As a result of a comprehensive sales and marketing program, the Vancouver Convention Centre was able to attract a total of 585 events, including 51 conventions and 47 trade and consumer shows in 2012/13.</p> <p>Conventions ranged from 500 delegates to almost 14,000 delegates, with a total of 347,632 non-resident delegate days (NRDDs). NRDDs are projected to increase in future years as a result of strong convention bookings.</p>
<p>Take the lead on marketing the Vancouver Convention Centre to the international marketplace. In addition, PavCo will act as a resource in the development of strategy and marketing initiatives for regional British Columbia conference centres.</p>	<p>During 2012/13, the Vancouver Convention Centre continued its program of collaboration and information sharing with regional conference centres across B.C.</p> <p>The Convention Centre is exploring further opportunities for facilitated learning, education sessions and sharing of best practice.</p>
<p>Report back on marketing plans for the revitalized stadium that support increasing attendance and economic benefits.</p>	<p>In 2012/13, BC Place hosted a number of high profile events, further cementing its reputation as an excellent venue for live music.</p> <p>PavCo is also exploring new sponsorship, sales and advertising models for BC Place in collaboration with the BC Lions Football Club and Vancouver Whitecaps FC.</p>
<p>Continue to explore options and maximize private sector revenue for the public facilities owned/managed by the Corporation, and minimize reliance on government funding.</p>	<p>PavCo has remained in discussions with Paragon Gaming, with respect to the development of land to the west of BC Place. In 2012/13 PavCo signed an updated Master Development Agreement with Paragon which enables PavCo to lease land to Paragon, subject to certain pre-development requirements.</p>

Action	Progress
	PavCo is also developing additional strategies to drive revenue and attendance at its facilities.
Contribute to the BC Provincial Government's climate action objectives and comply with the requirement to be carbon neutral in accordance with the <i>Greenhouse Gas Reduction Targets Act</i> .	<p>PavCo has met the requirement to be carbon neutral and implemented government's SMARTTOOL program to track and report on the organization's greenhouse gas emissions.</p> <p>The Vancouver Convention Centre West was awarded LEED® platinum status and continues to seek new ways to reduce greenhouse gas emissions.</p> <p>PavCo also continues to explore ways to improve its recycling and energy savings plans.</p>

The 2013 *Government's Letter of Expectations* can be found online at:

<http://www.bcpavco.com/resources>

The direction in this letter is not significantly different to the 2012 *Government's Letter of Expectations*. No further significant direction has been received since the 2013 letter.

# Financial Report

## Management Discussion and Analysis

BC Pavilion Corporation (PavCo) is a provincial Crown corporation with a mandate to increase economic benefit to British Columbia through the management of two world-class public facilities located in downtown Vancouver: BC Place and the Vancouver Convention Centre.

From hosting global summit meetings to world-class sporting and entertainment events, PavCo performs on its mandate of generating economic and community benefit for the people of B.C. through the prudent management of its public facilities.

## Financial Results for the Year Ended March 31, 2013

For the second consecutive year, event revenues established a record at \$47.812 million. This was achieved primarily by stronger than anticipated performance at the Vancouver Convention Centre, which was partially offset by lower than anticipated attendance at sporting events at BC Place. The Vancouver Convention Centre also leases space to restaurant, retail, and other businesses. This generated \$3.050 million in revenue, exceeding both budget and prior year results.

Overall results for 2012/13 showed a net loss of \$10.215 million relative to a budgeted loss of \$13.396 million. The reduction in budgeted loss is due to stronger than anticipated operating revenues, combined with lower than budgeted costs.

Miscellaneous revenues were less than budgeted, primarily due to the absence of a naming-rights agreement at BC Place. In addition, 2011/12 miscellaneous revenues included a one-time sale of rights at the stadium.

Facility operating costs were less than budgeted in 2012/13 with positive results for facility operations and general and administrative costs. In 2012/13, the corporation implemented a cost-reduction program which resulted in savings on major repairs and utility costs, lower than anticipated insurance costs and lower facility operations and administrative costs, compared with 2011/12.

While salaries and benefit costs were less than budgeted, the amounts incurred were higher than 2011/12. This is the result a full year of operations at BC Place and reduced position vacancies at the Vancouver Convention Centre. Business development expenses were higher than budget and greater than 2011/12 as the result of amounts paid to secure the hosting of the 2014 Grey Cup Championship.

Reflecting the capital nature of PavCo, amortization of capital assets accounted for approximately 40% of total costs, or \$48.207 million, which was very close to budget. During 2012/13 capital expenditure included completion of the refurbishment of BC Place, work towards the completion of

the seawall path between Harbour Green Park and the Vancouver Convention Centre, and leasehold improvements at the Vancouver Convention Centre's East building.

## **Future Outlook**

For 2013/14, PavCo will focus on strong marketing campaigns with continued emphasis on innovation in providing service excellence to our clients.

Building on our success in attracting overseas and North American conventions to British Columbia, 2013/14 is shaping up to be another strong year for the Vancouver Convention Centre. Highlights of major upcoming conventions include the Society of Nuclear Medicine and Molecular Imaging's Annual Meeting in June 2013 with an estimated 6,550 delegates; the AI-Anon's Fifth International Convention in July 2013 with an estimated 4,500 delegates; and the Annual Meeting of the American Academy of Otolaryngology-Head and Neck Surgery in October 2013 with an estimated 9,500 delegates.

The Vancouver Convention Centre will also welcome a diverse range of events in the coming year, including consumer and trade shows, meetings, banquets and special events. Additional business will continue to be booked throughout the year to maximize use of space.

In 2012/13, BC Place hosted its first major concerts since the renovations were completed. Each show delivered an unforgettable experience that exceeded the expectations of fans. The success of these shows, and upgraded acoustical treatments and sound system, has renewed interest in BC Place as a desirable concert tour venue for the live entertainment industry.

Taylor Swift's "RED" Tour concert scheduled for June 29, 2013 was announced as sold out more than six months in advance. The stadium will also welcome the 'Jay Z & Justin Timberlake: Legends of the Summer Tour' on July 31, 2013.

BC Place continues to actively pursue world-class live entertainment shows across North America through active participation in the Soccer Stadium Alliance – a collaborative of North American stadiums that provides significant opportunities to access and attract the biggest and best shows in the live entertainment industry.

In addition to live concerts, BC Place continues to attract high profile sporting events. The stadium will host the 2014 Grey Cup Championship, as well as the final match for the Fédération Internationale de Football Association (FIFA) Women's World Cup in 2015.

BC Place is proud to be the home of two of British Columbia's major sports teams; the Vancouver Whitecaps FC, and the BC Lions Football Club. Over 2013/14, BC Place will work with these important tenants to explore new sponsorship and advertising models to create revenue streams and enhance the experience for the fans.

**Comparison of Financial Results with Budget and Prior Year (In 000s)**

Explanation of Variances							
	Fiscal 2012/13	Fiscal 2012/13	Better (Worse)	Explanation of Variance from Budget	Fiscal 2011/12	Better (Worse)	Explanation of Variance from Prior Year
	Actual	Budget	Budget		Actual	Prior Year	
<b>Revenues</b>							
Event revenues	47,812	47,062	750	Increased revenues from short term bookings at the Convention Centre (VCC), offset by lower income at BC Place resulting from reduced sporting event attendance	47,557	255	Increased revenues resulting from a full year of operations at BC Place
Lease revenues	3,050	2,340	710	Higher retail and parking income than expected at VCC	2,712	338	Increased occupancy of retail and parking at VCC
Miscellaneous revenues	3,437	4,746	(1,309)	Lower than forecast advertising revenues at BC Place	32,288	(28,851)	One time sale of rights at BC Place in 2012
Interest revenue	434	20	414	Higher than expected cash levels	901	(467)	Lower cash levels than during the previous year
<b>Revenues</b>	<b>54,733</b>	<b>54,168</b>	<b>565</b>		<b>83,458</b>	<b>(28,725)</b>	
<b>Expenses</b>							
Event direct costs	27,162	25,224	(1,938)	Higher food & beverage costs in line with related revenues	27,314	152	
Salaries, wages and benefits	16,189	16,242	53		15,526	(663)	Increase in costs due to a full year of operations at BC Place, and filling of vacant positions
Operating expenses	14,141	16,012	1,872	Overall reduction in costs due to implementation of cost reduction programs	14,707	566	Artwork amortization in 2012 to comply with financial presentation rules
General and administration	4,420	5,710	1,289	Implementation of cost reduction programs and lower insurance premiums	4,941	521	Increase due to a full year of operations at BC Place in 2013
Business development	4,024	2,082	(1,943)	Reduced marketing and advertising schedule, offset by costs to secure 2014 Grey Cup	2,421	(1,603)	Costs to secure 2014 Grey Cup
Professional consulting fees	2,534	1,833	(700)	Higher than anticipated legal and professional costs	2,857	323	
Redevelopment	-	2,000	2,000	BC Place land improvement costs deferred to 2014	25,001	25,001	BC Place land, and Empire Field obligations were completed in 2012
<b>Expenses</b>	<b>68,470</b>	<b>69,103</b>	<b>633</b>		<b>92,767</b>	<b>24,297</b>	
<b>Income (Loss) before Amortization and Amortization of Contribution Revenue</b>	<b>(13,737)</b>	<b>(14,935)</b>	<b>1,198</b>		<b>(9,309)</b>	<b>(4,428)</b>	
Contribution revenue	51,730	49,664	2,066	Additional contribution to secure 2014 Grey Cup received offset by lower amortization of deferred operating contributions	50,463	1,267	Contribution towards Grey Cup received offset by reduced amortization of operating contributions
Amortization expense	(48,208)	(48,125)	(83)		(39,680)	(8,528)	Increased base of capital assets and full year depreciation in 2013
<b>Net Income</b>	<b>(10,215)</b>	<b>(13,396)</b>	<b>3,181</b>		<b>1,474</b>	<b>(11,689)</b>	

**Consolidated Financial Operating Results and Forecasts**  
(In the format presented in the 2013/14 to 2015/16 Service Plan)

**Fiscal 2008/09 to 2015/16**

Unaudited  
(in \$000s)

	Fiscal 2008/09 Actual	Fiscal 2009/10 Actual	Fiscal 2010/11 Actual	Fiscal 2011/12 Actual	Fiscal 2012/13 Actual	Fiscal 2013/14 Budget	Fiscal 2014/15 Budget	Fiscal 2015/16 Budget
Revenue from operations	28,020	33,348	53,764	83,458	54,733	56,460	72,902	60,548
Contributions								
Sustaining	12,927	38,674	18,306	15,604	12,484	8,977	8,992	8,972
Deferred Contributions	7,165	26,327	26,983	34,859	39,246	42,569	42,198	41,807
<b>Total Revenues</b>	<b>48,112</b>	<b>98,349</b>	<b>99,053</b>	<b>133,921</b>	<b>106,463</b>	<b>108,006</b>	<b>124,092</b>	<b>111,327</b>
Expenses								
Cost of sales	12,392	14,668	21,834	27,314	27,162	28,292	29,359	30,107
Staffing	9,964	13,558	13,311	15,526	16,189	15,920	16,175	16,395
Operating	10,808	14,776	11,304	14,707	14,141	15,247	15,042	15,141
General and administration	2,487	4,187	4,336	4,941	4,420	4,490	4,240	4,067
Business development	2,580	7,330	2,925	2,421	4,024	1,779	2,261	1,850
Fees	1,223	1,746	2,191	2,857	2,534	2,403	2,034	2,066
Redevelopment	1,493	2,283	12,985	25,001	0	500	250	250
Extraordinary expense		13,250		0	0	0	0	0
Loan interest				0	0	7,314	7,231	7,144
Amortization	7,165	26,551	30,167	39,680	48,208	49,131	48,760	48,369
<b>Total Expenses</b>	<b>48,112</b>	<b>98,349</b>	<b>99,053</b>	<b>132,447</b>	<b>116,678</b>	<b>125,075</b>	<b>125,352</b>	<b>125,389</b>
<b>Net Income (deficit) after Government subsidy</b>	<b>0</b>	<b>0</b>	<b>0</b>	<b>1,474</b>	<b>(10,215)</b>	<b>(17,069)</b>	<b>(1,260)</b>	<b>(14,062)</b>
<b>Accumulated surplus (deficit)</b>			<b>99,073</b>	<b>100,547</b>	<b>90,332</b>	<b>73,263</b>	<b>72,003</b>	<b>57,941</b>
<b>Debt</b>	<b>143</b>	<b>29,731</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>148,322</b>	<b>146,561</b>	<b>144,712</b>
<b>Major Capital Expenditures</b>	<b>286,993</b>	<b>121,686</b>	<b>205,699</b>	<b>195,111</b>	<b>1,951</b>	<b>0</b>	<b>0</b>	<b>0</b>
<b>Annual sustaining capital work</b>	<b>4,064</b>	<b>551</b>	<b>1,356</b>	<b>4,031</b>	<b>5,114</b>	<b>19,820</b>	<b>7,820</b>	<b>8,020</b>

The above financial information, including budget information was prepared in accordance with the Budget Transparency and Accountability Act. Section 23.1 of the Act and its related regulations requires the corporation to recognize government transfers for capital asset acquisition or development into revenue on the same basis as the related amortization expense.

# Financial Statements March 31, 2013

## B.C. Pavilion Corporation

### Statement of Management Responsibility

The financial statements of the B.C. Pavilion Corporation have been prepared by management in accordance with Canadian public sector accounting standards and provincial reporting legislation, and the integrity and objectivity of these statements are management's responsibility. Management is also responsible for all of the notes to the financial statements and schedules, and for ensuring that this information is consistent, where appropriate, with information contained in the financial statements. The preparation of financial statements necessarily involves the use of estimates based on management's judgment, particularly when transactions affecting the current accounting period cannot be finalized with certainty until future periods.

Systems of internal control are developed and maintained by management to provide reasonable assurance that reliable information is produced. The internal controls are designed to provide reasonable assurance that assets are safeguarded, transactions are properly authorized and recorded in compliance with legislative and regulatory requirements, and financial records are properly maintained to provide a reliable basis for preparation of the financial statements.

The B.C. Pavilion Corporation Board of Directors are responsible for ensuring that management fulfills its responsibilities for financial reporting and internal control, and exercises these responsibilities through the Board and its Finance and Audit Committee. The Board reviews internal financial statements at each meeting and external audited financial statements annually. Significant financial reporting or internal control matters are discussed by the Board and its Audit and Finance Committee prior to their approval of the corporation's financial statements.

The Auditor General of British Columbia conducts an independent examination, in accordance with Canadian auditing standards, and expresses their opinion on the B.C. Pavilion Corporation financial statements. The auditors have full and free access to financial management of B.C. Pavilion Corporation and meet when required. The accompanying Auditor's Report outlines their responsibilities, the scope of their examination and their opinion on the financial statements for B.C. Pavilion Corporation.



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Stuart McLaughlin  
Vice-Chair

Vancouver, British Columbia  
June 5, 2013



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John Harding  
Chief Financial Officer





## INDEPENDENT AUDITOR'S REPORT

*To the Board of Directors of B.C. Pavilion Corporation, and  
To the Minister of Energy and Mines, Province of British Columbia*

I have audited the accompanying financial statements of B.C. Pavilion Corporation ("the entity"), which comprise the statement of financial position as at March 31, 2013, and the statement of operations and changes in accumulated surplus, statement of changes in net financial assets (debt) and statement of cash flows for the year then ended, and significant accounting policies and other explanatory information.

### *Management's Responsibility for the Financial Statements*

Management is responsible for the preparation of these financial statements in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia, and for such internal control as management determines is necessary to enable the preparation of financial statements that are free from material misstatement, whether due to fraud or error.

### *Auditor's Responsibility*

My responsibility is to express an opinion on these financial statements based on my audit. I conducted my audit in accordance with Canadian generally accepted auditing standards. Those standards require that I comply with ethical requirements and plan and perform the audit to obtain reasonable assurance about whether the financial statements are free from material misstatement.

An audit involves performing procedures to obtain audit evidence about the amounts and disclosures in the financial statements. The procedures selected depend on the auditor's judgment, including the assessment of the risks of material misstatement of the financial statements, whether due to fraud or error. In making those risk assessments, the auditor considers internal control relevant to the entity's preparation of the financial statements in order to design audit procedures that are appropriate in the circumstances, but not for the purpose of expressing an opinion on the effectiveness of the entity's internal control. An audit also includes evaluating the appropriateness of accounting policies used and the reasonableness of accounting estimates made by management, as well as evaluating the presentation of the financial statements.

In my view, the audit evidence I have obtained is sufficient and appropriate to provide a basis for my audit opinion.



***Opinion***

In my opinion, the financial statements of B.C. Pavilion Corporation for the year ended March 31, 2013, are prepared, in all material respects, in accordance with the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia.

***Emphasis of Matter***

Without modifying my opinion, I draw attention to Note 3 to the financial statements, which discloses that the accounting requirements of section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia are in accordance with Canadian public sector accounting standards except in regard to the accounting treatment of government transfers. Note 23 to the financial statements discloses the impact of these differences.

Victoria, British Columbia  
June 6, 2013



Russ Jones, MBA, CA  
Auditor General

**B.C. Pavilion Corporation**  
**Statement of Financial Position**  
(in \$000s)

	<i>Note</i>	<b>March 31 2013</b>	<b>March 31 2012</b>
<b>Financial Assets</b>			
Cash and cash equivalents	6	24,111	41,743
Accounts receivable	7	30,361	29,996
Due from government	8	497	6,366
		<u>54,969</u>	<u>78,105</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	9	21,201	39,801
Employee leave liability	10	739	936
Deferred revenue	11	43,118	38,557
Deferred contributions – other	12	17,405	19,093
Deferred contributions – government	13,23	1,038,827	1,076,727
Long term debt	14	150,000	150,000
		<u>1,271,290</u>	<u>1,325,114</u>
<b>Net financial assets (debt)</b>		<u>(1,216,321)</u>	<u>(1,247,009)</u>
<b>Non-financial assets</b>			
Tangible capital assets	15	1,305,381	1,346,528
Inventories held for use		59	76
Prepaid expenses	16	1,213	952
		<u>1,306,653</u>	<u>1,347,556</u>
<b>Accumulated surplus</b>	23,25	<u><b>90,332</b></u>	<u><b>100,547</b></u>
<b>Contingencies and contractual obligations</b>	17		



Stuart McLaughlin  
Vice-Chair – Board of Directors



Terry Lyons  
Chair – Audit and Finance Committee

The accompanying notes are an integral part of these financial statements.

**B.C. Pavilion Corporation**  
**Statement of Operations and Change in Accumulated Surplus**  
(in \$000s)

	<i>Note</i>	March 31, 2013		March 31 2012
		Budget	Actual	Actual
		<i>(Note 21)</i>		
<b>Revenues</b>	25			
Event revenues		47,062	47,812	47,557
Lease revenues		2,340	3,050	2,712
Miscellaneous revenues		4,746	3,437	32,288
Deferred contributions – other		2,726	1,989	3,540
Deferred contributions - government		46,938	49,741	46,923
Interest revenue		20	434	901
		103,832	106,463	133,921
<b>Expenses</b>	18,25			
BC Place Stadium		52,021	51,696	63,434
Vancouver Convention Centre		65,207	64,982	69,013
		117,228	116,678	132,447
<b>Annual operating surplus (deficit)</b>		(13,396)	(10,215)	1,474
Accumulated surplus, beginning of year		100,547	100,547	99,073
Accumulated surplus, end of year		87,151	90,332	100,547

The accompanying notes are an integral part of these financial statements.

**B.C. Pavilion Corporation**  
**Statement of Change in Net Financial Assets (Debt)**  
(in \$000s)

	March 31, 2013		March 31
	Budget	Actual	2012
	<i>(Note 21)</i>		Actual
Annual operating surplus (deficit)	(13,396)	(10,215)	1,474
Acquisition of tangible capital assets	(7,020)	(7,065)	(199,142)
Amortization of tangible capital assets	48,125	48,208	39,680
Loss on sale/disposal of tangible capital assets		4	276
Acquisition of artwork			(693)
Expense of artwork additions			693
	27,709	30,932	(159,186)
Acquisition of supplies inventories		-	(87)
Acquisition of prepaid expense		(4,016)	(15,372)
Consumption of supplies inventories		17	80
Use of prepaid expense		3,755	20,174
		(244)	4,795
Increase in net financial debt	27,709	30,688	(152,917)
Net financial debt – beginning of year		(1,247,009)	(1,094,092)
Net financial debt – end of year		(1,216,321)	(1,247,009)

The accompanying notes are an integral part of these financial statements.

**B.C. Pavilion Corporation**  
**Statement of Cash Flows**  
(in \$000s)

	<b>March 31 2013</b>	<b>March 31 2012</b>
<b>Operating transactions</b>		
Surplus (Deficit) for the year	(10,215)	1,474
<i>Non-cash items included in surplus (deficit):</i>		
Amortization of tangible capital assets	48,208	39,680
Loss on disposal of tangible capital assets	4	276
Amortization of deferred contributions - other	(1,989)	(3,540)
Amortization of deferred contributions – government	(49,741)	(46,923)
Accounts receivable	(365)	(25,325)
Due from government	1,597	11,012
Accounts payable and accrued liabilities	(18,600)	(4,640)
Employee future benefits	(197)	208
Deferred revenue	4,561	5,291
Inventories held for use	17	(7)
Prepaid expenses	(261)	4,801
<i>Cash used in operations</i>	<u>(26,981)</u>	<u>(17,693)</u>
<b>Capital transactions</b>		
Tangible capital assets	(7,065)	(199,142)
<i>Cash used in capital transactions</i>	<u>(7,065)</u>	<u>(199,142)</u>
<b>Financing transactions</b>		
Deferred contributions – other	300	2,211
Deferred contributions – government	11,842	146,532
Due from government	4,272	23,643
Long term debt	-	-
<i>Cash provided for in financing transactions</i>	<u>16,414</u>	<u>172,386</u>
<b>(Decrease)/increase in cash and cash equivalents</b>	<b>(17,632)</b>	<b>(44,449)</b>
Cash and cash equivalents – beginning of year	41,743	86,192
Cash and cash equivalents – end of year	<u><b>24,111</b></u>	<u><b>41,743</b></u>

The accompanying notes are an integral part of these financial statements.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

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**1. Authority and Nature of Operations**

B.C. Pavilion Corporation (PavCo) was formed on April 1, 2008 under the *British Columbia Business Corporations Act*, following the amalgamation of the former B.C. Pavilion Corporation and Vancouver Convention Centre Expansion Project Ltd. (VCCEP). PavCo is wholly owned by the Province of British Columbia, and reports to the Legislative Assembly through the Minister of Energy, Mines and Natural Gas. As a provincial crown agency, PavCo is subject to legislative regulations in government reporting Acts which include the *Budget Transparency and Accountability Act* and the *Financial Administration Act*.

PavCo's mandate is to create significant economic and community benefits for the people of British Columbia by developing, marketing and operating iconic world class public convention, sports and entertainment facilities. The corporation owns and operates BC Place Stadium and the Vancouver Convention Centre's west facility. The Corporation operates the Vancouver Convention Centre's east facility under a separate agreement with Canada Place Corporation.

PavCo is exempt from income taxes under the Income Tax Act.

**2. Change in Accounting Policy**

On April 1, 2012, PavCo adopted the PSA Handbook Section PS 3450 "Financial Instruments". The new standard includes the requirement for recognition, measurement, presentation and disclosure of financial instruments and is effective for years beginning on or after April 1, 2012. This accounting change had no significant impact on PavCo's financial statements.

**3. Significant Accounting Policies**

These financial statements have been prepared by management in accordance with Section 23.1 of the *Budget Transparency and Accountability Act* of the Province of British Columbia which requires that financial statements be prepared in accordance with Canadian public sector accounting standards except in regard to accounting for government transfers as presented in Note 23. Significant accounting policies used in the preparation of these financial statements are:

***Financial assets***

Cash and cash equivalents include cash on hand and short-term highly liquid investments that are readily convertible to known amounts of cash and are subject to an insignificant risk of changes in value.

Accounts and loans receivable are recorded at cost less the amount of any valuation allowance (bad debt allowance). Valuation allowances are made when collection is in doubt. Changes in valuation allowances are recognized as expenses in the period when the valuation change is made. Interest is only accrued on receivables when collection is certain.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

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**3. Significant Accounting Policies (cont.)**

***Tangible capital assets***

Tangible capital assets are recorded at cost less accumulated amortization. Asset costs (excluding land), less any residual value, are amortized over their estimated useful lives to PavCo as follows:

Building and improvements	10 to 50 years, straight line
Leasehold improvements	over the shorter of the estimated useful life of the improvement or the term of the lease, straight line
Equipment and other capital assets	1 to 10 years, straight line
Furniture	3 to 20 years, straight line
Vehicles	30% per annum, declining balance
Computer hardware and software	3 to 5 years, straight line

Assets under construction are recorded at cost and include direct costs during development and construction, indirect costs that are directly attributable to the construction or development activity and other carrying costs. When construction is substantially complete or the asset is ready for use, it is subsequently amortized over its estimated useful life.

The corporation has entered into agreements where value-in-kind (VIK) is provided. VIK is recognized at fair value and when the goods would otherwise have been purchased (including any applicable taxes). The VIK provided by these agreements is included in its applicable tangible capital asset class.

Contributed tangible capital assets are recorded at fair value as of the date of contribution. When fair value of a contributed asset cannot be determined by market or appraisal estimates, the asset is recorded at nominal value.

PavCo reviews the value of its tangible capital assets that are in active service for impairment based on their service potential. Assets are written down when conditions indicate that they no longer contribute to PavCo's ability to provide goods and services.

PavCo does not report the cost of its artwork and theming program in the Statement of Financial Position as artwork is not recognized under public sector accounting standards. All costs associated with developing, constructing, acquiring, installing and securing these assets are expensed when incurred.

***Inventories***

Inventories consist of minor consumable supplies held for use in the course of operations at PavCo's facilities and are recognized at historical cost.

***Prepaid expenses***

Prepaid expenses include cash disbursements for facility insurance and future event and operational costs, which will be charged to expense over the periods expected to benefit from it.



**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

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**3. Significant Accounting Policies (cont.)**

***Revenue recognition***

Revenues from events held at PavCo's facilities are recognized upon completion of the events. Amounts received in advance of event completion are recorded as deferred revenue.

Non-event related revenues are recognized on an accrual basis and in the period in which the transactions or events that gave rise to the revenues occurred.

Revenues received in advance from lease and business alliance agreements, and expenses incurred to generate them, are deferred and amortized on a straight line basis over the term specified in the agreements.

Unearned revenue resulting from contra-transactions, such as the exchange of goods or services for advertising, is deferred and amortized over the term of the services contract.

Contributions and transfers that are subject to legislative or contractual stipulations or restrictions on their use are treated as deferred contributions and classified as government or other, and are recognized to revenue in accordance with when their stipulations or restrictions are met.

Funding received for other specific purposes is treated as deferred contributions and recognized in the period that the stipulation or restriction is met.

Funding received for the acquisition of land or a transfer in the form of land, is recognized as revenue in the same period that the asset is acquired.

***Deferred Contributions***

The value of contributed depreciable tangible capital assets or funding received from government for the purpose of acquiring or developing tangible capital assets for use in providing services, is treated as deferred contributions and is amortized to revenue in the period during which the assets are used to provide those services, at a rate corresponding with the amortization rate for the related tangible capital assets. If the net book value of a depreciable tangible capital asset funded by a deferred contribution is reduced for any reason other than amortization, the proportionate share of the deferred contribution is recognized to revenue during the same period. This accounting treatment is not consistent with the requirements of Canadian public sector accounting standards which require that government transfers be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished. See Note 23 for the impact of this policy on these financial statements.

***Expenses***

The cost of all goods consumed and services received during the fiscal year, not related to assets under construction, is expensed. Expenses are reported on an accrual basis.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

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**3. Significant Accounting Policies (cont.)**

Direct costs from events held at the facilities are recognized upon completion of the events. Amounts incurred in advance of event completion are recorded as prepaid expense.

Environmental costs are recorded when a determination of liability is made and the related costs can be reasonably estimated.

***Foreign currency transactions***

Any foreign currency transactions are translated into Canadian dollars at the rate of exchange in effect on the transaction date. Any foreign currency denominated monetary assets and liabilities are stated in the Statement of Financial Position using the prevailing rate of exchange at the financial statement date.

***Financial Instruments - Recognition and Measurement***

Section 3450 establishes standards for recognizing and measuring instruments. All financial assets and financial liabilities are measured in the statement of financial position on a fair value basis, as follows:

- Cash is recorded at fair value (fair value measurement hierarchy level one – quoted market prices).
- All other financial instruments are recorded at cost (fair value measurement hierarchy level three – not based on observable market data), which approximates fair value.

***Employee benefits plan***

PavCo and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. The British Columbia Pension Corporation administers the plan, including payment of pension benefits to employees to whom the act applies. The Public Service Pension (Plan) is a multi-employer, defined benefit plan with over 110,000 active and retired members. Under joint trusteeship, the risk and reward associated with the Plan's unfunded liability or surplus is shared between the employers and the plan members and will be reflected in their future contributions.

An actuarial valuation of the plan every three years assesses its financial position. The most recent actuarial valuation, as at March 31, 2011, disclosed an overall actuarial deficit of \$275 million for basic pension benefits, for the entire Public Service Pension Plan. In order to fund the liability, both employer and employee rates increased effective April 1, 2012.

Contributions to the Plan by PavCo for fiscal 2013 were \$1.2 million (2012 - \$1.1 million).

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

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**4. Measurement Uncertainty**

The preparation of financial statements in conformity with Canadian public sector accounting standards requires management to make estimates and assumptions that affect the reporting amounts of assets and liabilities and disclosure of contingent assets and liabilities at the date of the financial statements, and the reported amounts of revenues and expenses during the reporting period.

Estimates are based on the best information available at the time of preparation of the financial statements and are reviewed annually to reflect new information as it becomes available. Measurement uncertainty exists in these statements. Actual results could differ from these estimates.

Management has made estimates for valuation allowances on receivables, accrued liabilities and on the expected timing of future expenditures related to construction commitments (Note 17).

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

**5. Government Partnership**

PavCo has partnered with the Greater Vancouver Convention and Visitors Bureau and the Vancouver Hotel Destination Association to create the Convention Development Fund (CDF) to provide incentives to convention groups in order to attract and secure convention business which is mutually beneficial to the parties. PavCo's contribution to the CDF constitutes an investment in a government partnership. Included in the corporation's financial statements is PavCo's proportionate interest in the partnership, based on its contributions to the CDF (2013 – 11.7%; 2012 – 16.9%):

	<b>March 31 2013</b>	<b>March 31 2012</b>
<b>Statement of Financial Position</b>		
Cash	768	800
Deferred contributions - government	768	800

	<b>March 31 2013</b>	<b>March 31 2012</b>
<b>Statement of Operations</b>		
Revenue	6	8
Expense	38	(12)

	<b>March 31 2013</b>	<b>March 31 2012</b>
<b>Statement of Cash Flows</b>		
Increase (Decrease) in deferred contributions - government	(32)	20
Decrease in accounts payable		20
Increase (Decrease) in cash and cash equivalents	(32)	-

PavCo also has a proportionate interest in the future commitments of the CDF. The corporation's current share of these commitments, to be funded by the CDF, as of March 31, 2013 is:

Fiscal 2014	169
Fiscal 2015	123
Fiscal 2016	23
Fiscal 2017	14
Fiscal 2018	103

**6. Cash and Cash Equivalents**

	<b>March 31 2013</b>	<b>March 31 2012</b>
Cash	23,343	40,943
Investment in Convention Development Fund	768	800
	24,111	41,743

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

**7. Accounts Receivable**

	<b>March 31 2013</b>	<b>March 31 2012</b>
Trade	30,418	30,128
Less: provision for doubtful accounts	(57)	(132)
	<b>30,361</b>	<b>29,996</b>

**8. Due from Government**

	<b>March 31 2013</b>	<b>March 31 2012</b>
Federal government	497	2,094
Province of British Columbia	-	4,272
	<b>497</b>	<b>6,366</b>

Amounts due from the federal government represent reimbursement for harmonized sales tax. Amounts due from the Province of British Columbia are contributions for sustaining operations and construction of tangible capital assets.

**9. Accounts Payable and Accrued Liabilities**

	<b>March 31 2013</b>	<b>March 31 2012</b>
Trade accounts payable and accrued liabilities	18,726	37,218
Builder's lien holdbacks	2,475	2,583
	<b>21,201</b>	<b>39,801</b>

**10. Employee Leave Liability**

Employee leave liability represents the accumulated vacation entitlement that PavCo owes its employees for vacation not yet taken.

**11. Deferred Revenue**

	<b>March 31 2013</b>	<b>March 31 2012</b>
Unearned lease revenues	35,078	32,011
Unearned event revenue and deposits	8,040	6,546
	<b>43,118</b>	<b>38,557</b>

Unearned lease revenue represents funds received in advance from lease and business alliance agreements, and are recognized in accordance to the terms specified in those agreements. The terms of the business alliance agreements range from 10 years to 50 years.

Event revenues and deposits are receipts in advance of scheduled event dates and are deferred until completion of the event.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

**12. Deferred Contributions – Other**

	<b>Balance April 1 2012</b>	<b>Receipts during year</b>	<b>Transferred to revenue</b>	<b>Balance March 31 2013</b>
Other Contributions	19,093	300	(1,988)	17,405

  

	<b>Balance April 1 2011</b>	<b>Receipts during year</b>	<b>Transferred to revenue</b>	<b>Balance March 31 2012</b>
Other Contributions	20,422	2,211	(3,540)	19,093

Other deferred contributions include contributions, defined by their contractual stipulations, from non-related parties to fund major improvements to or the acquisition of capital assets. Included in other deferred contributions are value-in-kind contributions of tangible capital assets. Contributions are amortized to revenue in the period during which the related assets are used to provide those benefits, at the same rate corresponding to the amortization rate for the related tangible capital assets.

**13. Deferred Contributions – Government**

Government contributions are funding transfers which contain eligibility criteria and legislative or contractual stipulations with respect to their use. PavCo has received funding for asset acquisition and capital construction projects at PavCo's facilities as well as funding to support ongoing operations and for other specified purposes as follows:

	<b>Balance April 1 2012</b>	<b>Receipts during year</b>	<b>Transferred to revenue</b>	<b>Balance March 31 2013</b>
Government of Canada	210,960	-	(4,557)	206,403
Province of British Columbia	865,767	11,842	(45,185)	832,424
	1,076,727	11,842	(49,742)	1,038,827

  

	<b>Balance April 1 2011</b>	<b>Receipts during year</b>	<b>Transferred to revenue</b>	<b>Balance March 31 2012</b>
Government of Canada	215,516	-	(4,556)	210,960
Province of British Columbia	761,604	146,532	(42,369)	865,767
	977,120	146,532	(46,925)	1,076,727

Contributions from the Government of Canada is funding for the construction of the Vancouver Convention Centre's west facility and the connector between the east and west facility. Federal funding for the Vancouver Convention Centre's west facility includes the construction of the waste water treatment facility.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

**13. Deferred Contributions – Government (cont.)**

PavCo received contributions from its shareholder, the Province of British Columbia, for capital and operating purposes, and is segregated based on shareholder direction on the use of funds.

Government contributions for capital are amortized to revenue in the period during which the assets are used to provide those services, at a rate corresponding with the amortization rate for the related tangible capital assets. Other government contributions are recognized when their legislative or contractual stipulations are met.

**14. Long-term Debt**

	<b>March 31 2013</b>	<b>March 31 2012</b>
Province of British Columbia	150,000	150,000

In fiscal 2010, PavCo entered into a long-term loan agreement with the Province of British Columbia to provide financing for the construction of the retractable roof and refurbishment upgrades at BC Place Stadium. PavCo received the balance of the loan in fiscal 2011.

Under the terms of the loan agreement, the repayable loan is non-interest bearing during the construction and start-up period. Commencing April 2, 2013, PavCo will repay the loan by providing semi-annual blended payments of principal and interest (fixed interest rate at 4.89%) until fiscal 2049.

The current repayment schedule reflects loan payments by PavCo of \$4.5 million for the initial and final repayment fiscal years (2014 and 2049), and \$9.0 million for fiscal years 2015 through 2048.

The loan is secured by the assets of BC Place Stadium and the Vancouver Convention Centre.

**15. Tangible Capital Assets**

	<b>BC Place</b>	<b>Vancouver Convention Centre<sup>(1)</sup></b>	<b>March 31 2013</b>	<b>March 31 2012</b>
Land	31,292	41,442	72,734	72,734
Buildings and improvements	483,142	659,523	1,142,665	1,172,081
Leasehold improvements		30,880	30,880	30,010
Equipment	32,820	4,153	36,973	46,491
Furniture and fixtures	20,195	1,758	21,953	25,052
Computer hardware/software	105	71	176	160
<b>Total</b>	<b>567,554</b>	<b>737,827</b>	<b>1,305,381</b>	<b>1,346,528</b>

(1) Includes corporate office assets

PavCo holds a variety of art pieces at its facilities however it does not recognize the cost or value of artwork in its financial statements. All costs of developing, constructing, acquiring, installing and securing the pieces have been expensed. The corporation has title to most pieces in the program, and is responsible for the preservation and protection of all pieces.



**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

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The Vancouver Convention Centre's comprehensive art program, which was produced as part of the west facility expansion, includes various paintings, sculptures, First Nations pieces, and other items. The historical cost of these art pieces at March 31, 2013 is \$6.2 million (\$6.2 million at March 31, 2012).

**15. Tangible Capital Assets (cont.)**

As part of the BC Place revitalization project, PavCo developed and re-constructed Terry Fox plaza to showcase the new Terry Fox memorial sculptures. The historical cost for the Terry Fox memorial sculptures is \$0.6 million (\$0.6 million at March 31, 2012).

The corporation uses the historical cost value of the art pieces for insurance purposes, unless appraisal values are available.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

**15. Tangible Capital Assets (cont.)**

	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware & software	2013
<b>Cost:</b>								
Opening balance	72,734	1,270,723	37,229	66,534	32,167	25	2,166	1,481,578
Additions		3,965	2,713	871	218		128	7,895
Disposals and adjustments		217	(97)	(1,822)			(10)	(1,712)
Closing balance	72,734	1,274,905	39,845	65,583	32,385	25	2,284	1,487,761
<b>Accumulated amortization:</b>								
Opening balance	-	(98,642)	(7,219)	(20,043)	(7,115)	(25)	(2,006)	(135,050)
Amortization expense		(33,876)	(1,843)	(9,061)	(3,317)		(111)	(48,208)
Effect of disposals and adjustments		278	97	494			9	878
Closing balance	-	(132,240)	(8,965)	(28,610)	(10,432)	(25)	(2,108)	(182,380)
<b>Net book value</b>	<b>72,734</b>	<b>1,142,665</b>	<b>30,880</b>	<b>36,973</b>	<b>21,953</b>	<b>0</b>	<b>176</b>	<b>1,305,381</b>
<b>Cost:</b>								
Opening balance	71,260	1,132,547	36,988	30,483	10,399	49	2,160	1,283,886
Additions	1,474	138,543	241	36,377	22,395	-	112	199,142
Disposals and adjustments	-	(367)	-	(326)	(627)	(24)	(106)	(1,450)
Closing balance	72,734	1,270,723	37,229	66,534	32,167	25	2,166	1,481,578
<b>Accumulated amortization:</b>								
Opening balance	-	(70,892)	(5,344)	(13,810)	(4,691)	(45)	(1,761)	(96,543)
Amortization expense	-	(27,909)	(1,875)	(6,966)	(2,578)	(3)	(349)	(39,680)
Effect of disposals and adjustments	-	159	-	733	154	23	104	1,173
Closing balance	-	(98,642)	(7,219)	(20,043)	(7,115)	(25)	(2,006)	(135,050)
<b>Net book value</b>	<b>72,734</b>	<b>1,172,081</b>	<b>30,010</b>	<b>46,491</b>	<b>25,052</b>	<b>-</b>	<b>160</b>	<b>1,346,528</b>

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

**15. Tangible Capital Assets (cont.)**

*(i) Contributed Assets*

The corporation received contributed assets during the fiscal 2012 which were recognized at fair value and are included in the following asset classes. No amounts were received in fiscal 2013.

	<b>March 31 2013</b>	<b>March 31 2012</b>
Land	-	1,474
Equipment	-	500
	-	1,974

In fiscal 2012 the City of Vancouver enacted zoning for certain lands to the west of BC Place resulting in a minor property transfer (Terry Fox Way) to the corporation, and BC Place received contributed kitchen and concessionary equipment as part of an operating agreement with a supplier.

*(ii) Work in Progress*

During fiscal 2012, PavCo completed its refurbishment project at BC Place Stadium within its \$563.0 million budget. The project included a new retractable roof, significant structural upgrades and interior refurbishments. The stadium re-opened on September 30, 2011. Development and construction costs associated with the refurbishment program were treated as work in progress, and recorded at cost with no amortization until the asset was substantially complete and ready for use.

Development and construction costs associated with the completion of the seawall along the west side of the Vancouver Convention Centre are treated as work in progress and are recorded at cost with no amortization until the asset is substantially complete or ready for use. At March 31, 2013, work in progress consisted of minor interior renovations and implementation of new computer hardware.

Work in progress included in asset cost is as follows:

	Buildings and improvements	Leasehold Improvements	Computer Hardware	<b>2013</b>
BC Place Stadium	19			19
Vancouver Convention Centre	1,138	945	33	2,116
	1,157	945	33	2,135

	Buildings and improvements	Leasehold Improvements	Computer Hardware	<b>2012</b>
BC Place Stadium	50	-	-	<b>50</b>
Vancouver Convention Centre	65	-	-	<b>65</b>
	115	-	-	<b>115</b>

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

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**16. Prepaid Expenses**

Prepaid expenses reflect prepayments for event and operational requirements.

	<b>March 31 2013</b>	<b>March 31 2012</b>
Event and operations prepayments	1,213	952

**17. Contingencies and Contractual Obligations**

***Contingent assets***

PavCo holds an interest in a parcel of land in Surrey, British Columbia. Under the terms of the agreement, if the land were to be sold or redeveloped before March 2016, PavCo would receive three fifths of the sales proceeds of the land over \$1.1 million. No estimate is available of the current value of the land or of the intention of the owner to dispose of it at this time.

***Contingent liabilities***

- a) During construction of the upgrades to BC Place grease from cables leaked onto the roof. PavCo and its general contractor jointly purchased Course of Construction insurance and have put its insurers on notice of a claim for damage to the roof. Mediation between the Course of Construction insurers, PavCo, the general contractor, and sub-contractors has been scheduled for May 2013. The outcome of mediation and other possible actions are unknown at this time. The amount, if any, of repair costs to be borne by PavCo cannot be determined at this time.
- b) The corporation has issued a letter of credit to the Department of Fisheries and Oceans Canada with respect to a five-year habitat compensation and monitoring program arising from the Vancouver Convention Centre west expansion development. The letter of credit is valued at \$100 thousand, and includes an annual auto-renewal clause, unless cancelled prior to the expiry date of November 19, 2013. PavCo is liable for remediation of the habitat program, if monitoring shows negative results. At March 31, 2013, the corporation has successfully completed its fourth year of the monitoring program with no required remediation to date.
- c) PavCo and predecessor property owners remain liable for environmental and reclamation obligations for known hazards that may exist at its facilities. Management is not aware of any existing environmental problems related to its facilities that may result in material liability to the corporation.
- d) The corporation is named in various legal actions resulting from operations at PavCo's facilities. No determination can be made on the eventual outcome or disposition of the legal actions. PavCo does not expect the outcome of any proceedings, individually or in the aggregate, to have a material impact on the corporation's financial position.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

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**17. Contingencies and Contractual Obligations (cont.)**

***Contractual obligations***

a) Operating leases

The corporation is committed to payments under several operating leases and maintenance agreements, the longest of which extends to 2018. These represent total commitments as follows:

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Fiscal 2014	852
Fiscal 2015	403
Fiscal 2016	230
Fiscal 2017	226
Fiscal 2018 and beyond	13

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b) Construction

PavCo is committed to completing upgrades and renovations with respect to its major capital projects, within the approved project budgets.

At March 31, 2013, the Corporation has committed to future expenditures under contracts currently entered into with respect to remaining construction obligations as follows:

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Fiscal 2014	875
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c) Redevelopment

On November 29th, 2011 the City of Vancouver Council enacted zoning, as approved at Public Hearing on April 19, 2011, for certain lands on the west side of BC Place. The City of Vancouver acquired lands between Expo Boulevard and Pacific Boulevard for the construction of an extension to Smithe Street (Smithe Street Extension), and transferred its surplus lands between the Smithe Street Extension and BC Place to PavCo (including Terry Fox Way). Under the rezoning obligations, PavCo is required to provide 300 parking stalls for public hourly use in the first development on the lands.

Under separate Agreements, PavCo is also obligated to bear the costs of remediation of soils beneath the Smithe Street Extension and the development lands, the costs of installation of City services under the Smithe Street Extension, and the construction of the Smithe Street Extension to its west curb line. The costs of these obligations and their completion dates have not been determined.

In addition, PavCo entered into an Updated Master Development Agreement with a third party who plans to develop certain land on the west side of BC Place. The Agreement has no financial impact on the March 31, 2013 financial statements.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

**18. Expenses by Object**

The following summarizes expenses by object:

	<b>2013 Budget</b>	<b>2013 Actual</b>	<b>2012 Actual</b>
Event direct costs	25,224	27,162	27,314
Salaries, wages and benefits	16,242	16,189	15,526
Operating expenses	16,012	14,141	14,707
General and administration	5,710	4,420	4,941
Business development	2,082	4,024	2,421
Professional consulting fees	1,833	2,534	2,857
Redevelopment	2,000	-	25,001
Amortization	48,125	48,208	39,680
	<b>117,228</b>	<b>116,678</b>	<b>132,447</b>

**19. Related Party Transactions**

PavCo is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. Transactions with these entities considered to be in the normal course of operations, are recorded at the exchange amounts, predominantly under prevailing trade terms.

**20. Valuation Allowance**

Valuation allowances are included in 'General and administration' expenditures (Note 18), and represent the write-down of assets and liabilities in the statement of financial position.

	BC Place	Vancouver Convention Centre	<b>2013</b>	<b>2012</b>
Accounts receivable	13	(53)	(40)	99

**21. Budgeted Figures**

Budgeted figures have been provided for comparison purposes and are derived from the estimates provided in the Corporation's 2012/13 Annual Service Plan report which was approved by PavCo's Board of Directors.

**22. Comparative Numbers**

Certain comparative numbers have been restated to conform to the financial statement presentation used in the current year.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

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**23. Impact of Accounting for Government Transfers in Accordance with Section 23.1 of the *Budget Transparency and Accountability Act***

As a provincial crown agency, PavCo is subject to reporting under the *Budget Transparency and Accountability Act* ('Act') as noted in Note 1 (authority and nature of operations) and Note 3 (significant accounting policies). Section 23.1 of the Act and its related regulations requires the corporation to recognize government transfers for capital asset acquisition or development into revenue on the same basis as the related amortization expense. As these transfers do not contain stipulations that create a liability, Canadian public sector accounting standards would require these grants to be fully recognized into revenue. The impact of this difference on the corporation's financial statements is as follows:

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**At March 31, 2012**

Increase in accumulated operating surplus	(1,064,601)
Decrease in deferred contributions - government	1,064,601

**For the year ended March 31, 2013**

Decrease in operating surplus	25,774
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**At March 31, 2013**

Increase in accumulated operating surplus	(1,038,827)
Decrease in deferred contributions - government	1,038,827

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**24. Financial Instruments**

Financial instruments include cash and cash equivalents, accounts receivable, due from government, accounts payable and accrued liabilities, employee leave liability, and long term debt.

PavCo is exposed to various risks related to its financial instruments. It is management's opinion that the corporation is not exposed to significant market, liquidity or credit risk arising from these financial instruments.

PavCo's risk management objective when it invests in financial instruments is to ensure that any investments are in quality securities so as to safely guard the assets of the shareholder, and enable the corporation to continue operations as a going concern.

*Market Risk* - Market risk is the risk that changes in market prices, such as foreign exchange rates and interest rates, will affect PavCo's income or the value of its financial instruments.

PavCo's exposure to currency risk is only related to the value of foreign exchange transactions in the normal course of business, and manages this risk by minimizing the amount of transactions in foreign funds.



**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2013 (tabular amounts in \$000s)**

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PavCo is not subject to interest rate risk on its long term debt as a fixed rate is provided for in the loan agreement which eliminates fluctuations in the value of this financial instrument during the repayment period.

**24. Financial Instruments (cont.)**

*Liquidity Risk* - Liquidity risk is the risk that PavCo will have difficulty in meeting its financial obligations when they come due.

PavCo manages liquidity risk by continually monitoring cash flows, and by maintaining the ability to borrow funds from its shareholder.

*Credit Risk* - Credit risk is the risk of financial loss to PavCo if a customer or counterparty to a financial instrument fails to meet its contractual obligations.

PavCo's exposure to credit risk is only related to the value of accounts receivable in its normal course of business, and manages this risk by minimizing the amount of transactions which require recovery. The corporation continually monitors and manages the collection of receivables from other customers.

## 25. Segmented Information

PavCo reports segmented information by its operating divisions: BC Place Stadium, the Vancouver Convention Centre and Corporate Services. The facilities, BC Place and the Vancouver Convention Centre, market, sell and manage space for conventions, trade and consumer shows, entertainment, sports and other events. PavCo's Corporate Services division provides the corporation's governance and consolidated reporting, and is allocated equally to its facilities.

The segmented information provided is consistent with the accounting policies provided with PavCo's financial statements as disclosed in Note 3. Revenues, expenses and tangible capital assets by facility are provided in the following tables:

	<b>BC Place<sup>(1)</sup></b>		<b>Vancouver Convention Centre<sup>(1)(2)</sup></b>		<b>Total</b>
	2013	2012	2013	2012	
<b>Revenues</b>					
Event revenues	10,572	5,470	37,240	42,087	47,812
Lease revenues	36	9	3,014	2,703	3,050
Miscellaneous revenues <sup>(3)</sup>	3,307	32,128	130	160	3,437
Deferred contributions – other	1,036	2,140	953	1,400	1,989
Deferred contributions - government	27,067	24,822	22,674	22,101	49,741
Interest revenue	213	339	221	562	434
	<b>42,231</b>	<b>64,908</b>	<b>64,232</b>	<b>69,013</b>	<b>106,463</b>
<b>Expenses</b>					
Event direct costs	6,257	3,109	20,905	24,205	27,162
Salaries, wages and benefits	7,517	7,237	8,672	8,289	16,189
Operating expenses	4,772	4,743	9,369	9,964	14,141
General and administration	1,768	1,930	2,653	3,011	4,420
Business development	3,369	1,557	655	864	4,024
Professional consulting fees	1,420	1,703	1,113	1,154	2,534
Redevelopment <sup>(4)</sup>	-	25,001	-	-	25,001
Amortization	26,593	18,154	21,615	21,526	48,208
	<b>51,696</b>	<b>63,434</b>	<b>64,982</b>	<b>69,013</b>	<b>116,678</b>
<b>Surplus (deficit) for the period</b>	<b>(9,465)</b>	<b>1,474</b>	<b>(750)</b>	<b>-</b>	<b>(10,215)</b>
					<b>1,474</b>

(1) Corporate office revenues and expenditures have been allocated equally between PavCo's facilities

(2) PavCo's proportionate share of the Convention Development fund is consolidated to Vancouver Convention Centre operations

(3) Miscellaneous revenues include monies received outside of the course of normal operations.

(4) Redevelopment costs are outside of normal operating expenses and include the write down of the temporary facility at Empire Field, and expenses associated with the redevelopment of lands to the west of BC Place

**25. Segmented Information (cont.)**

BC Place	Land	Buildings and improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software		
						2013	2012	
<b>Cost:</b>								
Opening balance	31,292	548,397	53,381	22,975	-	540	656,585	460,439
Additions		2,676	653	214		62	3,605	197,517
Disposals and adjustments		217	(1,822)			(10)	(1,615)	(1,371)
Closing balance	31,292	551,290	52,212	23,189	-	592	658,575	656,585
<b>Accumulated amortization:</b>								
Opening balance	-	(50,902)	(12,535)	(1,344)	-	(427)	(65,208)	(48,152)
Amortization expense		(17,523)	(7,350)	(1,650)		(70)	(26,593)	(18,153)
Effect of disposals and adjustments		277	493			10	780	1,097
Closing balance	-	(68,148)	(19,392)	(2,994)	-	(487)	(91,021)	(65,208)
<b>Net book value – March 31, 2013</b>	<b>31,292</b>	<b>483,142</b>	<b>32,820</b>	<b>20,195</b>	<b>-</b>	<b>105</b>	<b>567,554</b>	
<b>Net book value – March 31, 2012</b>	<b>31,292</b>	<b>497,495</b>	<b>40,846</b>	<b>21,631</b>	<b>-</b>	<b>113</b>	<b>591,377</b>	

During fiscal 2012, PavCo completed its refurbishment project at BC Place Stadium within its \$563.0 million budget. The project included a new retractable roof, significant structural upgrades, exterior and interior refurbishments. The stadium re-opened on September 30, 2011.

Development and construction costs associated with the refurbishment program were treated as work in progress, and recorded at cost with no amortization until the asset was substantially complete and ready for use. Total asset cost includes work in progress allocated as follows:

BC Place – work in progress	Buildings and improvements	Equipment	Furniture and fixtures	Total work in progress
Total costs – March 31, 2013	19	-	-	<b>19</b>
Total costs – March 31, 2012	50	-	-	<b>50</b>

## 25. Segmented Information (cont.)

Vancouver Convention Centre <sup>(1)</sup>	Land	Buildings and improvements	Leasehold improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software	2013	2012
<b>Cost:</b>									
Opening balance	41,442	722,325	37,229	13,152	9,192	25	1,627	824,992	823,446
Additions		1,289	2,713	219	4		66	4,291	1,624
Disposals and adjustments			(97)					(97)	(78)
Closing balance	41,442	723,614	39,845	13,371	9,196	25	1,693	829,186	824,992
<b>Accumulated amortization:</b>									
Opening balance	-	(47,738)	(7,219)	(7,508)	(5,772)	(25)	(1,580)	(69,842)	(48,391)
Amortization expense		(16,353)	(1,843)	(1,710)	(1,666)		(42)	(26,614)	(21,527)
Effect of disposals and adjustments			97					97	76
Closing balance	-	(64,091)	(8,965)	(9,218)	(7,438)	(25)	(1,622)	(91,359)	(69,841)
<b>Net book value – March 31, 2013</b>	<b>41,442</b>	<b>659,523</b>	<b>30,880</b>	<b>4,153</b>	<b>1,758</b>	<b>-</b>	<b>71</b>	<b>737,827</b>	
<b>Net book value – March 31, 2012</b>	<b>41,442</b>	<b>674,587</b>	<b>30,010</b>	<b>5,645</b>	<b>3,420</b>	<b>-</b>	<b>47</b>		<b>755,151</b>

(1) Includes corporate office assets with a total net book value of \$5 thousand at March 31, 2013 (\$30 thousand at March 31, 2012)

PavCo's lease agreement with Canada Place Corporation for the Vancouver Convention Centre's east facility is for a 20-year term expiring in 2027. It is at nominal annual rent and PavCo is responsible for all operating costs. As the lease term represents the full economic life of the asset, it is included in the tangible capital assets of the Corporation. Modifications and renovations to the east facility were substantially completed in fiscal 2011. The Vancouver Convention Centre's west facility, opened on April 3, 2009, and asset cost includes direct costs of construction and an apportioned amount of overhead costs directly attributable to its construction including capitalized interest earned of \$24.9 million.

At March 31, 2013, development and construction costs associated with the completion of the seawall along the west side of the Vancouver Convention Centre are included in costs. These costs are treated as work in progress and are recorded at cost with no amortization until the asset is substantially complete or ready for use. In addition, minor interior renovations and computer hardware not put into service have been treated as work in progress. The value of this work is as follows:

**25. Segmented Information (cont.)**

Vancouver Convention Centre – work in progress	Buildings and improvements	Leasehold Improvements	Computer Hardware	Total work in progress
Total costs – March 31, 2013	1,138	945	33	<b>2,116</b>
Total costs – March 31, 2012	65			<b>65</b>

**Financial Operating Results and Forecasts**  
**Vancouver Convention Centre**  
**(In the format presented in the 2013/14 to 2015/16 Service Plan)**  
**Fiscal 2011/12 to 2015/16**

Unaudited  
(in \$000s)

	Fiscal 2011/12 Actual	Fiscal 2012/13 Budget	Fiscal 2012/13 Actual	Fiscal 2013/14 Budget	Fiscal 2014/15 Budget	Fiscal 2015/16 Budget
Revenues						
Sales	45,587	38,159	40,417	43,925	45,341	46,202
Sustaining and deferred contributions	23,501	26,733	23,627	25,702	25,816	25,914
<b>Total revenues</b>	<b>69,088</b>	<b>64,892</b>	<b>64,044</b>	<b>69,627</b>	<b>71,157</b>	<b>72,116</b>
Expenses						
Cost of sales	24,205	19,130	20,905	22,847	23,783	24,259
Staffing	7,568	7,803	7,991	7,679	7,833	7,911
Operating	9,964	9,923	9,372	9,479	9,658	9,851
General and administration	3,053	2,920	2,470	2,613	2,320	2,113
Business development	852	1,171	648	1,006	1,026	1,046
Fees	987	872	994	613	625	637
Redevelopment	0	0	0	0	0	0
Corporate cost allocation	933	1,054	799	1,073	894	894
Loan interest	0	0	0	0	0	0
Amortization	21,526	22,325	21,615	21,513	21,620	21,728
<b>Total Expenses</b>	<b>69,088</b>	<b>65,198</b>	<b>64,794</b>	<b>66,823</b>	<b>67,759</b>	<b>68,439</b>
<b>Net Income (deficit)</b>	<b>-</b>	<b>(306)</b>	<b>(750)</b>	<b>2,804</b>	<b>3,398</b>	<b>3,677</b>
Annual sustaining capital work	1,920	4,000	4,291	4,000	4,000	4,000

Sustaining contributions for Fiscal 12/13 to Fiscal 15/16 have been allocated equally between the Vancouver Convention Centre and BC Place.

Sustaining capital work for Fiscal 12/13 included roof and building envelope repairs passed on to PavCo by the landlord at Canada Place, the seawall to the west of the Convention Centre and various upgrade projects

The above financial information, including budget information was prepared in accordance with the Budget Transparency and Accountability Act. Section 23.1 of the Act and its related regulations requires the corporation to recognize government transfers for capital asset acquisition or development into revenue on the same basis as the related amortization expense.



**Financial Operating Results and Forecasts**  
**BC Place Stadium**  
**(In the format presented in the 2013/14 to 2015/16 Service Plan)**  
**Fiscal 2011/12 to 2015/16**

Unaudited  
(in \$000s)

	Fiscal 2011/12 Actual	Fiscal 2012/13 Budget	Fiscal 2012/13 Actual	Fiscal 2013/14 Budget	Fiscal 2014/15 Budget	Fiscal 2015/16 Budget
<b>Revenues</b>						
Sales	5,479	15,990	13,941	12,435	12,541	13,326
Other revenues	32,128	0	0	0	15,000	1,000
Contribution for Grey Cup	0	2,700	2,700	0	0	0
Sustaining and deferred contributions	26,962	22,931	25,403	25,824	25,354	24,845
<b>Total revenues</b>	<b>64,569</b>	<b>38,921</b>	<b>42,044</b>	<b>38,259</b>	<b>52,895</b>	<b>39,171</b>
<b>Expenses</b>						
Cost of sales	3,109	6,094	6,257	5,445	5,576	5,848
Staffing	6,517	7,011	6,835	6,951	7,090	7,232
Operating	4,743	6,089	4,775	5,768	5,384	5,290
General and administration	1,543	2,415	1,586	1,744	1,787	1,821
Business development	1,532	887	3,362	767	1,229	798
Fees	1,563	661	1,303	973	992	1,012
Redevelopment	25,001	2,000	0	500	250	250
Corporate cost recoveries	933	1,054	798	1,073	894	894
Loan interest	0	0	0	7,314	7,231	7,144
Amortization	18,154	25,800	26,593	27,598	27,120	26,621
<b>Total Expenses</b>	<b>63,095</b>	<b>52,011</b>	<b>51,509</b>	<b>58,133</b>	<b>57,553</b>	<b>56,910</b>
<b>Net Income (deficit)</b>	<b>1,474</b>	<b>(13,090)</b>	<b>(9,465)</b>	<b>(19,873)</b>	<b>(4,658)</b>	<b>(17,739)</b>
<b>Major construction projects</b>	<b>195,111</b>		<b>1,951</b>	<b>12,000</b>	<b>0</b>	<b>0</b>
<b>Annual sustaining capital work</b>	<b>2,111</b>	<b>3,000</b>	<b>823</b>	<b>3,800</b>	<b>3,800</b>	<b>4,000</b>

Sustaining contributions for Fiscal 12/13 to Fiscal 15/16 have been allocated equally between the Vancouver Convention Centre and BC Place.

The above financial information, including budget information was prepared in accordance with the Budget Transparency and Accountability Act. Section 23.1 of the Act and its related regulations requires the corporation to recognize government transfers for capital asset acquisition or development into revenue on the same basis as the related amortization expense.

# Appendix 1 - Comparison of performance measures

Goal / Measure per 2012/13 to 2014/15 Service Plan	Goal / Measure per Revised 2013/14 to 2015/16 Service Plan	Reason for Change	Source of data
<p>Goal 1 –Maximize revenues and economic growth</p> <p>-Economic benefits generated</p>	<p>Goal 1 –Optimize corporate profit and create economic benefits</p> <p>-Economic impact from spending from events, from outside of British Columbia and from outside of the Greater Vancouver Regional District</p>	<p>In addition to maximizing revenues, PavCo is seeking to reduce operating costs where possible, to optimize profit. This will reduce PavCo`s reliance on Government funding.</p> <p>The new measures differentiate between the total economic impact of PavCo`s facilities from business generated from outside of the Province of British Columbia, and also the impact of the facilities from outside of the Greater Vancouver Regional District</p>	<p>The Vancouver Convention Centre uses the Commodity Model approach to measure economic impact. It bases estimates on (a) detailed surveys of client, delegate and production spending for each event, and (b) economic impact estimates calculated through the BC Stats Input/Output model. BC Place bases estimates on the BC Stats Input/Output model, using visitor, exhibitor and producer numbers for those attending events.</p>
<p>-Measure non-resident delegate days at Vancouver Convention Centre</p>	<p>-Measure non-resident delegate days at Vancouver Convention Centre, and also total delegate days from outside of the Greater Vancouver Regional District</p>	<p>This has been changed to be more comprehensive and measure non-resident delegate days from outside of British Columbia in addition to the number of attendees from outside of the Greater Vancouver Regional District</p>	<p>Actual delegate days are the number of out-of-province, and out of Greater Vancouver Regional District delegates, as supplied by show managers and tracked through the Corporate Event Management System. Estimates for future years are derived from data provided through the Corporate Event Management System.</p>



Goal / Measure per 2012/13 to 2014/15 Service Plan	Goal / Measure per Revised 2013/14 to 2015/16 Service Plan	Reason for Change	Source of data
-Total attendance at BC Place	-Total attendance at BC Place	This measure is unchanged.	The data is generated from the ticket count of visitors at spectator events and the floor count of visitors at other BC Place events.
N/A	-Corporate operating deficit before government contributions	This new measure will compare PavCo's financial performance from year to year, and its reliance on Government support.	Data is extracted from PavCo's financial statements.
<b>Goal 2 – Maintain and increase client services and satisfaction</b>	<b>Goal 2 – Provide exceptional customer service</b>	PavCo's facilities compete against others that provide major incentives to event organizers in order to attract their business. With all major construction activity complete, PavCo will provide exceptional service that will encourage clients to book events at and return to our facilities.	
- Client satisfaction, service quality levels at facilities	-Client satisfaction, service quality levels at facilities	This measure is unchanged.	Data derived from surveys sent to clients post-event.
N/A	-Guest satisfaction at BC Place	A significant portion of BC Place revenue is derived from the sale of food and services to guests at BC Place. Surveys will be conducted with guests to measure their satisfaction, and results will be used to improve our services.	Data derived from surveys completed by guests during events.
- Facility occupancy (days) at BC Place	-Discontinued	Occupancy days were a measure used to indicate success of BC Place. Goal 1 measures will now replace this, and provide a more accurate indication of the benefit of activities at BC Place.	Occupancy days consist of building conversion, event move in, move out and the actual event opening or public days. Data is collected from event files.

Goal / Measure per 2012/13 to 2014/15 Service Plan	Goal / Measure per Revised 2013/14 to 2015/16 Service Plan	Reason for Change	Source of data
	<p><b>Goal 3 – Engage our stakeholders and industry partners to increase cooperative efforts to bring events to our facilities and to British Columbia</b></p> <p>-Events occurring at our facilities that we secured in partnership with our stakeholders</p>	<p>In order to optimize the use of our marketing budgets and those of our partners, PavCo will reach out to its business partners to cooperatively increase occupancy at its facilities.</p> <p>By measuring the number of major events booked as a result of cooperative work with our major stakeholders and co-promoters, we can evaluate our success in working with stakeholders to attract business to our venues.</p>	<p>Information from corporate databases of sales leads for events.</p>
<p><b>Goal 3 - Maintain and improve PavCo Facilities</b></p> <p>-Achieve capital work milestones</p>	<p><b>Goal 4 – Maintain leading edge venue quality standards</b></p> <p>-Discontinued</p>	<p>This reflects the transition from an organization going through construction activity to operations, and competing with other similar venues.</p> <p>-Major capital projects at Vancouver Convention Centre and BC Place are now complete.</p>	<p>Milestones and construction progress is reported through progress reports and Construction committee meetings. Data is collected through an Oracle project management system.</p>
	<p>-Achievement against Venue Operational Standards</p>	<p>-Quality standards can be developed, and PavCo's venue performance measured against benchmarks for other similar facilities. Results will be reviewed in order to improve quality.</p>	<p>Set up benchmark operational standards for the facilities and compare the actual results to these benchmarks and results from other venues.</p>

Goal / Measure per 2012/13 to 2014/15 Service Plan	Goal / Measure per Revised 2013/14 to 2015/16 Service Plan	Reason for Change	Source of data
<p><b>Goal 4 – Increase innovation, learning and growth</b></p> <p>-Measure retention of event staff at BC Place</p>	<p><b>Goal 5 - Be an employer of choice</b></p> <p>-Measure retention of all staff at BC Place</p>	<p>The goal has been revised in order to reflect the importance of employee engagement and its influence on the achievement of PavCo's overall business objectives.</p> <p>-This measure has been broadened from measurement of event staff retention to retention of all staff.</p>	<p>Data is collected from HR files. Retention is based on the percentage of active staff on payroll at the end of each year, as compared to staff at the beginning of the year, plus recruits during the year.</p>
<p>-Measure retention of event staff at BC Place</p>	<p>-Measure employee engagement</p>	<p>-Implementation of annual surveys at the two event facilities that will measure employee satisfaction and feedback on operations to facilitate improvement in PavCo as an employer.</p>	<p>Comparison of data collected from employee surveys.</p>

# Contact Us

## **PAVCO CORPORATE OFFICE**

#200 - 999 Canada Place  
Vancouver, BC V6C 3C1  
Tel: (604) 482-2200  
Fax: (604) 681-9017  
Email: [info@bcpavco.com](mailto:info@bcpavco.com)  
Web: [www.bcpavco.com](http://www.bcpavco.com)

## **BC PLACE**

777 Pacific Boulevard  
Vancouver, BC V6B 4Y8  
Tel: (604) 669-2300  
Fax: (604) 661-3412  
Web: [www.bcplace.com](http://www.bcplace.com)

## **VANCOUVER CONVENTION CENTRE**

1055 Canada Place  
Vancouver, BC V6C 0C1  
Tel: (604) 689-8232  
Fax: (604) 647-7232  
Web: [www.vancouverconventioncentre.com](http://www.vancouverconventioncentre.com)

