

**BC Pavilion Corporation**

**2015/16**  
**ANNUAL SERVICE PLAN REPORT**



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## Board Chair's Accountability Statement



On behalf of the Board of Directors of BC Pavilion Corporation (PavCo), I am pleased to present PavCo's Annual Service Plan Report for fiscal year 2015/16. The PavCo 2015/16 Annual Service Plan Report was prepared under my direction in accordance with the [Budget Transparency and Accountability Act](#) and the B.C. Reporting Principles.

The information presented in this report reflects the actual performance of PavCo for the 12 months ended March 31, 2016, in relation to the [2015/16 – 2017/18 Service Plan](#). The measures presented are consistent with PavCo's mandate and corporate strategy, and focus on aspects critical to the organization's performance.

The BC Pavilion Corporation's *2015/16 Annual Service Plan Report* compares the corporation's actual results to the expected results identified in the *2015/16 - 2017/18 Service Plan*. I am accountable for those results as reported.

A handwritten signature in black ink, which appears to read "Stuart McLaughlin". The signature is stylized with a large, looping initial "S".

**Stuart McLaughlin**  
Board Chair

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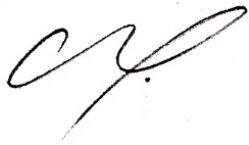
meetings with senior Ministry of Transportation and Infrastructure officials, and attend other meetings as scheduled.

PavCo's Board of Directors received education and evaluation opportunities intended to enhance their understanding of their role, and the government's expectations. These processes included a presentation to the Board of Directors on the Crown Accountability System.

As part of PavCo's commitment to fiscal responsibility, and to ensure BC Place and the Vancouver Convention Centre continue to perform against the mandate established for PavCo, the corporation will continue to work with government to meet and exceed objectives set out by government in the Taxpayer Accountability Principles.



Stuart McLaughlin  
Board Chair



**Ken Cretney**  
President & Chief Executive Officer (Interim)

## Purpose of the Organization

BC 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](#). BC Pavilion Corporation registered ‘PavCo’ as a business name under the [Partnership Act \(British Columbia\)](#). PavCo’s shareholder is the Government of British Columbia.

PavCo is a provincial Crown corporation with a mandate to “generate economic and community benefit for the people of British Columbia through the prudent management of its public facilities”. These facilities are located in downtown Vancouver: BC Place Stadium and the Vancouver Convention Centre. 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.

From hosting global summit meetings to world-class sporting and entertainment events, 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 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 exhibitions and consumer shows, as well as being a major sports and entertainment centre.

## Strategic Direction and Context

### *Strategic Direction*

In accordance with Government direction, PavCo adopted the Government of British Columbia’s Taxpayer Accountability Principles. The organization’s policies, processes and values align with the principles of cost consciousness, accountability, appropriate compensation, service, respect and integrity.

The [2015/16 Mandate Letter](#) as provided by the Ministry of Transportation and Infrastructure outlines specific PavCo’s strategic priority actions for 2015/16.

In fiscal 2015/16, PavCo has continued to focus on sales and marketing to increase attendance by out-of-province guests, while improving its financial health and sustainability through the prudent management of its public facilities. In doing so, PavCo is delivering on its mandate of generating economic and community benefit for the people of British Columbia.

### *Strategic Context*

The Vancouver Convention Centre actively pursued convention and event business from outside of British Columbia in order to attract non-resident delegates and create the greatest economic impact. Pavco operates in a highly competitive marketplace with increasing hotel occupancy and accompanying rates. As a result, the Convention Centre targets high yield business in periods with available occupancy. PavCo has worked to ensure that the optimum mix of business was booked in

order to maximize revenue while still meeting the mandate to generate economic benefit. By working closely with partners such as Tourism Vancouver, the Vancouver Hotel Destination Association, Destination BC and Business Events Canada, the Convention Centre maximized resources and market reach. Due to the low value of the Canadian Dollar against the US Dollar, the Vancouver Convention Centre provided value incentive for US-based conventions and their delegates, relative to other North American destinations.

BC Place is one of only a few stadiums in North America that is government-owned and home to two independently owned professional sports teams. PavCo worked closely with both sports teams to support initiatives to build attendance and revenues. BC Place also worked to maximize opportunities when the Stadium was not home to its resident sports teams. Throughout the calendar year, the majority of prime dates were either held or occupied by the resident sports teams. In order to operate efficiently within the limited date availability, sales efforts focussed on high-margin event opportunities including regional, national and international championship sporting events as well as live entertainment, special events, film and television business.

As a major landowner in Vancouver's North East False Creek neighbourhood, PavCo recognized that the proposed level of development and infrastructure changes such as the construction of the Vancouver Urban Resort and the City of Vancouver's proposed removal of the viaducts within the area represents a significant risk in terms of varying construction schedules. These various initiatives have the potential to impact BC Place operations and events. PavCo worked with developers, the City of Vancouver and adjacent property owners to ensure that any current and future impacts on Stadium operations are minimized.

## **Report on Performance**

As outlined in the 2015/16 Mandate Letter (see Appendix B for the status update on the specific priorities as outlines in the Mandate Letter), PavCo's mandate is to generate economic benefit for the people of British Columbia through the operation of the province's premier event facilities: BC Place and the Vancouver Convention Centre. Furthermore, in alignment with government direction, PavCo operated within the expectations outlined in the Taxpayer Accountability Principles.

PavCo continues to work with its ministry to develop an evaluation plan to measure the organization's performance against the principles, as well as on a strategic engagement plan to provide a more comprehensive communication, orientation and training regarding the Taxpayer Accountability Principles for its board and executive which will assist in holding PavCo accountable for the outcomes and measures identified by its ministry.

PavCo continually strives to generate economic benefit for the province of BC while efficiently managing its facilities. PavCo's facilities generated \$556 million in economic benefit in 2015/16. Economic benefit is generated through clients' and attendees' use of services and products supplied by BC businesses, and attendees travelling to areas of BC beyond Vancouver, before and after events.

In 2015/16, the economic impact generated by the Vancouver Convention Centre from all spending from delegates outside Metro Vancouver was \$354 million. The Convention Centre has been successful in tripling the number of Non-Resident Delegate Days (NRDDs) to 511,000 NRDDs in fiscal 2015/16 from pre-expansion levels, which averaged 139,000 between 2004 and 2009.



The Convention Centre continues to attract international recognition. Vancouver has been recognized as the top North American City for International Meetings by the International Congress and Convention Association, and the Vancouver Convention Centre was rated as the Best Convention Centre and Best Convention Centre Service in North America by Watkins Research Group.

As a result, for the second year in a row, the Vancouver Convention Centre achieved an operating profit as a result of comprehensive sales and marketing efforts and cost savings initiatives, while continuing to deliver recognized world class guest service performance and exceeding targets for service quality.

BC Place set a new record for economic impact generated from all spending, with a total of \$202 million for the year. In addition to being the home of two professional sports teams, the BC Lions Football Club and Vancouver Whitecaps FC, the stadium hosted the FIFA Women's World Cup, including the prestigious final, the inaugural Canada Sevens as part of the World Rugby Sevens Series, as well as Canada's Men's National Soccer Team for two FIFA World Cup Qualification matches. Over 1.5 million people were welcomed through the Stadium's doors and BC Place set new attendance records for several events.

BC Place has solidified its position as Canada's premier stadium and home to world class international events. During 2015/16, BC Place was one of only four MLS stadiums to be named in the top 100 best football stadiums in the world<sup>1</sup>.

### *Goals, Strategies, Measures and Targets*

As outlined in the 2015/16 - 2017/18 *Service Plan*, PavCo's main strategic goals are to:

1. Create economic and community benefit while optimizing corporate profit.
2. Provide exceptional customer service.
3. Be an employer of choice.

PavCo selected its strategic goals in order to focus on the most significant areas of impact to its business. The performance measures used to evaluate PavCo's strategic goals reflect the different types of business generated by each facility.

**Goal 1:** *Create economic and community benefit while optimizing corporate profit.*

In 2015/16, PavCo generated \$556 million of economic benefit and significant community benefit for the people of British Columbia through the prudent management of its public facilities. The events held at its facilities support British Columbia's tourism and hospitality industries, as well as trade development. PavCo clients and guests from out-of-province fill hotel rooms, use local hospitality services and consume goods and services produced by BC-based businesses.

In addition, the events and conventions held at the facilities provide a platform for an important exchange of information and knowledge across industry sectors, including medicine, education and

<sup>1</sup> Source: [www.fourfourtwo.com/features/fourfourtwos-100-best-football-stadiums-world](http://www.fourfourtwo.com/features/fourfourtwos-100-best-football-stadiums-world)

intellectual science. Generally, these events also advance business development opportunities for residents of BC.

PavCo strives to maximise economic benefit to the province each year, while balancing the need to optimize revenues and manage the operating costs of its facilities in order to minimize reliance on Government. This is in alignment with the Taxpayer Accountability Principle to strengthen cost consciousness.

## Strategies

- Execute sales and marketing initiatives to attract events that will optimize economic benefit for BC.
- Pursue global markets for long term growth and to generate economic benefits.
- Diversify markets to stabilize long term business.
- Determine ways to reduce operating costs and become more efficient.
- Work to address the complexities associated with advertising and sponsorship activities undertaken by PavCo and BC Place's resident sports teams - within the unique operating model of the Stadium.
- Leverage provincial marketing and branding efforts being developed by Destinations BC

## Performance Measure 1:

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target <sup>4</sup>	2017/18 Target <sup>4</sup>
Economic impact at the Vancouver Convention Centre from all spending from outside Metro Vancouver <sup>1</sup>	\$237m	\$209m	\$302m	\$345m	\$354m	\$345m	\$244m
Economic impact at BC Place from all spending <sup>1</sup>	\$122m	\$145m	\$122m	\$154m	\$202m	\$110m	\$100m

BC Pavilion Corporation

Performance Measure	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Target	2015/16 Actual	2016/17 Target <sup>4</sup>	2017/18 Target <sup>4</sup>
Economic impact at the Vancouver Convention Centre from spending outside of British Columbia <sup>1</sup>	\$202m	\$181m	\$256m	\$294m	\$311m	\$311m	\$217m
Economic impact at BC Place from spending by visitors from outside of British Columbia <sup>1</sup>	\$26m	\$31m	\$26m	\$38m	\$71m	\$22m	\$22m
Delegate days to Vancouver Convention Centre by visitors from outside of British Columbia <sup>2</sup>	347,000	304,000	421,000	490,000	511,000	515,000	363,000
Delegate days for all visitors outside Metro Vancouver to Vancouver Convention Centre <sup>2</sup>	441,000	385,000	554,000	615,000	637,000	614,000	443,000
Total attendance at BC Place events <sup>3</sup>	1,230,000	1,192,000	1,063,000	1,258,000	1,508,000	1,060,000	1,060,000
Corporate operating deficit before government contributions (\$ millions) <sup>5</sup>	22.699	19.482	17.741	21.537	13.187	20.067	21.133

Data Source:

<sup>1</sup> Economic impact is calculated using the BC Stats model and is based on estimated expenditures by organizers and visitors at events in the facilities; subsequent spending in the Province following the event; the multiplier effect through the economy of such spending. Projections for 2016/17 and future years are based on calculated estimates by PavCo management.

<sup>2</sup> Delegate days for attendees at Vancouver Convention Centre for fiscal 2015/16 were actual days recorded in PavCo's event management system. Forecasted delegate days for fiscal 2016/17 and 2017/18 and onward targets are based on confirmed and tentative bookings in the event management system.

<sup>3</sup> Attendance at BC Place is the total of announced attendance by show managers for attendance at their events.

<sup>4</sup> Estimates for fiscal 2016/17 and 2017/18 targets are based on confirmed bookings, tentative bookings and an estimate of future bookings based on previous attendance statistics. Fiscal 2015/16 reflects significant one-time events such as the FIFA Women's World Cup Canada 2015 and the World Rugby Sevens Series.

<sup>5</sup> The corporate deficit before government contributions is the sum of sales revenues, other revenues and deferred contributions, less total expenses. Operating income (loss) before interest, amortization, redevelopment and contributions (\$ millions) are: 2012/13: (\$13,737), 2013/14: (\$5,344), 2014/15: (\$3,466), 2015/16: (\$143), 2016/17: (\$8,341), and 2017/18: (\$9,493).

## Discussion

PavCo continues to make improvements to its internal operating environment, with a focus on streamlining operations and identifying further opportunities for revenue generation and cost savings at its two facilities. These align with the Taxpayer Accountability Principles of cost consciousness and accountability.

## Vancouver Convention Centre

In Fiscal 2015/16, the Vancouver Convention Centre achieved one of its strongest performance years for both 'Economic Impact from all spending from outside of Metro Vancouver', and 'Economic Impact from spending from outside British Columbia', at \$354 million and \$311 million respectively.

The Vancouver Convention Centre creates its greatest economic impact by attracting delegates and exhibitors from outside of British Columbia (non-resident delegates) to events which would not have been hosted in the Province if the Convention Centre did not exist. A non-resident delegate day (NRDD) is a day when a non-British Columbian attended an event at the Convention Centre, and likely stayed at a local hotel and visited restaurants, retailers or other hospitality businesses. The majority of delegates have multiple delegate days per visit.

Non-resident delegates and exhibitors generate the highest economic returns for British Columbia. As verified through delegate surveying, the average non-resident delegate spends an estimated \$1,434 (per visit) as a result of attending an event at the Vancouver Convention Centre - the majority of which is spent on accommodations, meals, retail and transportation.

Sales and marketing efforts include strategic management of the sales pipeline, business development in international markets, ensuring a proactive bid strategy and leveraging existing business such as the hosting of the Professional Convention Management Association (PCMA) booking in January 2016 which represented one of the Centre's largest marketing opportunities to date.

Large convention bookings are often cyclical in nature and, as many larger groups confirm years in advance, fiscal 2017/18 has for several years been identified as a low year for larger city-wide conventions. PavCo's mitigation strategy is to actively book smaller groups that have a shorter booking window into this period and are targeting corporate, symposia, culture, entertainment and film as well as new trade and consumer shows. On a cumulative five year basis however, the overall economic impact and delegate days as presented in this Annual Service Plan Report plan have improved over the previous year.

## BC Place Stadium

In Fiscal 2015/16, BC Place has achieved its highest ever amount for Total Economic Impact from all spending at \$202 million, most significantly as a result of hosting the highly successful FIFA Women's World Cup Canada 2015 and the 2016 Canada Rugby Sevens.

BC Place contributes towards province-wide economic activity through the operations of a venue for sports, entertainment and cultural activity. Revenues at BC Place are primarily driven by event attendance, sponsorship and advertising activities. Increased attendance drives higher sales of Stadium services, primarily food and beverage.

During fiscal 2015/16, BC Place continued to implement initiatives for attendance building through joint marketing programs with its primary tenants and also implemented initiatives aimed at increasing per capita sales, such as the launch of new, specialty concessions. Results for fiscal 2015/16 include FIFA Women’s World Cup Canada 2015 which contributed significant non-resident attendance, unprecedented media coverage and significant economic generation.

During the year, BC Place also hosted a diverse range of community events such as the Canucks Autism Sports Day, VPD Police Athletic League Sports Day and the BC High School Football Championships, helping to make a positive impact in the lives of future generations. The stadium is also internationally recognised as a landmark representing British Columbia and its values on the world stage; the iconic Northern Lights Roof Display helped to create awareness for countless charitable events and recognized causes that are important to communities in British Columbia.

Projections for fiscal 2016/17 and subsequent years have been prepared by PavCo management based on anticipated attendance and activity at the facility.

**Goal 2: Provide exceptional customer service.**

PavCo continues to build its reputation as an organization capable of hosting world-class events. Exceptional client and guest satisfaction will not only elevate PavCo's reputation among industry stakeholders, it will drive future attendance levels up and attract new clients. This will further enable PavCo to achieve its goal of maximizing economic benefit and corporate profit. This goal also aligns with the Taxpayer Accountability Principles of cost consciousness and service.

**Strategies**

- Ensure event planning and operations provide superior value to clients.
- Provide an exceptional service culture that ensures PavCo and its suppliers' staff provide seamless, superior service delivery.

**Performance Measure 2:**

Performance Measure	2012/13 Actual	2013/2014 Actual	2014/15 Actual	2015/16 Target <sup>2</sup>	2015/16 Actual	2016/17 Target	2017/18 Target
Service Quality Loyalty Index, Convention Centre <sup>1</sup>	9.3/10	9.2/10	9.3/10	9.2/10	9.4/10	9.2/10	9.2/10
Client Satisfaction, BC Place <sup>2</sup>	N/A	3.9/5	3.9/5	4.1/5	4.4/5	4.1/5	4.1/5
Guest Satisfaction, BC Place <sup>3</sup>	4.1/5	4.1/5	4.1/5	4.1/5	4.1/5	4.1/5	4.1/5

Data Source:

<sup>1</sup> At the Vancouver Convention Centre, a Client Loyalty Index is used to measure service quality. This combines overall satisfaction with the clients' likelihood to rebook and recommend the facility. The survey, which is sent to all clients, also includes questions on: true value for price, event planning process and event execution. Results are combined to determine an overall Loyalty Index that is measured as a score out of 10. The facility launched its new survey for fiscal 2016, which is now provided by Sentis Market Research. The new survey measures some different metrics from the previous service provider.

<sup>2</sup> A comprehensive on-line Client Satisfaction Survey was developed in 2013 and is sent to all clients who hold events at BC Place. Data from the survey measures client experience from the time of booking, up to preparation of the final billing for the event. Scores are from a total out of 5.

<sup>3</sup> A guest satisfaction survey was initiated at BC Place since 2012/13. Guest satisfaction results are collected via touch-screen stations distributed throughout the Stadium. Results are collected during BC Lions games, Whitecaps FC matches and other public events. Data from the survey measures guest satisfaction in guest service, food and beverage, and overall experience at the facility. Scores are from a total out of 5.

## Discussion

Surveys are conducted with clients and guests to determine their satisfaction levels and expectations. The event business is very competitive and attendee satisfaction is critical. PavCo has a comprehensive service excellence program that delivers customer service training to staff.

### Vancouver Convention Centre

In 2015/16, the Vancouver Convention Centre exceeded its target of 9.2 for Service Quality – Loyalty Index, reporting an overall score of 9.4. This accomplishment was the result of the ongoing commitment by the entire Convention Centre team to deliver exceptional service to clients and attendees. All departments conduct daily ‘line-up’ meetings that focus on the Convention Centre’s service philosophy and employee values. All full-time and regular part-time employees of the Convention Centre, as well as official and exclusive suppliers, attend Service Excellence training.

### BC Place Stadium

BC Place’s Client Satisfaction and Guest Satisfaction scores for 2015/16 exceeded and met targets respectively. As part of the focus on creating amazing guest experiences, all new employees participated in orientation during 2015/16 which included an emphasis on service excellence. BC Place will continue to make all efforts to improve the client and guest experience and mitigate inconveniences that may arise from adjacent construction activity through service recovery initiatives.

## ***Goal 3: Be an employer of choice.***

PavCo recognizes the importance of attracting and retaining high quality employees. Its employees are ambassadors of the organization and they play a vital role in the customer and guest experience. PavCo also has a commitment to diversity in the workplace. For example, the Vancouver Convention Centre continues to maintain a list of second languages spoken by members of staff, and currently there are 23 different languages spoken. Research also shows that engaged employees are more committed to their work and the objectives of their employer. This goal also aligns with the Taxpayer Accountability Principles: compensation, respect and integrity.

The PavCo management team has developed a people strategy for the organization, which includes the following strategies:

## **Strategies**

- Position PavCo as an “Employer of Choice”
- Update policies and practices, and introduce technology to improve service delivery.
- Design and implement succession planning, talent management, leadership development and performance management systems.
- Continue to improve the labour relations climate at BC Place.

### Performance Measure 3:

Performance Measure	2012/13 Actual	2013/2014 Actual	2014/15 Actual	2015/16 Target <sup>2</sup>	2015/16 Actual	2016/17 Target	2017/18 Target
Retention of event staff at BC Place <sup>1</sup>	78%	70%	77%	72%	72%	72%	72%
Employee Engagement - Score on Employee Surveys, BC Place <sup>2</sup>	N/A	3.8/5	N/A	4.0/5	3.9/5	4.0/5	4.0/5
Employee Engagement - Score on Employee Surveys, Convention Centre	4.3/5	4.3/5	N/A	4.3/5	N/A <sup>3</sup>	4.4/5	4.4/5

Data Source:

<sup>1</sup> In fiscal years 2014/15 and prior, targets were based on turnover against total staff as compared to the years 2015/16 and beyond which are based on event staff only. As a result, retention during these earlier years is higher.

<sup>2</sup> BC Place launched its inaugural employee engagement survey in 2013/14, including all event staff resulting in an overall positive Employee Engagement Index (EEI) of 3.8 out of 5, slightly behind the Canadian benchmark of 3.9. Note: BC Place adjusted the date for conducting its employee engagement survey to June (previously February). The rationale is to survey during a period where most employees are engaged and to include new hires. In 2015/2016 BC Place met the Canadian Benchmark at 3.9 out of 5. On a go forward basis, BC Place is targeting to reach and maintain a positive Employee Engagement Index (EEI) of 4 out of 5. Given the nature of BC Place employment's relationship with the majority of Employees being casual with a turnover of approximately 30% or 150 employees, maintaining 4/5 is a reasonably strong target. Departments create individual responses and plans to improve the EEI to be measured again each year. The target launch date for BC Place's 2016/2017 employee engagement survey is June 2016.

<sup>3</sup> All full-time and part-time employees at Vancouver Convention Centre are invited to participate in employee surveys that measure employee ratings on the following areas: communication and direction, management effectiveness, commitment to results, job satisfaction, professional workplace and work life balance, organizational satisfaction and commitment, retention and development, familiarity with Vancouver Convention Centre's service standards.

## Discussion

### Employee Retention

The facilities are managed and operated by hundreds of professionally trained and skilled employees. BC Place also employs approximately 600 event staff on a part-time/casual basis. It is critical to retain as many event staff as possible, particularly given the high cost of recruiting and training new staff. PavCo's People Strategy defines the actions the organization needs to undertake to be an Employer of Choice.



There are no published, industry-standard turnover rates for casual event staff to draw for large stadiums, except it is well understood that casual and seasonal retention rates are lower than other industry norms. Given the seasonal nature of the stadium business; employee turnover tends to be higher than other industries. Management continues to explore statistical comparisons in order to establish a benchmark within the industry

Employee Engagement

PavCo’s employees are its greatest resource. Furthermore, engaged employees are a crucial factor in achieving PavCo’s strategic goals. By soliciting feedback and ensuring two-way communication, PavCo can develop the talent within the organization and build its levels of customer service. In 2015/16 there was a change in HR leadership the Vancouver Convention Centre which resulted in the postponement of the employee survey until a new HR strategy was outlined. The facility is proceeding with the survey in September 2016 and annually thereafter.

# Financial Report

## Financial Report Summary Table

The tables below provides an overview of PavCo's financial performance relative to its 2015/16 – 2017/18 Service Plan.

(in \$000s)	2010/11 Actual	2011/12 Actual	2012/13 Actual	2013/14 Actual	2014/15 Actual	2015/16 Actual
<b>Revenue</b>						
Event revenues	38,946	47,557	47,812	50,901	55,239	67,360
Lease revenues	2,058	2,712	3,110	3,536	3,616	3,529
Miscellaneous revenues	11,697	32,288	3,377	6,141	4,185	3,830
Interest revenue	1,063	901	434	273	170	135
Revenue from operations	<b>53,764</b>	<b>83,458</b>	<b>54,733</b>	<b>60,851</b>	<b>63,210</b>	<b>74,854</b>
Sustaining contributions	18,306	15,604	12,484	8,977	8,992	9,022
Deferred contributions	26,983	34,859	39,246	41,678	38,943	37,798
<b>Total Revenues</b>	<b>99,053</b>	<b>133,921</b>	<b>106,463</b>	<b>111,506</b>	<b>111,145</b>	<b>121,674</b>
<b>Expenses</b>						
Event direct costs	21,834	27,314	27,162	28,782	30,036	36,948
Salaries, wages and benefits	13,311	15,526	16,189	16,454	15,745	16,620
Operating expenses	11,304	14,707	14,141	14,050	14,443	14,716
General and administration	4,336	4,941	4,420	3,879	3,695	3,954
Business Development	2,925	2,421	4,024	773	984	929
Professional consulting fees	2,191	2,857	2,534	2,257	1,773	1,830
Interest on long term debt	0	0	0	7,326	7,255	6,195
Redevelopment	12,985	25,001	0	152	294	559
Amortization	30,167	39,680	48,208	48,338	45,669	44,088
<b>Total Expenses</b>	<b>99,053</b>	<b>132,447</b>	<b>116,678</b>	<b>122,011</b>	<b>119,894</b>	<b>125,839</b>
<b>Net Income (Deficit) after Government contribution</b>	<b>-</b>	<b>1,474</b>	<b>(10,215)</b>	<b>(10,505)</b>	<b>(8,749)</b>	<b>(4,165)</b>
<b>Accumulated surplus (Deficit)</b>	<b>99,073</b>	<b>100,547</b>	<b>90,332</b>	<b>79,827</b>	<b>71,078</b>	<b>66,913</b>
<b>Debt</b>	<b>150,000</b>	<b>150,000</b>	<b>150,000</b>	<b>149,171</b>	<b>147,452</b>	<b>145,648</b>
<b>Major capital expenditures</b>	<b>205,699</b>	<b>195,111</b>	<b>1,951</b>	<b>-</b>	<b>-</b>	<b>-</b>
<b>Annual sustaining capital expenditures</b>	<b>1,356</b>	<b>4,031</b>	<b>5,114</b>	<b>2,744</b>	<b>1,508</b>	<b>5,156</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.

(in \$000s)	2014/15 Actual	2015/16 Actual	Prior Year Variance Better (Worse)	2015/16 Plan	Plan Variance Better (Worse)
<b>Revenue</b>					
Event revenues	55,239	67,360	12,121	57,691	9,669
Lease revenues	3,616	3,529	(87)	2,448	1,081
Miscellaneous revenues	4,185	3,830	(355)	3,840	(10)
Interest revenue	170	135	(35)	15	120
Revenue from operations	<b>63,210</b>	<b>74,854</b>	<b>11,644</b>	<b>63,994</b>	<b>10,860</b>
Sustaining contributions	8,992	9,022	30	9,022	-
Deferred contributions	38,943	37,798	(1,145)	39,720	(1,922)
<b>Total Revenues</b>	<b>111,145</b>	<b>121,674</b>	<b>10,529</b>	<b>112,736</b>	<b>8,938</b>
<b>Expenses</b>					
Event direct costs	30,036	36,948	(6,912)	32,097	(4,851)
Salaries, wages and benefits	15,745	16,620	(875)	17,580	960
Operating expenses	14,443	14,716	(273)	14,686	(30)
General and administration	3,695	3,954	(259)	3,993	39
Business Development	984	929	55	1,323	394
Professional consulting fees	1,773	1,830	(57)	1,815	(15)
Interest on long term debt	7,255	6,195	1,060	7,167	972
Redevelopment	294	559	(265)	2,250	1,691
Amortization	45,669	44,088	1,581	44,340	252
<b>Total Expenses</b>	<b>119,894</b>	<b>125,839</b>	<b>(5,945)</b>	<b>125,251</b>	<b>(588)</b>
<b>Net Income (Deficit) after Government contribution</b>	<b>(8,749)</b>	<b>(4,165)</b>	<b>4,584</b>	<b>(12,515)</b>	<b>8,350</b>
<b>Accumulated surplus (Deficit)</b>	<b>71,078</b>	<b>66,913</b>	<b>(4,165)</b>	<b>58,563</b>	<b>8,350</b>
<b>Debt</b>	<b>147,452</b>	<b>145,648</b>	<b>1,804</b>	<b>145,648</b>	<b>-</b>
<b>Annual sustaining capital expenditures</b>	<b>1,508</b>	<b>5,156</b>	<b>(3,648)</b>	<b>10,035</b>	<b>4,879</b>

## Discussion of Results

### Financial Results for the Year Ended March 31, 2016

BC Pavilion Corporation is a provincial Crown corporation with a mandate to generate economic and community benefit for the people of British Columbia through the prudent management of public facilities.

Overall results for 2015/16 reflected a net loss of \$4.165 million relative to a budgeted loss of \$12.515 million and a prior year loss of \$8.749 million. The positive variances were due to much stronger event revenues, event margins and continued facility cost efficiency initiatives.

Revenue from operations increased \$11.644 million or 18% over the prior year and \$10.860 million or 17% over service plan. The increase was related primarily to event revenues which increased for the fifth consecutive year and established a record at \$67.360 million.

There was a significantly stronger event schedule at BC Place Stadium with international sporting events including the FIFA Women’s World Cup, World Rugby Sevens Series, and three major concerts. In terms of revenue type; rent, food and beverage, and recoveries all contributed to better than budgeted results and prior year results.

Similarly, revenues, gross margins, and net operating results at the Vancouver Convention Centre were all stronger than the prior year and the budgeted service plan. Major international conventions and conferences including the 23<sup>rd</sup> World Congress of Dermatology, Annual Meeting of the Academy of Management (AOM), the World Diabetes Congress, and others contributed to the continued success of the Convention Centre.

Increased activity and event revenues at both facilities resulted in greater event direct costs and operating costs to service these events. However, cost control initiatives continued to be successful and resulted in facility costs across multiple categories at both venues being significantly better than budget.

While staffing costs increased over the prior year, they were still below budget as staff vacancies were not filled as quickly as planned. A portion of these vacancies will be filled in the upcoming year while management reviews each position to determine whether there is a need to rehire. The success of PavCo’s Business will continue to rely on qualified personnel at all levels.

In accordance with the revised terms of the loan agreement with the Province of British Columbia which saw a reduction in the interest rate from 4.89% to 3.29%, effective November 1, 2015, PavCo incurred interest charges of \$6.195 million in 2015/16 compared with \$7.255 million in 2014/15.

Redevelopment costs were \$1.691 million less than budget due to a deferral of expenditures which in turn resulted in a corresponding variance in deferred contributions. These costs relate to the development of Pavco’s 10A parcel of land.

Reflecting the significant capital investment in PavCo, amortization of capital assets accounted for approximately 35% of total annual expenses at \$44.088 million. This compares with 38% of total costs in 2014/15. Annual sustaining capital expenditures amounted to \$5.156 million representing a broad range of items with no major projects accounting for a significant amount.

## ***Audited Financial Statements***

March 31, 2016

# **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.

Stuart McLaughlin  
Chair – Board of Directors



Rehana Din  
Chief Financial Officer



Vancouver, British Columbia  
June 7, 2015



## **INDEPENDENT AUDITOR'S REPORT**

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

I have audited the accompanying financial statements of the B.C. Pavilion Corporation, which comprise the statement of financial position as at March 31, 2016, and the statement of operations and change accumulated surplus, statement of change in net financial assets (debt) and statement of cash flows for the year then ended, and a summary of 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 Canadian Public Sector Accounting Standards, 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 overall presentation of the financial statements.

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

### ***Basis for Qualified Opinion***

As described in Note 2 to the financial statements, the entity's accounting treatment for contributions received from governments and for externally restricted contributions received from non-government sources is to initially record them as deferred revenue (a liability) and then recognize revenue in the statement of operations either on the same basis as the related

expenditures occur or, in the case of funds for the purchase or construction of capital assets, to recognize revenue on the same basis as the related assets are amortized. The entity was required to adopt this accounting policy as prescribed by Province of British Columbia Treasury Board Regulation 198/2011.

Under Canadian Public Sector Accounting Standards, the entity's method of accounting for contributions is only appropriate in circumstances where the funding meets the definition of a liability. Otherwise, the appropriate accounting treatment is to record contributions as revenue when they are received or receivable. In our opinion certain contributions of the entity do not meet the definition of a liability, and as such the entity's method of accounting for those contributions represents a departure from Canadian Public Sector Accounting Standards.

This departure has existed since the inception of the standard, which applies to periods beginning on or after April 1, 2012. When the cumulative effects of this departure to date are adjusted through opening accumulated surplus, the entity's records indicate that the effects of this departure on the current year financial statements is an overstatement of the liability for deferred contributions of \$948.3 million, an understatement of accumulated surplus of \$975.6 million, and a current year overstatement of revenue of \$27.3 million. Accordingly, the current year operating deficit is understated by \$27.3 million and net debt is overstated by \$948.3 million.

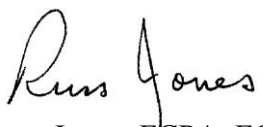
### ***Qualified Opinion***

In my opinion, except for the effects of the matter described in the Basis for Qualified Opinion paragraph, the financial statements present fairly, in all material respects, the financial position of the B.C. Pavilion Corporation as at March 31, 2016, and the results of its operations, changes in its net debt and its cash flows for the year then ended in accordance with Canadian Public Sector Accounting Standards.

### ***Other Matters***

Without modifying my opinion, I advise that I issued an unmodified audit opinion dated June 4, 2015 on the financial statements of B.C. Pavilion Corporation as at March 31, 2015, in which I reported on compliance with Section 23.1 of the *Budget Transparency and Accountability Act*. As such, the comparative financial information was not audited for fair presentation in accordance with Canadian Public Sector Accounting Standards.

Victoria, British Columbia  
June 21, 2016

  
Russ Jones, FCPA, FCA  
Deputy Auditor General



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

	<i>Note</i>	<b>March 31 2016</b>	<b>March 31 2015</b>
<b>Financial Assets</b>			
Cash and cash equivalents	5	19,653	20,329
Accounts receivable	6	34,284	30,583
		<u>53,937</u>	<u>50,912</u>
<b>Liabilities</b>			
Accounts payable and accrued liabilities	8	16,757	19,192
Due to governments	7	9,456	9,477
Employee leave liability	9	864	754
Deferred revenue	10	43,281	44,608
Deferred contributions – other	11	13,000	14,138
Deferred contributions – government	12	935,313	961,473
Long term debt	13	145,648	147,452
		<u>1,164,319</u>	<u>1,197,094</u>
<b>Net financial debt</b>		<u>(1,110,382)</u>	<u>(1,146,182)</u>
<b>Non-financial assets</b>			
Tangible capital assets	14,22	1,176,676	1,215,608
Inventories held for use		114	59
Prepaid expenses		505	1,593
		<u>1,177,295</u>	<u>1,217,260</u>
<b>Accumulated surplus</b>		<u>66,913</u>	<u>71,078</u>
<b>Contingencies and contractual obligations</b>	15		

Stuart McLaughlin  
Chair – Board of Directors

Don Zurowski  
Chair - Governance, Finance, and Audit 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)

		<b>March 31, 2016</b>		<b>March 31 2015</b>
	<i>Note</i>	<b>Budget</b>	<b>Actual</b>	<b>Actual</b>
		<i>(Note 19)</i>		
<b>Revenues</b>	22			
Event revenues		57,691	67,360	55,239
Lease revenues		3,348	3,529	3,616
Miscellaneous revenues		2,940	3,830	4,185
Deferred contributions – other		1,606	1,638	1,602
Deferred contributions - government		47,136	45,182	46,333
Interest revenue		15	135	170
		<u>112,736</u>	<u>121,674</u>	<u>111,145</u>
<b>Expenses</b>	16,22			
BC Place Stadium		57,910	57,466	53,934
Vancouver Convention Centre		67,341	68,373	65,920
		<u>125,251</u>	<u>125,839</u>	<u>119,894</u>
<b>Annual operating deficit</b>		<u>(12,515)</u>	<u>(4,165)</u>	<u>(8,749)</u>
Accumulated surplus, beginning of year		<u>71,078</u>	<u>71,078</u>	<u>79,827</u>
Accumulated surplus, end of year		<u>58,563</u>	<u>66,913</u>	<u>71,078</u>

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)

	<u>March 31, 2016</u>		<u>March 31 2015</u>
	<u>Budget</u>	<u>Actual</u>	<u>Actual</u>
	<i>(Note 19)</i>		
Annual operating surplus (deficit)	(12,515)	(4,165)	(8,749)
Acquisition of tangible capital assets	(10,035)	(5,156)	(1,508)
Amortization of tangible capital assets	44,340	44,088	45,669
	<u>21,790</u>	<u>34,767</u>	<u>35,412</u>
Acquisition of prepaid expense	-	(3,123)	(3,065)
Use of prepaid expense	-	4,211	3,113
	<u>-</u>	<u>1,088</u>	<u>48</u>
Acquisition of inventory for use	-	(211)	-
Use of inventory	-	156	-
	<u>-</u>	<u>(55)</u>	<u>-</u>
Decrease in net financial debt	<u>21,790</u>	<u>35,800</u>	<u>35,460</u>
Net financial debt – beginning of year		<u>(1,146,182)</u>	<u>(1,181,642)</u>
Net financial debt – end of year		<u><u>(1,110,382)</u></u>	<u><u>(1,146,182)</u></u>

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

# B.C. Pavilion Corporation

## Statement of Cash Flows

(in \$000s)

	March 31 2016	March 31 2015
<b>Operating transactions</b>		
Surplus (Deficit) for the year	(4,165)	(8,749)
<i>Non-cash items included in surplus (deficit):</i>		
Amortization of tangible capital assets	44,088	45,669
Amortization of deferred contributions – other	(1,638)	(1,602)
Amortization of deferred contributions – government	(45,182)	(46,333)
Accounts receivable	(3,701)	(2,863)
Due to government	(21)	118
Accounts payable and accrued liabilities	(2,435)	5,091
Employee leave liability	110	91
Deferred revenue	(1,327)	2,480
Inventories held for use	(55)	-
Prepaid expenses	1,088	48
<i>Cash used in operations</i>	<u>(13,238)</u>	<u>(6,050)</u>
<b>Capital transactions</b>		
Purchase of tangible capital assets	(5,156)	(1,508)
<i>Cash used in capital transactions</i>	<u>(5,156)</u>	<u>(1,508)</u>
<b>Financing transactions</b>		
Deferred contributions – other	500	-
Deferred contributions – government	19,022	8,992
Long term debt	(1,804)	(1,719)
<i>Cash provided for in financing transactions</i>	<u>17,718</u>	<u>7,273</u>
<b>(Decrease)/increase in cash and cash equivalents</b>	(676)	(285)
Cash and cash equivalents – beginning of year	20,329	20,614
Cash and cash equivalents – end of year	<u>19,653</u>	<u>20,329</u>
Cash and cash equivalents are made up of:		
Cash	16,893	14,729
Cash equivalents	2,760	5,600
	<u>19,653</u>	<u>20,329</u>

Interest received during the year was \$.135 million (2015: \$.170 million). Interest expensed during the year was \$6.195 million (2015: \$7.255 million). Interest received is made up of interest income from the Statement of Operations. Interest paid during the year is made up of interest expense from the Statement of Operations plus the decrease in accrued interest payable in the amount of \$1.016 million (2015: \$.042 million)

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, 2016 (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 Transportation and Infrastructure. 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 generate economic and community benefit for the people of British Columbia through the prudent management of public facilities. PavCo achieves this 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. 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 and externally restricted contributions. 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.

##### ***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

## **B.C. Pavilion Corporation**

### **Notes to the Financial Statements**

**For the year ended March 31, 2016 (tabular amounts in \$000s)**

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#### **2. Significant Accounting Policies (cont.)**

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.

#### ***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.

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

Operating contributions are recognized as income in the period for which they are contributed. Funding received for other specific purposes is treated as deferred contributions and recognized in the period that the stipulation or restriction is met.

## **B.C. Pavilion Corporation**

### **Notes to the Financial Statements**

**For the year ended March 31, 2016 (tabular amounts in \$000s)**

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#### **2. Significant Accounting Policies (cont.)**

##### ***Capital Contributions***

The value of contributed depreciable tangible capital assets or funding received from government or other external sources for the purpose of acquiring or developing tangible capital assets for use in providing services, is treated as deferred contributions. These contributions are amortized to revenue in the period during which the assets are used to provide services, at the same amortization rate as 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 or externally restricted contributions be recognized as revenue when approved by the transferor and eligibility criteria have been met unless the transfer or externally restricted contribution contains a stipulation that creates a liability, in which case the transfer is recognized as revenue over the period that the liability is extinguished.

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.

##### ***Expenses***

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

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***

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.
- All other financial instruments are recorded at cost which approximates fair value.

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2016 (tabular amounts in \$000s)**

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

***Employee pension plan***

PavCo and its employees contribute to the Public Service Pension Plan in accordance with the Public Sector Pension Plans Act. Defined contribution plan accounting is applied because sufficient information is not available to apply defined benefit accounting. Contributions are expensed as they become payable.

The Public Service Pension (Plan) is a multi-employer, defined benefit plan with over 115,000 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 published actuarial valuation, as at March 31, 2014, disclosed an overall actuarial surplus of \$194 million for basic pension benefits, for the entire Public Service Pension Plan. The surplus means the plan's assets are sufficient to pay the current and future basic pensions of all members.

Contributions to the Plan by PavCo for fiscal 2016 were \$1.3 million (2015 - \$1.2 million).

**3. 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. 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 15). Management has also estimated the useful life of capital assets (Note 2).

**4. Government Partnership**

PavCo has entered into an agreement 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 under the definition of PS 3060. PavCo's obligation in the partnership is limited to the amount of PavCo's contributions.

Included in the corporation's financial statements is PavCo's proportionate interest in the partnership, based on its contributions to the CDF (2016 – 8.3%; 2015 – 8.4%):

**B.C. Pavilion Corporation****Notes to the Financial Statements****For the year ended March 31, 2016 (tabular amounts in \$000s)****4. Government Partnership (cont.)**

	<b>March 31 2016</b>	<b>March 31 2015</b>
<b>Statement of Financial Position</b>		
Cash	566	684
Accumulated surplus	566	684

	<b>March 31 2016</b>	<b>March 31 2015</b>
<b>Statement of Operations</b>		
Revenue	6	6
Expense	124	23

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, 2016 is:

Fiscal 2017	60
Fiscal 2018	62
Fiscal 2019	69
Fiscal 2020	55
Fiscal 2021 and beyond	116

**5. Cash and Cash Equivalents**

	<b>March 31 2016</b>	<b>March 31 2015</b>
Unrestricted cash	16,327	14,045
Restricted cash	2,760	5,600
Investment in Convention Development Fund	566	684
	<b>19,653</b>	<b>20,329</b>

Restricted cash consists of a refundable deposit to secure a letter of credit that PavCo issued on behalf of the depositor. A liability for the amount of the deposit is recorded in accounts payable and accrued liabilities.

**6. Accounts Receivable**

	<b>March 31 2016</b>	<b>March 31 2015</b>
Trade	8,308	4,604
Other receivables	26,084	26,084
	<b>34,392</b>	<b>30,688</b>
Less: provision for doubtful accounts	(108)	(105)
	<b>34,284</b>	<b>30,583</b>

Other receivables consist of amounts receivable resulting from third parties with respect to development rights to the west of B.C. Place (\$22,662) and a water lot lease at the Vancouver Convention Centre (\$3,422). These receivables are due in fiscal 2017 and fiscal 2036 respectively.



**B.C. Pavilion Corporation****Notes to the Financial Statements****For the year ended March 31, 2016 (tabular amounts in \$000s)****7. Due to Governments**

	<b>March 31 2016</b>	<b>March 31 2015</b>
Due to federal government	26	95
Due to provincial government	9,430	9,382
	<b>9,456</b>	<b>9,477</b>

**8. Accounts Payable and Accrued Liabilities**

	<b>March 31 2016</b>	<b>March 31 2015</b>
Trade accounts payable and accrued liabilities	13,893	15,322
Accrued interest on long term debt	2,589	3,605
Builder's lien holdbacks	275	265
	<b>16,757</b>	<b>19,192</b>

**9. Employee Leave Liability**

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

**10. Deferred Revenue**

	<b>March 31 2016</b>	<b>March 31 2015</b>
Unearned lease revenues	33,846	36,202
Unearned event revenue and deposits	9,435	8,406
	<b>43,281</b>	<b>44,608</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, 2016 (tabular amounts in \$000s)****11. Deferred Contributions – Other**

	<b>Balance April 1 2015</b>	<b>Receipts during year</b>	<b>Transferred to revenue</b>	<b>Balance March 31 2016</b>
Other Contributions	14,138	500	(1,638)	13,000

	<b>Balance April 1 2014</b>	<b>Receipts during year</b>	<b>Transferred to revenue</b>	<b>Balance March 31 2015</b>
Other Contributions	15,740	-	(1,602)	14,138

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.

**12. 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 2015</b>	<b>Receipts during year</b>	<b>Transferred to revenue</b>	<b>Balance March 31 2016</b>
Government of Canada	197,291	-	(4,556)	192,735
Province of British Columbia	764,182	19,022	(40,626)	742,578
	961,473	19,022	(45,182)	935,313

	<b>Balance April 1 2014</b>	<b>Receipts during year</b>	<b>Transferred to revenue</b>	<b>Balance March 31 2015</b>
Government of Canada	201,847	-	(4,556)	197,291
Province of British Columbia	796,967	8,992	(41,777)	764,182
	998,814	8,992	(46,333)	961,473

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.

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

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the year ended March 31, 2016 (tabular amounts in \$000s)

#### 12. Deferred Contributions – Government (cont.)

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.

#### 13. Long-term Debt

	March 31 2016	March 31 2015
Province of British Columbia	145,648	147,452

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 was non-interest bearing during the construction and start-up period. Commencing April 2, 2013, PavCo began repaying the loan by providing semi-annual blended payments of principal and interest of \$4.5 million.

The parties negotiated a reduced interest rate from 4.89% to 3.29% effective November 1, 2015 until fiscal 2049. The current repayment schedule reflects loan payments by PavCo of \$7.5 million for fiscal 2017, \$7.3 million for fiscal years 2018 through 2048 and \$3.7 million for fiscal year 2049.

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

#### 14. Tangible Capital Assets

	BC Place	Vancouver Convention Centre <sup>(1)</sup>	March 31 2016	March 31 2015
Land	31,292	41,442	72,734	72,734
Buildings and improvements	431,988	612,586	1,044,574	1,076,154
Leasehold improvements	-	26,090	26,090	27,731
Equipment	14,971	2,430	17,401	21,868
Furniture and fixtures	15,468	147	15,615	17,026
Computer hardware/software	177	85	262	95
<b>Total</b>	<b>493,896</b>	<b>682,780</b>	<b>1,176,676</b>	<b>1,215,608</b>

(1) Includes corporate office assets

## **B.C. Pavilion Corporation**

### **Notes to the Financial Statements**

**For the year ended March 31, 2016 (tabular amounts in \$000s)**

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#### **14. Tangible Capital Assets (cont.)**

Included above as at March 31, 2016 is work-in-progress including expansion joint replacement and various other building and equipment categories.

	<b>BC Place</b>	<b>Vancouver Convention Centre</b>	<b>March 31 2016</b>	<b>March 31 2015</b>
Buildings and improvements	20	466	486	-
Equipment	10	71	81	-
Furniture and fixtures	-	1	1	-
<b>Total</b>	<b>30</b>	<b>538</b>	<b>568</b>	<b>-</b>

#### **Artwork**

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.

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, 2016 is \$6.2 million (\$6.2 million at March 31, 2015).

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, 2015).

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, 2016 (tabular amounts in \$000s)

### 14. Tangible Capital Assets (cont.)

	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware & software	2016
<b>Cost:</b>								
Opening balance	72,734	1,276,021	40,397	67,141	32,442	25	2,347	1,491,107
Additions	-	2,270	238	2,222	153	-	273	5,156
Disposals and adjustments	-	(134)	-	(2,698)	-	-	-	(2,832)
Closing balance	72,734	1,278,157	40,635	66,665	32,595	25	2,620	1,493,431
<b>Accumulated amortization:</b>								
Opening balance	-	(199,867)	(12,666)	(45,273)	(15,416)	(25)	(2,252)	(275,499)
Amortization expense	-	(33,850)	(1,879)	(6,687)	(1,564)	-	(106)	(44,086)
Effect of disposals and adjustments	-	134	-	2,696	-	-	-	2,830
Closing balance	-	(233,583)	(14,545)	(49,264)	(16,980)	(25)	(2,358)	(316,755)
<b>Net book value</b>	<b>72,734</b>	<b>1,044,574</b>	<b>26,090</b>	<b>17,401</b>	<b>15,615</b>	<b>-</b>	<b>262</b>	<b>1,176,676</b>
	Land	Buildings and improvements	Leasehold Improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware & software	2015
<b>Cost:</b>								
Opening balance	72,734	1,275,858	40,302	66,447	32,421	25	2,291	1,490,078
Additions	-	476	95	851	30	-	56	1,508
Disposals and adjustments	-	(313)	-	(157)	(9)	-	-	(479)
Closing balance	72,734	1,276,021	40,397	67,141	32,442	25	2,347	1,491,107
<b>Accumulated amortization:</b>								
Opening balance	-	(166,320)	(10,795)	(37,249)	(13,750)	(25)	(2,170)	(230,309)
Amortization expense	-	(33,860)	(1,871)	(8,181)	(1,675)	-	(82)	(45,669)
Effect of disposals and adjustments	-	313	-	157	9	-	-	479
Closing balance	-	(199,867)	(12,666)	(45,273)	(15,416)	(25)	(2,252)	(275,499)
<b>Net book value</b>	<b>72,734</b>	<b>1,076,154</b>	<b>27,731</b>	<b>21,868</b>	<b>17,026</b>	<b>-</b>	<b>95</b>	<b>1,215,608</b>

## **B.C. Pavilion Corporation**

### **Notes to the Financial Statements**

**For the year ended March 31, 2016 (tabular amounts in \$000s)**

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#### **15. Contingencies and Contractual Obligations**

##### ***Contingent liabilities***

- a) PavCo remains liable for environmental and reclamation obligations for known hazards that may exist at its facilities and has recognized soil remediation costs in the Financial Statements. As at March 31, 2016 management is not aware of any additional existing environmental problems related to its facilities that may result in material liability to the corporation.
- b) 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.

##### ***Contractual obligations***

- a) Operating leases

The corporation is committed to payments under several operating leases and maintenance agreements, the longest of which extends to 2028. These represent total commitments as follows:

Fiscal 2017	2,756
Fiscal 2018	2,355
Fiscal 2018	1,735
Fiscal 2020	281
Fiscal 2021 and beyond	70

- b) Capital projects

At March 31, 2016, the Corporation has committed to future expenditures under contracts currently entered into with respect to remaining capital obligations as follows:

Fiscal 2016	602
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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.

PavCo also entered into an Updated Master Development Agreement with a third party to develop this land on the west side of BC Place. As part of this Agreement PavCo is 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 related to the remediation of soils have been recognized in the Financial Statements.

## B.C. Pavilion Corporation

### Notes to the Financial Statements

For the year ended March 31, 2016 (tabular amounts in \$000s)

#### 15. Contingencies and Contractual Obligations (cont.)

PavCo also entered into an Agreement with a First Nation concerning the development of this land on the west side of BC Place. This Agreement has no impact on the March 31, 2016 Financial Statements but will entail sharing of lease revenues for three years upon commencement of receiving lease revenues.

#### 16. Expenses by Object

The following summarizes expenses by object:

	2016	2016	2015
	Budget	Actual	Actual
Event direct costs	32,097	36,948	30,037
Salaries, wages and benefits	17,580	16,620	15,745
Operating expenses	14,686	14,716	14,443
General and administration	3,993	3,954	3,695
Business development	1,323	929	984
Professional consulting fees	1,815	1,830	1,773
Interest on long term debt	7,167	6,195	7,255
Redevelopment	2,250	559	294
Amortization	44,340	44,088	45,669
	125,251	125,839	119,894

#### 17. Related Party Transactions

PavCo is related through common ownership to all Province of British Columbia ministries, agencies and Crown corporations. All transactions with these entities were in the normal course of operations and recorded at fair market value.

#### 18. Valuation Allowance

Valuation allowances are included in 'General and administration' expenditures (Note 16), and represent the write-down of assets in the statement of financial position.

	BC Place	Vancouver Convention Centre	2016	2015
Accounts receivable	(25)	(83)	(108)	(105)

#### 19. Budgeted Figures

Budgeted figures have been provided for comparison purposes and are derived from the estimates provided in the Corporation's 2015/16 Annual Service Plan report which was approved by PavCo's Board of Directors on January 23, 2015.

## **B.C. Pavilion Corporation**

### **Notes to the Financial Statements**

**For the year ended March 31, 2016 (tabular amounts in \$000s)**

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#### **20. Comparative Numbers**

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

#### **21. 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.

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.

*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.



**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2016 (tabular amounts in \$000s)**

**22. Segmented Information**

PavCo reports segmented information by its operating divisions: BC Place Stadium and the Vancouver Convention Centre. BC Place Stadium and the Vancouver Convention Centre, market, sell and manage space for conventions, trade and consumer shows, entertainment, sports and other events. Revenues, expenses and tangible capital assets by facility are provided in the following tables:

	<i>BC Place<sup>(1)</sup></i>		<i>Vancouver Convention Centre<sup>(1)(2)</sup></i>		<i>Total</i>	
	2016	2015	2016	2015	2016	2015
<b>Revenues</b>						
Event revenues	18,362	10,132	48,998	45,107	67,360	55,239
Lease revenues	36	36	3,493	3,580	3,529	3,616
Miscellaneous revenues <sup>(3)</sup>	3,426	3,638	404	547	3,830	4,185
Deferred contributions – other	684	648	954	954	1,638	1,602
Deferred contributions - government	23,194	23,861	21,988	22,472	45,182	46,333
Interest revenue	92	90	43	80	135	170
	<b>45,794</b>	<b>38,405</b>	<b>75,880</b>	<b>72,740</b>	<b>121,674</b>	<b>111,145</b>
<b>Expenses</b>						
Event direct costs	9,952	5,430	26,996	24,606	36,948	30,036
Salaries, wages and benefits	7,482	7,138	9,138	8,607	16,620	15,745
Operating expenses	4,673	4,377	10,043	10,066	14,716	14,443
General and administration	1,825	1,640	2,129	2,055	3,954	3,695
Business development	319	391	610	593	929	984
Professional consulting fees	1,124	1,008	706	765	1,830	1,773
Interest on long term debt	6,195	7,255	-	-	6,195	7,255
Redevelopment <sup>(4)</sup>	559	294	-	-	559	294
Amortization	25,337	26,441	18,751	19,228	44,088	45,669
	<b>57,466</b>	<b>53,974</b>	<b>68,373</b>	<b>65,920</b>	<b>125,839</b>	<b>119,894</b>
<b>Surplus (deficit) for the period</b>	<b>(11,672)</b>	<b>(15,569)</b>	<b>7,507</b>	<b>6,820</b>	<b>(4,165)</b>	<b>(8,749)</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 are associated with the redevelopment of lands to the west of BC Place

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2016 (tabular amounts in \$000s)**

**22. Segmented Information (cont.)**

BC Place	Land	Buildings and improvements	Equipment	Furniture and fixtures	Vehicles	Computer hardware and software	2016	2015
<b>Cost:</b>								
Opening balance	31,292	551,355	52,604	23,218	-	612	659,081	658,744
Additions	-	1,615	1,536	16	-	195	3,362	815
Disposals	-	(134)	(2,698)	-	-	-	(2,832)	(479)
Closing balance	31,292	552,836	51,442	23,234	-	807	659,611	659,080
<b>Accumulated amortization:</b>								
Opening balance	-	(103,218)	(33,180)	(6,242)	-	(569)	(143,209)	(117,247)
Amortization expense	-	(17,764)	(5,988)	(1,524)	-	(61)	(25,337)	(26,441)
Effect of disposals and adjustments	-	134	2,697	-	-	-	2,831	479
Closing balance	-	(120,848)	(36,471)	(7,766)	-	(630)	(165,715)	(143,812)
<b>Net book value – March 31, 2016</b>	<b>31,292</b>	<b>431,988</b>	<b>14,971</b>	<b>15,468</b>	<b>-</b>	<b>177</b>	<b>493,896</b>	
<b>Net book value – March 31, 2015</b>	<b>31,292</b>	<b>448,137</b>	<b>19,425</b>	<b>16,974</b>		<b>43</b>		<b>515,871</b>

**B.C. Pavilion Corporation**  
**Notes to the Financial Statements**  
**For the year ended March 31, 2016 (tabular amounts in \$000s)**

**22. Segmented Information (cont.)**

<b>Vancouver Convention Centre</b>	<b>Land</b>	<b>Buildings and improvements</b>	<b>Leasehold Improvements</b>	<b>Equipment</b>	<b>Furniture and fixtures</b>	<b>Vehicles</b>	<b>Computer hardware and software</b>	<b>2016</b>	<b>2015</b>
<b>Cost:</b>									
Opening balance	41,442	724,666	40,397	14,537	9,224	25	1,735	832,026	831,334
Additions	-	655	238	686	138	-	77	1,794	693
Disposals	-	-	-	-	-	-	-	-	-
Closing balance	41,442	725,321	40,635	15,223	9,362	25	1,812	833,820	832,028
<b>Accumulated amortization:</b>									
Opening balance	-	(96,649)	(12,666)	(12,094)	(9,173)	(25)	(1,684)	(132,291)	(113,062)
Amortization expense	-	(16,086)	(1,879)	(699)	(42)	-	(43)	(18,749)	(19,228)
Effect of disposals and adjustments	-	-	-	-	-	-	-	-	-
Closing balance	-	(112,735)	(14,545)	(12,793)	(9,215)	(25)	(1,727)	(151,040)	(132,290)
<b>Net book value – March 31, 2016</b>	<b>41,442</b>	<b>612,586</b>	<b>26,090</b>	<b>2,430</b>	<b>147</b>	<b>-</b>	<b>85</b>	<b>682,780</b>	
<b>Net book value – March 31, 2015</b>	<b>41,442</b>	<b>628,017</b>	<b>27,731</b>	<b>2,443</b>	<b>52</b>	<b>-</b>	<b>52</b>		<b>699,737</b>

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.

## **Appendix A: Additional Information**

### ***Corporate 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. The Board consists of six members, all appointed by the Shareholder.

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/board/](http://www.bcpavco.com/resources/board/).

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

### ***Organizational Overview***

PavCo owns and operates two world-class public facilities located in downtown Vancouver: [BC Place](#) and the [Vancouver Convention Centre](#).

#### Economic and Community Benefits

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

The Vancouver Convention Centre is the provincial flagship for conventions and meetings, creating opportunities for local businesses to benefit from increased visitation to British Columbia. The local community benefits significantly from public events such as the Canada Day celebrations, and through partnerships formed between the Centre and local charities and organizations who have a focus on environmental sustainability. BC Place, which is the largest indoor gathering place in British Columbia, provides support to industry as a venue for entertainment, championship sporting events, consumer shows, and special events. In addition to being the home for two of BC's professional sports teams, BC Place welcomes a wide range of amateur sports and community events throughout the year, and uses its iconic Northern Lights Display to help create awareness to countless charitable events and recognized causes that are important to communities throughout British Columbia.

Stakeholders

BC Place is proud to be the home of the Canadian Football League (CFL) BC Lions Football Club, and the Major League Soccer (MLS) Vancouver Whitecaps FC.

PavCo stakeholders also include Tourism Vancouver, as a contributing partner to the expanded Convention Centre; 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; neighbours; and the general public.

Vision

To be a global leader in outstanding venues and events.

Mission

To deliver inspiring and sustainable experiences for our clients, guests and our community, by hosting conventions, entertainment, sporting and related events that meet their highest expectations.

***Contact Information***

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BC PLACE

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VANCOUVER CONVENTION CENTRE

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Vancouver, BC V6C 0C1  
Tel: (604) 689-8232  
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## Appendix B – Crown Corporations Mandate and Actions Summary

In the 2015/16 Mandate Letter from the minister responsible, Stuart McLaughlin, Chair of BC Pavilion Corporation, received direction on strategic priorities for the 2015/16 fiscal year. These priorities and the Crown Corporation's resulting actions are summarized below:

Mandate Letter Direction	Crown Corporation's Action
<p>1. Lead and report back on PavCo's domestic and international sales and marketing program for the Vancouver Convention Centre that supports PavCo's achievement of its performance goals, including increasing non-resident delegate days. Ensure marketing strategies are aligned with Destination BC's overall marketing strategy. Status updates on the Program and non-resident delegate day results are to be provided by June 30, 2015 and December 31, 2015;</p>	<p>Sales and marketing efforts by the Vancouver Convention Centre in fiscal 2015/16 focussed on filling need periods in the long term with large conventions while securing high yield infill business in the short term.</p> <p>Business development in international markets was also grown through working with Tourism Vancouver, Destination BC, Trade &amp; Investment BC.</p> <p>The Convention Centre has been successful in tripling the number of Non-Resident Delegate Days (NRDDs) to 511,000 NRDDs in fiscal 2015/16 from pre-expansion levels, which averaged 139,000 between 2004 and 2009.</p>
<p>2. Lead and report back on plans to increase attendance to and economic benefits from BC Place Stadium events which support PavCo's achievement of its performance goals. Status updates are to be provided by June 30 2015 and December 31, 2015;</p>	<p>Economic impact generated by events hosted at BC Place is at an all-time high of \$202 million.</p> <p>Strong marketing and sales activity resulted in BC Place attracting several marquee events to the stadium, including the championship final of the FIFA Women's World Cup Canada 2015, and the Canada Sevens as part of the World Rugby Sevens Series, and Canada's Men's National Soccer Team in FIFA World Cup qualifying. These international events created significant economic impact during the year.</p> <p>Joint attendance building initiatives and ticketing and hospitality strategies were also implemented with several of the stadium's tenants during the year.</p>
<p>3. Work with the Ministry of Transportation and Infrastructure (the Ministry) to ensure all</p>	<p>PavCo continues to work with the Ministry to develop and implement a Strategic Plan to</p>

financial management and fiscal targets and reporting requirements, as identified in the Ministry budget letter to PavCo are met and inform the Ministry in a timely manner of any pressures in meeting these financial targets and the related mitigation strategies; and	<p>ensure accountability for outcomes and measures, as well as keeping the Ministry informed on issues in a timely manner</p> <p>PavCo also worked with the Ministry of Transportation and Infrastructure in identifying pressures in meeting targets and related mitigation strategies.</p>
4. Continue to maximize private sector revenue for the public facilities owned/managed by PavCo and continue to maximize economic benefit to the Province of BC and minimize reliance on government funding.	<p>PavCo continues to identify opportunities to maximise private sector revenues such as sponsorship revenues and development of lands adjacent to the stadium.</p> <p>Economic benefit generated through PavCo's facilities in 2015/16 was \$556 million, while the convention centre attained profitability for the second year in a row.</p>