

# **B.C. Pavilion Corporation**

## **2023/24 – 2025/26 Service Plan**

**February 2023**



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## Board Chair's Accountability Statement



The 2023/24 – 2025/26 B.C. Pavilion Corporation Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. The plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of the plan, including what has been included in the plan and how it has been reported. The Board is responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of December 2022 have been considered in preparing the plan. The performance measures presented are consistent with the *Budget Transparency and Accountability Act*, B.C. Pavilion Corporation's mandate and goals, and focus on aspects critical to the organization's performance. The targets in this plan have been determined based on an assessment of B.C. Pavilion Corporation's operating environment, forecast conditions, risk assessment and past performance.

Signed on behalf of the Board by:

A handwritten signature in blue ink that reads "Gwendolyn Point".

Dr. Gwendolyn Point  
Board Chair  
February 3, 2023

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## Strategic Direction

In 2023/24, public sector organizations will continue working to make life better for people in B.C., improve the services we all rely on, and ensure a sustainable province for future generations. Government will focus on building a secure, clean, and fair economy, and a province where everyone can find a good home – whether in a rural area, in a city, or in an Indigenous community. B.C. will continue working toward true and meaningful reconciliation by supporting opportunities for Indigenous Peoples to be full partners in an inclusive and sustainable province. The policies, programs and projects developed over the course of this service plan period will focus on results that people can see and feel in four key areas: attainable and affordable housing, strengthened health care, safer communities, and a secure, clean and fair economy that can withstand global economic headwinds.

This 2023/24 – 2025/26 Service Plan outlines how B.C. Pavilion Corporation (PavCo) will support the government’s priorities and selected action items identified in the most recent PavCo [Mandate Letter](#).

PavCo has resumed full operations with large-scale events welcoming guests from around the world again and as a direct result, the economic impact has noticeably increased. When PavCo facilities are active and full, many secondary industries thrive as well, including B.C.’s hotels, restaurants, taxis, tourism attractions, retail, film and television, music and live entertainment, art and culture, local small businesses, B.C. farmers and wine producers, educational institutions, charitable organizations, as well as professional and non-profit associations.

As a major employer and driver of jobs in the hospitality and events industries, PavCo’s direct and indirect contribution to the economy of B.C. is vitally important to the overall recovery of our province. But more than that, PavCo’s facilities represent key opportunities to contribute significant community benefit and steps towards meaningful reconciliation through initiatives such as the placement of a plaque commemorating Terry Fox’s Metis heritage in partnership with the Metis Nation of BC and prominent collaboration with Musqueam weaving artist, Debra Sparrow, for a custom illumination of BC Place as part of the Vancouver Mural Festival.

## Purpose of the Organization and Alignment with Government Priorities

B.C. Pavilion Corporation was formed under the [British Columbia Business Corporations Act](#), and acts as an agent of the government under the [British Columbia Enterprise Corporations Act](#). B.C. Pavilion Corporation registered ‘PavCo’ as a business name under the [Partnership Act](#) (British Columbia). PavCo’s shareholder is the Government of British Columbia. PavCo owns and operates two world-class public facilities located in downtown Vancouver: [BC Place Stadium](#) and the [Vancouver Convention Centre](#).

### Vision

To be the global leader in outstanding venues and events.

### Mission

To deliver inspiring and sustainable experiences for our clients and guests.

### Economic and Community Benefit

PavCo contributes significantly to the growth of the tourism and hospitality industries, as many out-of-town patrons travel throughout British Columbia while and before and after attending events at its facilities. The Vancouver Convention Centre is the provincial flagship for conventions and meetings. BC Place is the largest indoor venue of its kind in Western Canada and provides support to industry as a venue for consumer shows and special events, as well as being a major sports, concerts, entertainment, and community gathering centre.

## Operating Environment

The impact of COVID-19 and related restrictions on travel and public gathering had a devastating impact on the tourism and events sector and business efforts in Fiscal Year 2022/23 focused on resuming full operations as much as possible as conditions allowed.

The lifting of event capacity limits in February 2022 and face coverings inside public spaces becoming optional in April 2022 significantly altered the course of operations for PavCo's facilities. Since that time, PavCo has seen a significant rebound of events, including major sporting events, business and association meetings, conventions, conferences, consumer shows, and public experiences. As business and personal travel around the world resumes and people regain comfort with travel, PavCo's business has been able to resume as well.

The number of meetings and events continue to build to pre-pandemic levels with the most significant rebound being realized from the regional market. Attendance for international events, has been more variable as this segment is compounded with concerns about the economy, travel challenges, reductions in corporate travel budgets, and clients requiring more support in planning and executing their events. This experience is being felt in the industry globally and PavCo is actively engaged with the sector to share best practices and solutions with other destinations and venues as they are found.

Additionally, along with PavCo, suppliers and partners that support the production and execution of events hosted at PavCo's venues are also recovering from the economic impact of the pandemic and being faced with the challenge of rehiring workers at all levels. This includes many suppliers, clients and partner organizations who had to downsize their workforces, resulting in a loss of key expertise, a need for increased training as the industry continues to rebound, and a challenge to recruit in a very competitive labour market.

As a response to the pandemic, the global meetings industry has seen an increase in virtually hosted events. PavCo will need to balance the expectations of its clients to incorporate virtual,

hybrid and live events; however, it is unknown how much of an influence this trend will continue to have as the sector stabilizes.

## Performance Planning

### **Goal 1: Create economic and community benefits while optimizing profitability**

PavCo's focus is centered on returning financial and community benefit performance to pre-pandemic levels.

In Fiscal Year 2022/23, PavCo is forecasting \$410 million in economic benefit and related community benefit for the people of British Columbia through the prudent management and utilization of its public facilities. In typical pre-pandemic years, PavCo generated between \$450 million and \$550 million annually in economic impact to the Province of British Columbia.

Working closely with government, industry leaders, health professionals, partners, and clients, PavCo's facilities have made progress resuming operations for professional sports, meetings, conferences, live entertainment and consumer and trade show activations.

### **Objective 1.1: Generate economic and community benefit for the people of B.C. through activities in our venues.**

In Fiscal Year 2023/24, PavCo's major focus is continuing to focus on business recovery, event execution, and building outstanding and sustainable client experiences to maximize the economic benefit it delivers for the Province. PavCo will continue to pursue diverse business opportunities for a wide range of events in both venues that help support the Province's economy with a return to the pre-pandemic level of economic impact.

#### **Key Strategies**

- Attract a portfolio of events that prioritizes and balances profitability with economic and community benefit.
- Attract income producing events that generate revenue from out of province and within Metro Vancouver, thereby creating meaningful direct and indirect jobs for the people of B.C.
- Support our industry partners and suppliers in their business recovery through joint sales and marketing initiatives, shared market intelligence and hosting world class events.
- Continue to create meaningful opportunities for engagement and reconciliation with Indigenous communities and partners.

## Discussion

Increased attendance, economic impact and community benefit continue to be central objectives for PavCo to support its mandate. Projections for Fiscal Year 2023/24 and future years have been prepared by PavCo management based on anticipated attendance and activity. These projections are derived from the events confirmed on BC Place and Vancouver Convention Centre's books, clients' attendance forecasts and a forecast of future events that are expected to occur.

## Performance Measures

Performance Measures, in millions (M)	2021/22 Actuals <sup>4</sup>	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
<b>[1.1a] Economic Impact<sup>1</sup></b>					
Vancouver Convention Centre					
Visitor Spending from outside Metro Vancouver	\$99 M	\$252 M	\$414 M	\$492 M	\$485 M
Visitor Spending from outside British Columbia	\$83 M	\$209 M	\$350 M	\$437 M	\$437 M
BC Place					
All visitor spending	\$44 M	\$158 M	\$141 M	\$133 M	\$135 M
Visitor Spending from outside British Columbia	\$9 M	\$32 M	\$29 M	\$27 M	\$27 M
<b>[1.1b] Delegate Days and Attendance<sup>2</sup></b>					
Vancouver Convention Centre					
Delegate days from outside Metro Vancouver	0.146 M	0.372 M	0.590 M	0.656 M	0.639 M
Delegate days from outside British Columbia	0.110 M	0.272 M	0.448 M	0.536 M	0.539 M
BC Place					
Total attendance	0.229 M	0.771 M	0.656 M	0.651 M	0.615 M
<b>[1.1c] Financial Performance<sup>3</sup></b>					
Operating deficit target, before government sustaining contributions	\$31.019 M	\$19.214 M	\$24.872 M	\$24.131 M	\$22.571 M

### Data source:

<sup>1</sup> Economic impact is calculated using the BC Stats Input/Output model and is based on estimated expenditures by organizers and visitors at events in the facilities, subsequent spending in the province following the event and the multiplier effect through the economy of such spending. Projections for 2022/23 and future years are based on calculated estimates by PavCo management. Metro Vancouver is a region within B.C. that encompasses Vancouver and surrounding communities.

<sup>2</sup> Forecasted delegate days for Vancouver Convention Centre for Fiscal Year 2022/23 and onward targets are based on confirmed and tentative bookings in the event management system. Attendance at BC Place is the total of announced attendance by clients for attendance at their events.

<sup>3</sup> The corporate operating deficit before government contributions is the sum of: sales revenues, other revenues and deferred contributions, less total expenses. Operating gains (losses) before interest, amortization, and contributions are: 2021/22A (\$20.224M), 2022/23F (\$8.743M), 2023/24T (\$15.078M), 2024/25T (\$13.853M) and 2025/26T (\$12.203M).

<sup>4</sup> Reflects Fiscal Year 2021/22 actual results.



## **Discussion**

### **Vancouver Conventions Centre**

The Vancouver Convention Centre (Convention Centre) creates greater economic impact by attracting delegates and exhibitors from outside Metro Vancouver, with the largest contribution being attendees from outside of British Columbia (non-resident delegates), who attend events that would not have been hosted in the province if the Convention Centre did not exist. A non-resident delegate day is a day when a non-British Columbian attended an event at the Convention Centre, likely stayed at a local hotel and visited restaurants, retailers, or other hospitality businesses. Most of these delegates have multiple delegate days per visit and contribute to the economy across a variety of sectors.

An expectation of greater certainty and growth beyond the current year's forecast is reflected in increases to future targets for several performance measures 1.1a, 1.1b, and 1.1c compared to baseline results. As projected periods get closer, greater reliance is placed on actual Convention Centre events booked and less so on assumptions around shorter term event bookings for the year.

Apart from extensive experience hosting conventions, the Convention Centre has a strong history hosting events of all types and sizes including conferences, business and association meetings, banquets, industry exams, TV and film shoots, and both cultural and community events.

As the meetings and events industry is recovering from the impact of the pandemic, the Convention Centre continues to see relative success in securing business for future years. Large convention bookings are often cyclical in nature, as many larger groups confirm years in advance. PavCo balances long-term bookings with business that have a shorter booking window, targeting corporate meetings, cultural events, not-for-profit businesses, and television and film shoots. This approach ensures an optimum mix of business to support PavCo in meeting its mandate to generate economic and community benefit. It is anticipated that future bookings for the Convention Centre in the coming years will continue to return to pre-pandemic levels, as many in the industry are booking events that had been postponed during the pandemic. Additionally, a number of high profile events will be held at the Centre in the years ahead including the International Conference and Exhibition on Liquefied Natural Gas in July 2023 and Invictus Games and AA International in 2025.

### **BC Place Stadium**

As the largest multipurpose facility of its kind in the region, BC Place Stadium (BC Place) provides a venue for sports, entertainment, community and cultural activity that would not otherwise take place in British Columbia.

Revenues at BC Place are primarily driven by event hosting and attendance, third party leases and sponsorship activity. Event attendance drives sales of stadium services and in particular food and beverage, which in turn provides jobs and career opportunities with PavCo and our suppliers. BC Place manages the events schedule to achieve the best possible yield from key business sectors. Throughout the calendar year, a significant number of prime dates

(specifically weekends) are either confirmed as occupied or tentatively held by clients, including our resident sports teams.

To operate efficiently and maximize revenues from the limited date availability, sales efforts focus on high-margin event opportunities including regional, national and international championship sporting events, consumer and trade shows, film and television and live entertainment. The live entertainment market remains very cyclical in nature and revenue from these events is projected only when there is high certainty they will transpire. With the further resumption of events in Fiscal Year 2023/24, it is anticipated that BC Place will approach or exceed pre-pandemic levels in the number of events hosted, attendance and economic impact. Global attention will be drawn to BC Place in the years ahead with a number of high-profile international sporting events including Grey Cup 2024, AA International Conference 2025 and FIFA World Cup 2026.

## **Goal 2: PavCo venues provide exceptional service**

PavCo has built its reputation as an industry leading organization capable of hosting world-class events. Exceptional client and guest experiences further elevate PavCo's reputation among industry stakeholders, drives future guest attendance levels and attracts new clients. This helps ensure PavCo achieves its goals of maximizing economic impact, community benefit, and return to profitability.

PavCo's venues will continue to focus on providing a safe, inclusive, and welcoming environment for all attendees, adhering to the comprehensive safety plans developed for both facilities, as well as on providing the exceptional level of service they are known for. Both venues have worked with key stakeholders and have implemented a range of enhanced policies, protocols and technologies that supported the safe resumption of meetings, banquets, conventions, conferences, trade and consumer shows, sporting events and live concerts.

### **Objective 2.1: Foster an exceptional service culture.**

PavCo leverages the strength of its people, experience in delivering exceptional customer service and its world-class venues to attract large-scale events. Exceptional customer service provides an advantage in the intensely competitive global environment that exists post pandemic.

#### **Key Strategies**

- Ensure event planning and operations provide superior experience and value to clients.
- Prioritize innovation, simplification, and product value throughout the organization through leadership promoting a client centric approach.
- Highlight the unique features and benefits of both venues, our organization and destination, and highlight this value proposition in all sales and marketing efforts to encourage additional business opportunities.

- Seek additional formal feedback from primary client groups and/or attendees to improve service quality and offerings.

## Discussion

PavCo’s service excellence measures support government’s priority to deliver services British Columbians can count on. Surveys are conducted with clients and guests to determine their expectations and overall satisfaction levels. Results and feedback from surveys are reviewed across departments to discuss and evaluate successes, while identifying areas for improvement.

## Performance Measures

Performance Measures	2019/20 Baseline <sup>4</sup>	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
[2a] Service Quality – Loyalty Index, VCC <sup>1</sup>	9.3/10	9.4/10	Maintain or Improve upon Baseline	Maintain or Improve upon Baseline	Maintain or Improve upon Baseline
[2b] Client Satisfaction, BC Place <sup>2</sup>	4.6/5	4.6/5	Maintain or Improve upon Baseline	Maintain or Improve upon Baseline	Maintain or Improve upon Baseline
[2c] Guest Satisfaction, BC Place <sup>3</sup>	4.3/5	4.3/5	Maintain or Improve upon Baseline	Maintain or Improve upon Baseline	Maintain or Improve upon Baseline

### Data sources:

<sup>1</sup> Client survey sent to all clients, conducted by Sentis Market Research. Client Loyalty Index is used to measure service quality for the Vancouver Convention Centre. This combines overall satisfaction with the client’s likelihood to rebook and recommend the facility. The survey 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.

<sup>2</sup> Comprehensive on-line client satisfaction survey. Developed in 2013, this survey 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 the preparation of the final billing for the event. Year-over-year variability is anticipated due to the limited sample sizes available for the survey. Scores are from a total out of 5.

<sup>3</sup> Guest satisfaction survey, originally initiated at BC Place in 2012/13. Guest satisfaction results are collected via touch-screen stations distributed throughout the Stadium, or via an online survey sent to ticket holders after the event. Scores are from a total out of 5.

<sup>4</sup> Baseline reflects 2019/20 actual results.

## Discussion

This measure reflects a Fiscal Year 2019/20 actuals baseline, unlike other performance measures in this Service Plan. The adjustment for this measure was made to reflect the last time all business surveys were conducted at the venues prior to the pandemic, and the Baseline is considered the most relevant result for current and future comparisons. Other Performance Measures, specifically Customer Service and Economic Performance, reflect prior fiscal year actual results, as Fiscal Year 2021/22 is the most recent and relevant full comparable year where all metrics were available.

During Fiscal Year 2022/23 efforts at PavCo's venues have focused on providing excellent customer service that builds consumer confidence in attending live events following the restrictions earlier in the pandemic. Key priorities include conveying guest health and safety messaging, a focus on revised protocols - particularly for entry and exit of venues - and for clients providing additional support as required in event planning, as many clients are facing challenges themselves or may be new.

Future targets are set to maintain or improve upon baseline results, reflective of the commitment both the Vancouver Convention Centre and BC Place have in delivering an exceptional customer experience.

### **Goal 3: Employee Experience**

PavCo recognizes the importance of attracting and retaining highly skilled employees and sustaining an effective environment for producing a highly engaged workforce. Employees play a vital role in meeting organizational objectives to deliver exceptional events, and positive client and guest experiences. Benefits of highly engaged employees include increased levels of productivity, collaboration, commitment, financial performance and innovation.

#### **Objective 3.1: Positive Employee Experience.**

PavCo has implemented a people strategy for the organization that is designed to support a high level of employee experience and engagement. Given an increasingly competitive labour market, key focus is being placed on people-focused strategies and approaches to attract and retain employees with the right level of talent and skills that PavCo needs to continue to innovate and thrive.

#### **Key Strategies**

- Deliver industry-leading policies and practices, employee programs and increased digitization and technology infrastructure.
- Provide programs that support mental health, wellness, resiliency and an offering of diverse work arrangements.
- Offer talent management programs, including career, leadership and professional development, succession planning and performance management.
- Further a culture of innovation and growth by leveraging our both our diversity, equity and inclusion and our fair and respectful workplace strategies.

#### **Discussion**

PavCo's ability to deliver both economic and community benefit and outstanding service is directly tied to its ability to attract and retain a high-quality workforce across the organization. With a well-trained, professional, and engaged workforce, PavCo is well positioned to be able to meet its objectives.

The tightening labour market conditions in the province, however, have presented several challenges this year. In response, PavCo remains focused on strategies to ensure strong employee engagement and elevating the employee experience through a focus on health and wellness, a competitive compensation package, our flexible workplace approach and internal mobility opportunities. A key priority continues to be placed on strengthening the skills and development of our team members through ongoing learning and development offerings.

PavCo’s Diversity, Equity and Inclusion strategy informs a multi-year plan focused on education, accountability, awareness and understanding for all levels of the organization, including the Board of Directors. It is a critical aspect to creating and maintaining a respectful and fair workplace that supports a sense of belonging, understanding and equal opportunity. Diversity education and awareness on topics such as Unconscious Bias, Indigenous Awareness and Reconciliation, LGBTQ+ and mental health are offered regularly to all employees.

### Performance Measures

Performance Measures	2021/22 Actuals <sup>4</sup>	2022/23 Forecast	2023/24 Target	2024/25 Target	2025/26 Target
[3a] Employee Engagement – Score on Employee Surveys, PavCo Overall <sup>1</sup>	69%	To be completed in Q4 FY2023	Maintain or improve upon 2022/23 Forecast	Maintain or improve upon 2022/23 Forecast	Maintain or improve upon 2022/23 Forecast
[3b] Employee Engagement – Score on Employee Surveys, BC Place <sup>2</sup>	55%	To be completed in Q4 FY2023	Maintain or improve upon 2022/23 Forecast	Maintain or improve upon 2022/23 Forecast	Maintain or improve upon 2022/23 Forecast
[3c] Employee Engagement – Score on Employee Surveys, VCC <sup>3</sup>	73%	To be completed in Q4 FY2023	Maintain or improve upon 2022/23 Forecast	Maintain or improve upon 2022/23 Forecast	Maintain or improve upon 2022/23 Forecast

**Data sources:**

<sup>1</sup> All surveys are developed and administered by a third-party independent engagement survey vendor, Great Place to Work® Canada (GPTW), with direction from PavCo. Employee Engagement Survey Scores for PavCo, BC Place and Vancouver Convention Centre are based on the Trust Index model which is a measure developed by GPTW.

<sup>2</sup> BC Place results reflect the average of all full-time and part-time employees, including event staff.

<sup>3</sup> Vancouver Convention Centre results reflect the average of all full-time, part-time, and casual employees.

<sup>4</sup> Reflects 2021/22 actual results.

### Discussion

An annual employee engagement survey provides a measure of employee opinions and sentiment. The survey highlights where we are doing well and areas for improvement by capturing employee feedback across several different factors across the organization. Annually, our teams build action plans incorporating feedback from the survey in addition to

feedback gathered from employee listening sessions. The engagement survey serves as one key indicator of our ability to attract, retain, and engage our people through our workplace.

Despite the pandemic causing significant workforce impact over the last two years, in Fiscal Year 2021/22 PavCo was able to maintain similar engagement results to prior years given the focus on creating a culture of respect, inclusion, empathy and belonging. The organization will look to improve upon these engagement results for the upcoming fiscal year and beyond.

# Financial Plan

## Financial Summary

[\$m] <sup>1</sup>	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan
<b>Revenue</b>				
Sales	78.824	82.922	88.267	91.957
Other Revenues	3.054	3.036	3.127	3.221
Amortization of Contributions:				
Sustaining	7.168	7.553	8.136	8.458
Deferred	36.058	36.121	36.018	36.191
<b>Total Revenue</b>	<b>125.104</b>	<b>129.632</b>	<b>135.548</b>	<b>139.826</b>
<b>Expenses</b>				
Cost of Sales	42.335	44.509	46.826	47.545
Staff	25.424	29.570	30.819	31.729
Operations and Maintenance	14.819	16.582	16.858	17.151
General and Administration	4.816	5.628	5.728	5.831
Business Development	0.667	1.275	1.335	1.361
Fees	2.560	3.472	3.681	3.765
Loan Interest	4.192	4.086	3.977	3.865
Amortization	42.338	41.829	42.319	42.694
<b>Total Expenses</b>	<b>137.150</b>	<b>146.951</b>	<b>151.543</b>	<b>153.940</b>
<b>Annual Surplus (Deficit)</b>	<b>(12.046)</b>	<b>(17.319)</b>	<b>(15.995)</b>	<b>(14.113)</b>
<b>Total Debt</b>	<b>125.861</b>	<b>122.647</b>	<b>119.326</b>	<b>115.894</b>
<b>Accumulated Surplus (Deficit)</b>	<b>37.229</b>	<b>19.910</b>	<b>3.915</b>	<b>(10.198)</b>

Notes:

- The above financial information was prepared based on current Generally Accepted Accounting Principles.

### Discussion

The Financial Summary reflects the business expectations, operating environment, and organizational performance for PavCo forecast through the end of Fiscal Year 2022/23 and moving forward through the business cycle of the next three fiscal years.

Over the course of this business cycle, revenues are expected to return to and exceed pre-pandemic levels in a historically stable business environment, which includes the full removal of gathering restrictions that were prevalent during the pandemic. The increased revenues additionally reflect further investments in business development and the execution of strategic sales plans.

Expenses during this cycle are expected to increase over the Fiscal Year 2022/23 Forecast as PavCo continues its return to a full operating model to support the size of the business, competing in a globally competitive market and supporting an increasing number of events. Cost increases in staffing include strategically increasing staffing levels to a more sustainable level to support events, operations and critical business functions. Increases in this area also include cost of living increases, support for mental health and wellness, delivering staff training and leadership development. Additional inflationary cost pressures are further reflected in expected increased operating, maintenance and utility costs, business development investments and general overhead cost increases over the coming three years.

The resulting Annual Operating Deficit is expected to steadily improve from a budgeted deficit of \$17.319 million in Fiscal Year 2023/24 to \$14.113 million in Fiscal Year 2025/26. Over this period, economic impact will also continue to improve upon and exceed pre-pandemic levels, expected to be over \$600 million by Fiscal Year 2025/26. The business will continue to support clients, our community, jobs, local businesses and reconciliation efforts with Indigenous peoples across the Province through this coming period of time.

## **Key Forecast Assumptions, Risks and Sensitivities**

Revenue estimates are based on confirmed bookings and expected pick-up business. These estimates could change if there are world events during the period that impact business travel, tourism, or event gatherings. Estimates will be monitored and adapted as conditions change.

## **Sensitivity Analysis**

Regional and global forces in the coming business cycle will continue to impact PavCo's business recovery. Events are dependent both on international and leisure domestic travel as well as consumer and client confidence in attending large-scale events. While recent business continues to stabilize and industry expectations remain positive in the near term for both events and attendance growth, recovery and profitability improvement to pre-pandemic levels is still expected to take several years.

Other current external influences include: historically high inflation, rising interest rates, supply chain sourcing challenges, labour shortages and current public sector wage settlements, which are putting pressure on both operating costs and wages. Ongoing deterioration of the Canadian dollar against other currencies could affect the amount of out-of-country and entertainment business attracted to PavCo's facilities while increasing supply chain costs.



## Management’s Perspective on Financial Outlook

PavCo recognizes that global economic conditions will remain unstable for the foreseeable future. Our recovery is tied to the recovery from the pandemic, the global economy and the rebuilding of client and consumer confidence. In response, PavCo continues to implement marketing strategies designed to leverage the outstanding reputations and operational capabilities of both facilities.

PavCo maintains its focus on continuous improvement and internal efficiency to enhance profitability without diminishing service levels. PavCo also continues to pursue the development of surplus lands, enhanced event offerings and increased non-event revenues to optimize corporate profitability.

<b>Risks</b>	<b>Plans for Mitigation</b>
Workforce related issues including most notably: access to highly skilled labour, labour relations and loss of key personnel by both PavCo and its clients. Tight labour markets are leading to increased competition and cost of retaining and attracting key personnel.	This is considered a high risk. To promote retention, PavCo will continue to focus on employee engagement, offer a competitive compensation package and promote individual and leadership development as a competitive benefit.
Financial risks include inability to fund operating deficit, exposure to cost escalation from critical suppliers and labour, revenue generation and inflationary pressures in post-pandemic economy.	This is considered high risk. PavCo will continue to invest in business development, sales and marketing strategies to generate revenue, employ cost reduction strategies and focus on continual improvement to improve profitability. Ongoing partnership and engagement with our Ministry will continue.
Continuing to rebuild industry, client and consumer confidence to host and attend in-person meetings and events will take time.	This is considered a medium risk. PavCo will continue to work with its clients to host safe and secure events. The meetings and events industry will continue to educate and promote to its clients, consumers and delegates the value and safety of hosting in-person events.
Maintain high levels of event expertise and quality of service. If we cannot maintain these, it may have a reputational impact which could lead to impact on potential future sales,	This is considered a medium risk. PavCo will continue to invest in our existing team through training, job shadowing and leadership development to promote a superior level of service for its clients, demonstrating the ongoing value of hosting in-person events.

<p>Maintain our facilities at a sustainable, high level to ensure continued ability to attract clients or risk losing clients.</p>	<p>This is considered a medium risk. PavCo will continue to strategically invest its capital to deliver the highest benefit to our clients and maintain or improve upon its world-class facilities.</p>
<p>Failure to meet customer expectations or service standards.</p>	<p>This is considered a medium risk. Ongoing flexibility with clients to reschedule events where necessary, invest in client relationships, focus on internal client satisfaction and delivering a high level of client service.</p>

## Appendix A: Subsidiaries and Operating Segments

### Active Subsidiaries

#### Vancouver Convention Centre

#### Financial Summary

[\$m]	2022/23 Forecast	2023/24 Budget	2024/25 Plan	2025/26 Plan
<b>Revenue</b>				
Sales	53.795	58.221	61.515	63.795
Amortization of Contributions:				
Sustaining	1.139	1.404	1.283	1.224
Deferred	20.589	20.506	20.393	20.571
<b>Total Revenue</b>	<b>75.523</b>	<b>80.130</b>	<b>83.190</b>	<b>85.590</b>
<b>Expenses</b>				
Cost of Sales	28.665	30.138	31.997	33.095
Staff	14.803	17.040	17.674	18.157
Operations and Maintenance	10.853	11.899	12.035	12.183
General and Administration	2.781	3.368	3.412	3.446
Business Development	0.410	0.648	0.656	0.661
Fees	0.940	1.598	1.595	1.616
Amortization	20.641	20.798	20.565	20.777
<b>Total Expenses</b>	<b>79.092</b>	<b>85.490</b>	<b>87.934</b>	<b>89.935</b>
<b>Annual Surplus (Deficit)</b>	<b>(3.569)</b>	<b>(5.359)</b>	<b>(4.744)</b>	<b>(4.345)</b>

**BC Place**

**Financial Summary**

<b>[\$m]</b>	<b>2022/23 Forecast</b>	<b>2023/24 Budget</b>	<b>2024/25 Plan</b>	<b>2025/26 Plan</b>
<b>Revenue</b>				
Sales	25.029	24.701	26.752	28.162
Other Revenues	3.054	3.036	3.127	3.221
Amortization of Contributions:				
Sustaining	6.029	6.149	6.853	7.234
Deferred	15.469	15.616	15.625	15.620
<b>Total Revenue</b>	<b>49.581</b>	<b>49.502</b>	<b>52.358</b>	<b>54.237</b>
<b>Expenses</b>				
Cost of Sales	13.670	14.370	14.829	14.450
Staff	10.621	12.531	13.145	13.572
Operations and Maintenance	3.966	4.683	4.823	4.968
General and Administration	2.035	2.261	2.316	2.386
Business Development	0.257	0.627	0.679	0.699
Fees	1.621	1.874	2.086	2.149
Loan Interest	4.192	4.086	3.977	3.865
Amortization	21.696	21.031	21.753	21.917
<b>Total Expenses</b>	<b>58.058</b>	<b>61.461</b>	<b>63.609</b>	<b>64.005</b>
<b>Annual Surplus (Deficit)</b>	<b>(8.476)</b>	<b>(11.960)</b>	<b>(11.251)</b>	<b>(9.768)</b>

## Appendix B: Mandate Letter from the Minister Responsible



Ref: 42215

May 17, 2021

Ian Aikenhead, Q.C.  
Chair, Board of Directors  
B.C. Pavilion Corporation  
Suite 200-999 Canada Place  
Vancouver, BC V6C 3C1

Dear Ian Aikenhead:

On behalf of the Honourable John Horgan, Premier, and the Executive Council, I would like to extend my thanks to you and your board members for the dedication, expertise, and skills with which you serve the people of British Columbia (B.C.).

Every public sector organization is accountable to the citizens of B.C. The expectations of British Columbians are identified through their elected representatives, the members of the Legislative Assembly. Your contributions advance and protect the public interest of all British Columbians and through your work, you are supporting a society in which the people of this province can exercise their democratic rights, trust and feel protected by their public institutions.

You are serving British Columbians at a time when people in our province face significant challenges as a result of the global COVID-19 pandemic. Recovering from the pandemic will require focused direction, strong alignment, and ongoing engagement between public sector organizations and Government. It will require all Crowns to adapt to changing circumstances and follow Public Health orders and guidelines as you find ways to deliver your services to citizens.

This mandate letter, which I am sending in my capacity as Minister responsible for the B.C. Pavilion Corporation, on behalf of the Executive Council, communicates expectations for your organization. It sets out overarching principles relevant to the entire public sector and provides specific direction to the B.C. Pavilion Corporation about priorities and expectations for the coming fiscal year.

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I expect that the following five foundational principles will inform your agency's policies and programs:

- **Putting people first:** We are committed to working with you to put people first. You and your board are uniquely positioned to advance and protect the public interest, and I expect that you will consider how your board's decisions maintain, protect, and enhance the public services people rely on and make life more affordable for everyone.
- **Lasting and meaningful reconciliation:** Reconciliation is an ongoing process and a shared responsibility for us all. Government's unanimous passage of the *Declaration of the Rights of Indigenous Peoples Act* was a significant step forward in this journey — one that all Crown Agencies are expected to support as we work in cooperation with Indigenous peoples to establish a clear and sustainable path to lasting reconciliation. True reconciliation will take time and ongoing commitment to work with Indigenous peoples as they move towards self-determination. Guiding these efforts, Crown agencies must also remain focused on creating opportunities that implement the Truth and Reconciliation Commission through your mandate.
- **Equity and anti-racism:** Our province's history, identity, and strength are rooted in its diverse population. Yet racialized and marginalized people face historic and present-day barriers that limit their full participation in their communities, workplaces, Government, and their lives. The public sector has a moral and ethical responsibility to tackle systemic discrimination in all its forms — and every public sector organization has a role in this work. All Crowns are expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure equity is reflected in your operations and programs. Similarly, appointments resulting in strong public sector boards that reflect the diversity of will help achieve effective and citizen-centred governance.
- **A better future through fighting climate change:** Announced in December 2018, the CleanBC climate action plan puts our province on the path to a cleaner, better future by building a low-carbon economy with new clean energy jobs and opportunities, protecting our clean air, land, and water and supporting communities to prepare for carbon impacts. As part of the accountability framework established in CleanBC, and consistent with the *Climate Change Accountability Act*, please ensure your organization aligns operations with targets and strategies for minimizing greenhouse gas emissions and managing climate change risk, including the CleanBC target of a 50 percent reduction in public sector building emissions and a 40 percent reduction in public sector fleet emissions by 2030. Your organization is expected to work with Government to report out on these plans and activities as required by legislation.

- **A strong, sustainable economy that works for everyone:** I expect that you will identify new and flexible ways to achieve your mandate and serve the citizens of B.C. within the guidelines established by the Provincial Health Officer and considering best practices for conducting business during the pandemic. Collectively, our public sector will continue to support British Columbians through the pandemic and economic recovery by investing in health care, getting people back to work, helping businesses and communities, and building the clean, innovative economy of the future. As a public sector organization, I expect that you will consider how your decisions and operations reflect environmental, social, and governance factors and contribute to this future.

The Crown Agencies and Board Resourcing Office, with the Ministry of Finance, will continue to support you and your board on recruitment and appointments as needed, and will be expanding professional development opportunities in 2021/22. The Governing in the Public Interest online certificate program is now available, and all board members are encouraged to complete this new offering.

As the Minister Responsible for B.C. Pavilion Corporation, I expect that you will make substantive progress on the following priorities and incorporate them in the goals, objectives, and performance measures in your 2021/22 Service Plan:

- Ensure PavCo's programs and investments are aligned with the Strategic Framework for Tourism, and other Government priorities, including support for sport, music, and arts event hosting and pandemic response and recovery.
- Continue to manage client relationships and explore options to replace lost revenue at PavCo's public facilities and increase operational efficiencies to manage cost impacts of COVID-19.
- Broaden the community engagement of PavCo's facilities with a wider range of community stakeholders through development and execution of a community engagement strategy.
- Building on the success of the Vancouver Convention Centre, continue to act as a global sustainability leader, and explore cost-efficient opportunities for environmental improvement in all facilities.
- Continue to explore options for additional revenue streams that align with PavCo's mandate and Government's priorities, while working collaboratively with Indigenous and community partners.
- Work with Government and health officials and the events and conventions sector to collaborate on strategies to support the safe resumption and recovery of the sector.

Each board member is required to sign the Mandate Letter to acknowledge Government's direction to your organization. The signed Mandate Letter is to be posted publicly on your organization's website in spring 2021.



Ian Aikenhead, Q.C.  
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I look forward to continuing to work with you and your Board colleagues to build a better B.C.

Sincerely,

A handwritten signature in black ink that reads "Melanie Mark". The signature is written in a cursive, flowing style.

Melanie Mark  
Hli Haykwhl Wii Xsgaak  
Minister of Tourism, Arts, Culture and Sport

Date: May 17, 2021

Enclosure



Ian Aikenhead, Q.C.  
Chair, Board of Directors  
B.C. Pavilion Corporation



Clifford Cahill  
Director  
B.C. Pavilion Corporation




Flavia Coughlan  
Director  
B.C. Pavilion Corporation



Carla Guerrero  
Director  
B.C. Pavilion Corporation



Roderick Harris  
Director  
B.C. Pavilion Corporation



Gwendolyn Point  
Director  
B.C. Pavilion Corporation



Jatinder Rai  
Director  
B.C. Pavilion Corporation

Ian Aikenhead, Q.C.

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cc: Honourable John Horgan  
Premier

Lori Wanamaker  
Deputy Minister to the Premier, Cabinet Secretary and Head of the BC Public Service

Heather Wood  
Deputy Minister and Secretary to Treasury Board  
Ministry of Finance

Douglas S. Scott  
Deputy Minister, Crown Agencies Secretariat  
Ministry of Finance

Neilane Mayhew  
Deputy Minister  
Ministry of Tourism, Arts, Culture and Sport

Clifford Cahill  
Director  
B.C. Pavilion Corporation

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Roderick Harris  
Director  
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Gwendolyn Point  
Director  
B.C. Pavilion Corporation

Jatinder Rai  
Director  
B.C. Pavilion Corporation

Ken Cretney  
Chief Executive Officer/President  
B.C. Pavilion Corporation