

B.C. Pavilion Corporation

2024/25 – 2026/27 Service Plan

February 2024



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Board Chair's Accountability Statement



The 2024/25 – 2026/27 B.C. Pavilion Corporation Service Plan was prepared under the Board's direction in accordance with the *Budget Transparency and Accountability Act*. This plan is consistent with government's strategic priorities and fiscal plan. The Board is accountable for the contents of this plan and is responsible for the validity and reliability of the information presented.

All significant assumptions, policy decisions, events and identified risks as of February 2024 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, B.C. Pavilion Corporation
February 2024

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Strategic Direction

In 2024/25, public sector organizations will remain focused on providing the services and infrastructure that people depend on to build a good life. Public sector organizations will continue to support Government in delivering results that matter to British Columbians including helping people with costs, attainable and affordable housing, strengthened health care, safer communities and a secure, clean and fair economy. Public sector organizations will also continue to work closely with Government as it works collaboratively with Indigenous Peoples to implement the Action Plan for the *Declaration on the Rights of Indigenous Peoples Act* and deliver initiatives that advance reconciliation in ways that make a difference in communities throughout the province.

This 2024/25 – 2026/27 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](#).

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 [B.C. Pavilion Corporation Act](#). PavCo's shareholder is the Government of British Columbia through the Minister of Tourism, Arts, Culture and Sport. PavCo owns and operates two world-class public facilities located in downtown Vancouver: [BC Place Stadium](#) and the [Vancouver Convention Centre](#). Its vision is to be the global leader in outstanding venues and events, with a mission to deliver outstanding and sustainable events and experiences for its clients, guests and community, by hosting conventions, entertainment, sporting and related events that meet the highest expectations.

PavCo continues to make a substantial economic impact on the Province of British Columbia (B.C.) by hosting a wide array of events such as meetings, conventions, concerts, conferences and sports competitions, attracting a diverse audience from Canada and abroad. This robust calendar of activities not only bolsters B.C.'s economy broadly, but also positively impacts various industries, including hospitality and small businesses. As a major employer, PavCo significantly contributes to job creation directly and indirectly, aligning with its mandate to support B.C.'s economy.

Equally important are PavCo's contributions to the community. By providing a platform for community events, PavCo enriches the social and cultural landscape of the province. In alignment with its sustainability goals, PavCo actively seeks environmentally sustainable practices to minimize its footprint. The organization's work extends to Indigenous Reconciliation and charitable initiatives. Through strong partnerships and collaborations with local and national organizations, PavCo cements its role as a community builder. Upcoming marquee events such as the Grey Cup in 2024, Invictus Games in 2025 and FIFA World Cup in

2026 are not merely economic drivers but also aim to strengthen the community and build B.C.'s international profile.

In addition, PavCo's reach extends beyond its individual venues, making a substantial impact on travel and commerce throughout the province. Specifically, the Vancouver Convention Centre serves as a versatile hub for a myriad of gatherings, including conventions, conferences, meetings, banquets and special events. BC Place, the largest facility of its kind in Western Canada, offers a multi-purpose platform supporting consumer shows and community gatherings, in addition to being a prime location for major sport competitions and concerts. By attracting patrons from around the world who often explore British Columbia before and after events, PavCo reinforces its vital role in driving both the tourism and hospitality industries in the province.

Operating Environment

In Fiscal Year 2023/24, PavCo capitalized on the global event economy's resurgence, spurred by the removal of pandemic restrictions. Its strategic restaffing and unwavering commitment to excellence in event delivery have fuelled significant growth since the pandemic in both regional and international markets. This success is reflected in the robust rebound in the number of clients and guests attending PavCo's venues and its ongoing financial improvements since the pandemic, highlighting the effectiveness of its approach and the services it delivers.

PavCo is responding to several ongoing challenges in its operating environment, such as new convention centres in competing markets, an economic landscape that includes increasing inflationary pressures, elevated labour compensation, and higher supply chain costs, and ongoing limited hotel capacity in Metro Vancouver, which increases costs for clients and delegates, potentially affecting the viability of events.

In the broader industry context, PavCo is committed to workforce development to combat the challenges in attracting and retaining top talent, especially given competitive compensation advantages other organizations may have. The company is working closely with industry partners to navigate these issues, focusing on training, leadership development and retaining essential expertise. PavCo is also enhancing its approach to partner and stakeholder engagement, particularly with Indigenous communities, thereby affirming its role as a leader in the industry's recovery.

PavCo continues to see strong growth from the pandemic affected years in the number of events expected in its venues, the associated revenues and event gross margin. It continues to deploy strategic sales and marketing initiatives to generate revenues and win new business, emphasizing excellence in service, value and environmental sustainability. Despite the challenges posed by the current economic climate, including increased interest rates, persistent inflation, deteriorating economic forecasts, and geopolitical conflicts, PavCo sees opportunities to refine its strategies and continue contributing robustly to the economy and community. It remains agile and adaptive, constantly evaluating current trends to inform its long-term strategies.

Annual Economic Statement

B.C.'s economy posted modest growth last year as interest rate increases weighed on the economy, and employment continued to expand, supported by immigration. Inflation in the province continued to ease and the Bank of Canada has not raised its policy interest rate since July 2023. The impact of higher rates on borrowing costs and elevated household debt led to lower consumer spending and reduced home sales. Lumber, natural gas and coal prices declined in 2023, reducing the value of the province's goods exports. Meanwhile, there was a record number of housing starts in the province in 2023. There is uncertainty over the transmission of high interest rates to the residential construction sector and the duration of slower growth for the rest of the economy in B.C. and among our trading partners. The Economic Forecast Council (EFC) estimates that B.C. real GDP expanded by 0.9 per cent in 2023 and expects growth of 0.5 per cent in 2024 and 2.1 per cent in 2025. Meanwhile for Canada, the EFC estimates growth of 1.1 per cent in 2023 and projects national real GDP growth of 0.5 per cent in 2024 and 1.9 per cent in 2025. As such, B.C.'s economic growth is expected to be broadly in line with the national average in the coming years. The risks to B.C.'s economic outlook continue to center around interest rates and inflation, including the risk of price increases stemming from geopolitical conflicts, the potential for interest rates remaining higher for longer, and uncertainty around the depth and timing of the impact on housing markets. Further risks include ongoing uncertainty regarding global trade policies, lower commodity prices, climate change impacts and the volatility of immigration levels.

Performance Planning

Goal 1: Generate economic and community benefits while building towards profitability.

In pursuit of its objective to achieve profitability, PavCo is dedicated to not only returning economic and community benefits to pre-pandemic levels but also to exceed them as a component of its continuous performance recovery and enhancement plan. Its strategic approach integrates the prioritization of events that align profitability with community impact, targeting events that draw significant spending and employment opportunities, and collaboration with industry partners. PavCo is committed to fostering engagement and pursuing reconciliation with Indigenous communities and partners including facilitating client collaborations with local First Nations, highlighting Indigenous artists through various displays in its venues, and delivering employee cultural awareness programs.

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

For the Fiscal Year 2024/25, PavCo continues to support its clients in delivering exceptional events, offering venues to support the wider community interests, capitalizing on a diverse array of business opportunities, and optimizing profitable business activities to generate economic impact which approaches pre-pandemic levels. Supporting a strong community while producing substantial economic benefit will remain a core priority for the organization through the next several years.

Key Strategies

- Promote engagement and reconciliation opportunities with Indigenous communities and partners.
- Prioritize and balance the hosting of events that align profitability with economic and community benefits.
- Target revenue-generating events and delegates that draw spending from both out-of-province and Metro Vancouver sources, creating meaningful direct and indirect employment opportunities in British Columbia.
- Collaborate with industry partners and suppliers to strengthen business performance, leveraging joint sales and marketing efforts, shared market intelligence and the hosting of world-class events.

Discussion

PavCo made progress on its reconciliation journey during this past fiscal year, starting with the education of the organization's leadership team through cultural awareness training for all management positions. PavCo also undertook an extensive review of various areas of its operations, including its procurement policies, use of its facilities, and supplier and client networks. Another notable highlight was the coming together of the Musqueam, Squamish

and Tsleil-Waututh Nations to welcome a band and open a concert at BC Place for the first time.

PavCo will continue to move forward with its Reconciliation journey, which will include a formal consultation process with local First Nations and Indigenous organizations. PavCo's approach will be informed by the United Declaration on the Rights of Indigenous Peoples, *the Declaration on the Rights of Indigenous Peoples Act*, and the Truth and Reconciliation Commission's Calls to Action – with a goal of achieving long-term, meaningful and measurable progress.

Growing attendance levels, maximizing economic impact, and enhancing community benefits remain core objectives for PavCo in delivering on its overarching mandate. For the Fiscal Year 2023/24, PavCo projects an economic benefit and related community impact of approximately \$550 million for the residents of British Columbia through the prudent management and optimal utilization of its publicly-owned facilities. PavCo typically contributed an annual economic impact ranging from \$450 million to \$550 million during the years leading up to the pandemic. For the Fiscal Year 2024/25 and subsequent years, PavCo management has formulated projections predicated on anticipated event attendance and activity. These financial estimates are derived from confirmed bookings at both BC Place and the Vancouver Convention Centre, client-provided attendance forecasts and a management estimate of future anticipated events.

Performance Measures

Performance Measure (in millions M)	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
[1.1a] Economic Impact¹				
Vancouver Convention Centre				
Visitor Spending from outside Metro Vancouver	\$344.5 M	\$414.4 M	\$555.9 M	\$491.3 M
Visitor Spending from outside British Columbia	\$286.7 M	\$352.1 M	\$506.8 M	\$440.6 M
BC Place				
All visitor spending	\$204.3 M	\$216.4 M	\$229.2 M	\$242.7 M
Visitor Spending from outside British Columbia	\$50.6 M	\$53.6 M	\$56.7 M	\$60.1 M
[1.1b] Delegate Days and Attendance²				
Vancouver Convention Centre				
Delegate days from outside Metro Vancouver	0.477 M	0.537 M	0.700 M	0.607 M
Delegate days from outside British Columbia	0.352 M	0.408 M	0.600 M	0.507 M
BC Place				
Total attendance	0.957 M	0.957 M	0.957 M	0.897 M
[1.1c] Financial Performance³				
Operating deficit target, before government sustaining contributions	\$14.321 M	\$22.786 M	\$22.553 M	\$21.225 M

Data source:

¹ 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 2023/24 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.

² Forecasted delegate days for Vancouver Convention Centre for Fiscal Year 2023/24 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.

³ 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: 2023/24F (\$3.581M), 2024/25T (\$12.194M), 2025/26T (\$12.135M), and 2026/27T (\$10.956M).

Discussion

Vancouver Convention Centre

The strength of the Vancouver Convention Centre (VCC) lies in its diverse event portfolio, particularly in-person experiences. This diversity ensures a broad and varied attendance, translating into a significant number of delegate days. VCC plays an instrumental role in shaping the economic and community fabric of the region. It draws delegates and exhibitors from both within and beyond the Metro Vancouver area. One of its most significant economic contributions comes from visitors outside British Columbia (non-resident delegates), who are individuals that attend events which would not occur in the province if not for VCC. A non-resident delegate day occurs when a visitor from outside British Columbia attends an event at VCC, contributing to the local economy by staying at hotels, visiting restaurants, utilizing transportation and shopping at local retailers. These days are essential, fostering sustained economic activity in the region. VCC is set to host an array of events over the fiscal plan period including prominent conferences and events such as TED, NeurIPS and the Invictus Games 2025.

A key factor in VCC's post-pandemic recovery has been the increase in bookings for larger events including conventions, which have been instrumental in driving VCC's resurgence. Improvements in this line of business have been supported with targeted strategies from its sales teams, which include dynamic pricing strategies, promoting value and event revenue optimization. Growth is expected to continue in this line of business as well as other areas, which include meetings, banquets, consumer shows and special events. The expectation is that in the coming years, these efforts will lead to sustained growth for both VCC and PavCo.

Despite a positive outlook, VCC is mindful of ongoing external challenges. Factors such as global economic shifts or potential downturns could influence event demand, while reduced corporate travel budgets or diminished individual spending may affect future bookings and attendance. Nevertheless, VCC remains steadfast in its commitment to adapt and diversify, ensuring it meets the changing demands of the global market.

BC Place Stadium

As the largest multi-purpose facility of its kind in the region, BC Place Stadium (BC Place) stands as an important fixture in British Columbia's cultural and economic landscape. By hosting a diverse range of events from live sports and trade shows to entertainment, the stadium plays a crucial role in driving the province's economic impact and hosting community events. Event hosting at BC Place not only drives revenue across multiple sectors such as hospitality and retail, but also fosters direct and indirect employment opportunities within the stadium and its network of suppliers. This success is attributed to its commitment to delivering exciting events, superior service and memorable experiences that not only attract attendees but also ensure their return.

Managing the events calendar remains a strategic endeavour, aiming to strike a balance between economic gain and community enrichment. Revenue and attendance growth is, in

part, attributed to the rising popularity of stadium concerts and events that resonate with our community, ensuring patrons have enriching experiences.

For the upcoming fiscal years, the event lineup at BC Place is expected to remain robust and diverse. Upcoming sporting events include the Grey Cup and Rugby Sevens in 2024, international matches including Canada Soccer and the FIFA World Cup in 2026. BC Place will also continue to host major concerts including The Rolling Stones and Taylor Swift's multi-day performances, affirming the venue's commitment to providing outstanding events.

These occasions are not just significant in terms of entertainment, they also contribute to BC Place's growing financial and economic impact. Planning and preparation for the 2026 FIFA World Cup will continue into the upcoming fiscal year, with an opportunity to enhance the client and fan experience well into the future with upgraded infrastructure, improved accessibility and additional services offerings. This forward-thinking approach ensures that BC Place will continue to create memorable experiences in a truly world class venue for the people of British Columbia.

Goal 2: PavCo venues deliver service excellence.

PavCo is acknowledged by clients and industry professionals as an industry leader, adept at organizing top-tier events, with the Vancouver Convention Centre earning its third 'Center of Excellence' recognition from respected industry publications and BC Place earning the 2023 International Association of Venue Managers Venue Excellence Award. Pivoting to adapt to evolving client demands, PavCo's focus is on delivering more engaged, tailored experiences that solidify the reputation of its venues, encouraging clients to return, and attracting new ones. This strategic approach aligns with PavCo's ongoing objectives of amplifying economic impact, community benefit, and working towards financial sustainability.

Both venues will place a renewed emphasis on accommodating diverse client needs while maintaining an inclusive and welcoming environment for all attendees. The venues are embracing a more adaptive and client-focused approach while continuing to offer the high-calibre service for which they are renowned. Responsive and well-trained staff, expanded service offerings, and advanced technology solutions are at the forefront of improving the client and guest experience, ensuring that PavCo can successfully host a diverse range of events from meetings and conventions to sporting events and live concerts for years to come.

Objective 2.1: Foster an exceptional service culture.

PavCo leverages the strengths of its team, its track record in delivering superior customer service, and its world-class venues to position itself as a sought-after host for events of all sizes. Amid the competitive pressures of the post-pandemic market, the organization is focusing on cultivating an outstanding service culture to advance its mandate of delivering economic impact and community benefit.

Key Strategies

- Collaborate closely with clients to understand their objectives, providing expertise to guide them from the event planning process through event execution, while delivering exceptional experiences for clients, guests, and delegates.
- Encourage innovation, streamlining, and value across the organization by cultivating a client-centric culture.
- Incorporate the unique benefits of both venues and the broader organizational and destination competitive advantages into all sales and marketing efforts to enhance business opportunities.
- Regularly solicit feedback from key client groups and attendees to enhance and improve the quality of service and offerings.

Discussion

PavCo's benchmarks for service excellence are aligned with the government's priority of providing dependable, quality service. Client and guest surveys are administered to gauge expectations and assess overall satisfaction. Data and insights are regularly reported and undergo a cross-departmental review, facilitating the recognition of achievements and the identification of opportunities for service enhancement.

Performance Measures

Performance Measure	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
[2a] Service Quality, VCC ¹	9.0/10	9.1/10	9.1/10	9.2/10
[2b] Client Satisfaction, BC Place ²	4.4/5	4.4/5	4.5/5	4.5/5
[2c] Guest Satisfaction, BC Place ³	4.4/5	4.4/5	4.5/5	4.5/5

Data sources:

¹ Service quality surveys are sent to all clients at the Vancouver Convention Centre. Surveys are administered by a third-party independent firm, Sentis Market Research. This firm produces an overall Client Loyalty Index, which combines overall satisfaction with the client's likelihood to recommend and rebook 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 result that is measured as a score out of 10.

² 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.

³ 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.

Discussion

Future targets are set to maintain (at minimum) or improve upon results achieved during Fiscal Year 2023/24, reflective of the commitment both the Vancouver Convention Centre and BC Place

have in delivering an exceptional customer experience, building on the strong results PavCo is already achieving in this area.

Goal 3: A high-performing and values-driven team culture.

PavCo remains dedicated to the recruitment and retention of highly skilled employees, essential for achieving the mission of delivering outstanding events and client experiences. A focus on cultivating a diverse and inclusive workplace is central, aimed at boosting employee engagement which, in turn, grows productivity, collaboration, and financial performance. Mindful of the continuously changing landscape of a post-pandemic world, PavCo adjusts its strategies and practices to satisfy the evolving needs of both the workforce and markets it serves.

Objective 3.1: Positive Employee Experience.

PavCo's workforce strategy is designed to attract, develop and retain top talent, especially in an increasingly competitive labour market. A significant component of this approach is the focus on community benefit initiatives, aimed at enhancing employee engagement and productivity. By fostering a values-driven culture, PavCo creates a vibrant work environment that empowers and motivates employees. This culture supports a workforce that is eager to tackle new challenges, innovate and contribute to meaningful projects. PavCo is a place where employees can thrive professionally while feeling personally fulfilled, knowing their work has a positive impact both within the organization and in the wider community.

Key Strategies

- Continually refining policies, practices and technological infrastructure to cultivate a workplace that emphasizes health and wellness, fosters collaboration and delivers positive experiences, thereby supporting the attraction and retention of staff.
- Strong HR processes to grow and retain knowledge of the business, leadership succession planning, specialized in-house training programs, and support for personal and professional development.
- Fostering a culture of diversity, equity and inclusion by further empowering PavCo's Diversity Council while engaging with inclusive community groups.
- Heightening employee engagement through the amplification of community benefit initiatives, including an expansion of volunteer opportunities.
- Adapting talent management strategies to open new career pathways for experienced professionals.

Discussion

PavCo's capacity to generate both economic and community benefit, coupled with exceptional service, hinges on its success in attracting and retaining a skilled and productive workforce. Despite improvements in talent acquisition since the previous fiscal year, employee retention remains a challenge due to a fiercely competitive labour market. Against the backdrop of evolving post-pandemic workplace, realities such as the adoption of hybrid work models and

fluctuating market conditions, PavCo is strategically positioning itself by enhancing employee engagement initiatives to create a positive, collaborative and values-based workplace.

PavCo remains committed to fostering the growth and development of its team members. The company has earmarked investments for in-house leadership development and training, ensuring that every individual has access to opportunities that help them progress and grow their careers. Hiring practices reflect this commitment, actively seeking talent from all corners of the workforce, from part-time and seasonal workers to seasoned professionals and skilled tradespeople. By doing so, PavCo offers opportunities to various sectors of the community, ensuring that diverse voices and experiences are represented within its organization. This approach not only enriches PavCo's team but also demonstrates the company's dedication to creating an inclusive environment that mirrors and supports the vibrant community it serves.

PavCo's Diversity, Equity and Inclusion (DEI) strategy is progressing with the establishment of a Diversity Council and Accessibility Committee, informing a multi-year action plan that encompasses all organizational levels, including the Board of Directors. These groups, in tandem with its in-house training program, aim to foster education, accountability, awareness and understanding on pivotal issues such as unconscious bias, Indigenous Reconciliation, and 2SLGBTQ+ inclusion. Staff participation in events such as the Vancouver Pride Parade and other events demonstrate PavCo's commitment to fostering an inclusive environment. Following feedback from team members, PavCo will be further expanding its opportunities for employee community engagement.

Performance Measures

Performance Measure	2023/24 Forecast	2024/25 Target	2025/26 Target	2026/27 Target
[3a] Employee Engagement – Score on Employee Surveys, PavCo Overall ¹	67%	68%	69%	70%
[3b] Employee Engagement – Score on Employee Surveys, BC Place ²	56%	57%	58%	59%
[3c] Employee Engagement – Score on Employee Surveys, VCC ³	66%	67%	68%	69%

Data sources:

¹ All surveys are developed and administered by a third-party independent engagement survey vendor with direction from PavCo.

² BC Place results reflect the average of all full-time employees, excluding event staff.

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

Discussion

Each year, PavCo conducts a comprehensive employee survey to gauge employee feedback regarding their work environment. The displayed percentages in the Performance Measurement table represent the average of responses that are either strongly agree or agree to a wide number of statements related to the organization and its working environment. This survey is an important tool for the organization, aiding retention and engagement of its

workforce. To supplement this information, PavCo also administers shorter pulse surveys at regular intervals throughout the year, allowing for timely, data-informed decisions.

Based on the insights gained from both the annual and pulse surveys, action plans are developed annually and incorporate survey feedback as well as information obtained through employee consultations. In the past, survey feedback has identified opportunities for improvement in areas such as communication, interdepartmental collaboration and team member recognition, which have been incorporated into annual strategic planning and department goal-setting. By acting on results from these surveys, PavCo aims to continuously improve the workplace, thereby enhancing both employee satisfaction and overall performance.

Financial Plan

Financial Summary

[\$m]	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan
Revenue				
Sales ¹	117.474	109.890	114.940	121.280
Other Revenues	2.063	3.488	4.242	5.643
Amortization of Contributions:				
Sustaining	7.805	8.136	8.458	8.458
Deferred	36.547	36.977	36.962	36.081
Total Revenue	163.889	158.491	164.602	171.462
Expenses				
Cost of Sales	67.875	62.291	65.357	69.174
Staff	29.537	34.220	35.757	37.370
Operations and Maintenance	17.056	17.627	18.212	18.814
General and Administration	5.344	6.217	6.478	6.757
Business Development	0.817	1.485	1.544	1.606
Fees	2.488	3.732	3.971	4.159
Loan Interest	4.086	3.977	3.865	3.749
Amortization	43.203	43.592	43.513	42.600
Total Expenses	170.406	173.141	178.697	184.229
Annual (Deficit)	(6.517)	(14.650)	(14.095)	(12.767)
Total Debt	122.647	119.326	115.894	112.349
Accumulated Surplus (Deficit)	38.159	23.509	9.414	(3.353)

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

¹ Includes gross sales at the Vancouver Convention Centre and BC Place.

Discussion

The Financial Summary outlines PavCo's projected business performance, operational landscape and organizational metrics for the remainder of Fiscal Year 2023/24, as well as for the business cycles spanning the subsequent three fiscal years.

Over the course of this business cycle, revenues are expected to continue to reach or exceed business levels attained prior to the pandemic. The increased revenues reflect strong event

booking trends, higher yielding events, continued investments in business development, the execution of strategic sales plans and growing ancillary revenue streams as PavCo looks to maximize revenue development across several different business streams.

Expenses during this cycle are expected to also increase over the Fiscal Year 2023/24 Forecast as PavCo continues its return to a fully supported and sustainable operating model, supporting an increasing number of events, delivering an exceptional event experience that is focused on client and customer service, and competing against other venues in its globally competitive market. Cost increases in staffing include strategically increasing staffing levels to a more sustainable level to support all critical business functions, expected event levels and event types, and other operational requirements. Increases in this area also include cost of living increases, support for mental health and wellness, staff training, and leadership development. Across other expense categories, additional inflationary costs are further reflected in expected increases in event related costs, operations, maintenance, utilities, investments in business development, and other general overhead cost increases over the coming three years.

The resulting Annual Operating Deficit is expected to steadily improve from a budgeted deficit of \$14.650 million in Fiscal Year 2024/25 to \$12.767 million in Fiscal Year 2026/27. Over this period, economic impact will also continue to grow and exceed pre-pandemic levels, up to a projected \$785 million by Fiscal Year 2025/26. As an industry leader PavCo will continue to support its community, local and regional businesses, deliver exceptional events experiences for its clients and guests, and further its reconciliation efforts with Indigenous peoples across the Province through the coming years.

Key Forecast Assumptions, Risks and Sensitivities

Projected revenue is calculated from secured contracts and additional anticipated in-fill business. However, these projections are subject to adjustments due to global events that could influence business trips, tourism or mass events. These figures will be continuously assessed and modified in response to evolving circumstances.

Sensitivity Analysis

While there are signs of stabilization and positive near-term industry outlooks, returning to pre-pandemic profitability is still expected to take several years. This timeline is further complicated by external pressures such as high inflation, rising interest rates, increasingly unstable global affairs, supply chain disruptions and labour shortages. Additionally, increasing regional competition and concerns about an economic recession pose significant challenges. A mis-match between hotel supply and demand could also have a negative impact on event attendance and revenue.

Finally, the weakening Canadian dollar against other currencies is a concern. This currency shift could decrease international business for clients such as live concert promoters or

international sporting events, while simultaneously increasing operational costs due to escalated supply chain expenses.

Management’s Perspective on Financial Outlook

PavCo acknowledges the current volatility in the global economy, coupled with concerns about increasing geo-political instability, and ongoing inflationary concerns. Given these factors, the organization is diligently implementing marketing initiatives to strengthen its facilities’ reputations and operational capabilities to build resilience.

Emphasizing internal efficiency, PavCo aims to improve profitability while maintaining service quality. Concurrently, the organization is focusing on strategic land and venue utilization, diversified event offerings and additional revenue streams to enhance overall profitability.

Risks	Plans for Mitigation
<p>Workforce Management - Challenges include acquisition of specialized talent, labour relations and attrition of critical staff.</p>	<p>This is a medium-risk factor. To mitigate the risk associated with employee attrition, PavCo is committed to intensifying its efforts in employee engagement. Furthermore, the organization aims to maintain a competitive remuneration structure and will strategically emphasize personal and leadership development opportunities as a distinct advantage.</p>
<p>Financial – Risks encompass challenges such as the inability to finance operational deficits, susceptibility to cost increases from key suppliers and the workforce, limitations in revenue generation and inflationary pressures in a post-pandemic economic landscape.</p>	<p>This is a high-risk factor. To address these vulnerabilities, PavCo is steadfast in its commitment to bolster business development, sales and marketing initiatives for revenue enhancement. The organization may also implement cost-reduction measures where business revenue expectations do not materialize, while also concentrating on continuous improvement practices to bolster profitability. Sustained collaboration and engagement with the Ministry will persist as a cornerstone of the risk mitigation approach.</p>
<p>Asset Management - Failing to preserve facilities at a sustainably high standard poses risks to client acquisition and retention.</p>	<p>This is a medium-level risk. In response, PavCo will persist in its strategic capital investments to maintain and enhance its world-class facilities, thereby delivering maximum value to its clientele.</p>

<p>Service - Failure to sustain elevated standard of event expertise and service quality.</p>	<p>This is a medium-level risk. To address this risk, PavCo combines professional development initiatives such as training and leadership programs with the aim of bolstering client relationships and exceptional service.</p>
<p>Economic - Continued increased inflationary pressures on supply chain, wages and general goods and services.</p>	<p>This is a medium-level risk. To mitigate, PavCo will continue diversifying its revenue streams and work closely with clients to ensure events are financially sustainable, while strategically sourcing goods and services, and monitoring its compensation levels, to balance competitiveness with fiscal responsibility. Investment strategies will also continue to be prioritized to partially offset ongoing inflationary pressures.</p>
<p>Competition - The construction and operationalizing of new venues in the regional market will increase the competitive landscape, which will be competing for similar business.</p>	<p>This is a medium-level risk. In response, PavCo and its venues will continue investing in its facilities, service quality and value-added offerings to continue building a long term, sustainable competitive advantage.</p>

Appendix A: Subsidiaries and Operating Segments

Active Subsidiaries

Vancouver Convention Centre Financial Summary

[\$m]	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan
Revenue				
Sales	71.115	66.022	68.696	73.686
Other Revenues	0.193	0.000	0.000	0.000
Amortization of Contributions:				
Sustaining	0.534	3.744	4.053	3.857
Deferred	20.834	21.261	21.163	21.229
Total Revenue	92.676	91.027	93.912	98.772
Expenses				
Cost of Sales	37.230	34.004	35.442	38.141
Staff	17.274	19.482	20.137	20.816
Operations and Maintenance	12.829	12.800	13.093	13.394
General and Administration	3.196	3.656	3.771	3.890
Business Development	0.505	0.831	0.851	0.871
Fees	1.121	1.679	1.731	1.785
Amortization	21.131	21.564	21.440	21.484
Total Expenses	93.286	94.016	96.465	100.381
Annual Surplus (Deficit)	(0.610)	(2.989)	(2.553)	(1.609)

**BC Place
Financial Summary**

[\$m]	2023/24 Forecast	2024/25 Budget	2025/26 Plan	2026/27 Plan
Revenue				
Sales	46.360	43.868	46.244	47.595
Other Revenues	1.870	3.488	4.242	5.643
Amortization of Contributions:				
Sustaining	7.271	4.392	4.405	4.601
Deferred	15.712	15.716	15.799	14.851
Total Revenue	71.213	67.464	70.690	72.690
Expenses				
Cost of Sales	30.645	28.287	29.915	31.033
Staff	12.263	14.738	15.620	16.554
Operations and Maintenance	4.227	4.827	5.118	5.420
General and Administration	2.148	2.561	2.707	2.868
Business Development	0.312	0.654	0.693	0.734
Fees	1.368	2.054	2.240	2.374
Loan Interest	4.086	3.977	3.865	3.749
Amortization	22.071	22.027	22.074	21.116
Total Expenses	77.120	79.125	82.232	83.848
Annual Surplus (Deficit)	(5.907)	(11.661)	(11.542)	(11.158)

Appendix B: Mandate Letter from the Minister Responsible



August 15, 2023

Dr. Gwendolyn Point
Chair, Board of Directors
B.C. Pavilion Corporation
Suite 200-999 Canada Place
Vancouver, BC V6C 3C1

Dear Dr. Gwendolyn Point:

On behalf of Premier Eby and the Executive Council, I would like to extend my thanks to you, your board members and your organization's leadership for your dedication, expertise, and service to the people of British Columbia.

Public sector organizations—including Crowns, Health Authorities and Post Secondary Institution Boards—support British Columbians by delivering vital public services and are accountable to the public through their responsible Minister. Your leadership in advancing and protecting the public interest strengthens trust in public institutions.

You are serving British Columbians at a time when people in our province continue to recover from and respond to the upheaval caused by the COVID-19 pandemic, an ongoing toxic drug crisis, climate-related natural disasters, and while global inflation is driving up costs. Now more than ever, we need to focus on building a prosperous, low-carbon, sustainable economy, and a province where everyone can find a good home—in rural areas, in cities, and in Indigenous communities.

This mandate letter, which I am sending in my capacity as Minister responsible for B.C. Pavilion Corporation, sets out overarching principles relevant to the entire public sector and specific direction on priorities and expectations for your organization for the remainder of Government's term.

Government and public sector organizations must continue to advance results that people can see and feel in these key areas: strengthened health care, safer communities, attainable and secure housing, and a clean and fair economy that delivers affordability and prosperity.

In doing so, you will continue working towards lasting and meaningful Reconciliation by supporting opportunities for Indigenous Peoples to be full partners in the province we are building together, and delivering on specific commitments as outlined in the *Declaration on the Rights of Indigenous Peoples Act* action plan.

.../2

As required by the *Climate Change Accountability Act*, please ensure your organization implements targets and strategies for minimizing greenhouse gas emissions and managing climate risk, including achieving carbon neutrality each year and aligning with 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.

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. As part of this work, your organization is expected to adopt the Gender-Based Analysis Plus (GBA+) lens to ensure gender equity is reflected in your operations and programs.

British Columbians expect that public sector organizations operate in a responsible manner to deliver quality services equitably in all regions of the province. This requires strategic stewardship of planning, operations, and policies in the areas of financial, risk, and human resource management including information security and privacy protection.

The protection of government data and networks is a priority, especially where it concerns personal information of British Columbians. Public sector organizations must maintain up to date systems and effective cybersecurity practices, including maintaining current information management and cybersecurity policies, guidelines and standards; evaluating your organization against industry standards; and maintaining appropriate security and privacy practices. The Office of the Chief Information Officer within the Ministry of Citizens Services is available to support and offer guidance to your organization in any of these areas.

Public sector organizations must also implement and maintain an effective fraud risk management strategy. The Office of the Comptroller General and the Risk Management Branch in the Ministry of Finance are available for consultation.

The Crown Agencies Secretariat (CAS) in the Ministry of Finance supports public sector organizations to operate effectively, in the public interest, and aligned with government's strategic direction and priorities. Within CAS, the Crown Agencies and Board Resourcing Office (CABRO) will continue to support you and your board on recruitment, appointments and professional development, as well as ensuring Board composition and governance reflects the diversity of our province. CAS can support you in public sector governance best practices, policy and planning.

In addition to continuing to make progress on your [2021 mandate letter](#), I expect you to ensure the important priorities and areas of focus listed in this letter are incorporated into the practices of your organization and develop plans to address the following new priorities within your approved budget:

- Ensure PavCo's programs and investments are aligned with the *Strategic Framework for Tourism in B.C.*, and other Government priorities, including support for sport, music, and arts event hosting and pandemic response and recovery.
- Continue to demonstrate innovation and the value achieved by delivering economic, social, environmental, and culturally focussed initiatives and programs through a blended approach of seeking high revenue generation, providing benefits to communities, and supporting B.C. goods and services consistent with provincial trade commitments.
- Broaden the community engagement of PavCo's facilities with a wider range of community stakeholders through the continued development and execution of PavCo's community engagement strategy.
- Building on the success of the Vancouver Convention Center, 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 the Ministry of Tourism, Arts, Culture, and Sport and events and convention partners to collaborate on strategies to support a vibrant meetings, events and sports sector with special focus on working with B.C. host cities and organizers of upcoming marquee events including the Grey Cup in 2024, Invictus Games in 2025, FIFA World Cup in 2026 and various international conferences to ensure they provide positive benefits for businesses, communities, and the tourism sector while also focusing on supporting strategies related to mitigating hotel occupancy challenges impacting the Vancouver Convention Centre.

Each board member is asked to sign this letter to acknowledge this direction from government to your organization. The signed letter is to be posted publicly on your website by summer 2023.

I look forward to continuing to work with you and your Board colleagues to meet the high standards set for us by all British Columbians.

Sincerely,



Minister Lana Popham
Ministry of Tourism, Arts, Culture and Sport
Date: August 15, 2023

pc: Honourable David Eby, KC
Premier

Shannon Salter
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

Mary Sue Maloughney
Associate Deputy Minister, Crown Agencies Secretariat
Ministry of Finance

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

Dan Cahill
Board Member
B.C. Pavilion Corporation

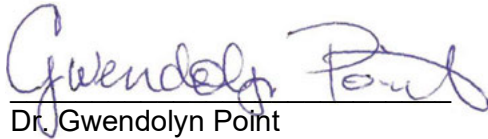
Flavia Coughlan
Board Member
B.C. Pavilion Corporation

Carla Guerrero
Board Member
B.C. Pavilion Corporation

Rod Harris
Board Member
B.C. Pavilion Corporation

Jatinder Rai
Board Member
B.C. Pavilion Corporation

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



Dr. Gwendolyn Point
Chair, Board of Directors
B.C. Pavilion Corporation
Date: September 15, 2023



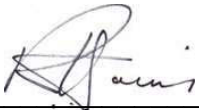
Dan Cahill
Board Member
B.C. Pavilion Corporation
Date: September 15, 2023



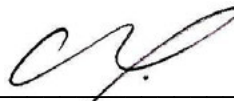
Flavia Coughlan
Board Member
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Date: September 15, 2023



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Date: September 15, 2023



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Board Member
B.C. Pavilion Corporation
Date: September 15, 2023



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Chief Executive Officer/President
B.C. Pavilion Corporation
Date: September 15, 2023



Jatinder Rai
Board Member
B.C. Pavilion Corporation
Date: September 15, 2023