



SERVICE PLAN 2011/2012 to 2013/2014



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Message from Board Chair to Minister Responsible

To the Minister of Tourism, Trade and Investment:

On behalf of the Board of Directors of B.C. Pavilion Corporation (PavCo), I am pleased to present the Corporation's Service Plan for the fiscal years 2011/2012 to 2013/2014.

PavCo's core business is the marketing, sales, and management of space in its facilities - BC Place Stadium and the Vancouver Convention Centre (Convention Centre) - for conventions, trade and consumer shows, sporting events, and other events.

This Service Plan summarizes PavCo's long term goals, and describes the organization's priorities to continue its future success.

Since publication of the last Service Plan, PavCo facilities have hosted activities for the 2010 Olympic and Paralympic Winter Games, the Convention Centre has had its busiest year ever for event activity and revenue generation, and BC Place has temporarily closed for completion of its infrastructure upgrades.

Fiscal 2012 will be an exceptional year for the Convention Centre, with revenues currently projected to be close to those of the current year. Following completion of the replacement of the roof at Canada Place in early 2011, the whole facility infrastructure of the Convention Centre will be as new.

With worldwide markets starting to recover from the effects of the economic downturn, future bookings at the Convention Centre have continued to grow. The recovery continues to be fragile, and the Convention Centre is concentrating its focus on attracting new business from Fiscal 2013 and onwards. In order to minimize the risk associated with losing business in key markets, PavCo has diversified its marketing focus, and in addition to having an in-house sales force, now has representation in Europe and Asia.

Even as other centres continue to offer very deep discounts to attract business, the Convention Centre has been exceptionally busy over the past year during its peak convention seasons. Following the success of the 2010 Olympic and Paralympic Winter Games, PavCo has implemented a sports marketing program. With two virtually new facilities, it is expected that BC Place and the Convention Centre will attract new events and competitions that were not possible prior to their revitalization and renewal.

Following renovations and installation of a retractable roof, which will extend its life by at least 40 years, the new BC Place will open in Fall 2011. The size and scope of the revitalization project is challenging, and a fixed price contract for construction of the roof has been negotiated in order to reduce risk. Attention to construction safety, fluctuating weather conditions, supply of materials, and availability of labour are all factors that can affect the completion schedule of construction. The new facility is scheduled to open on time; however, in the case of late completion, the temporary field at Empire Stadium will be available for sporting events to the end of the regular scheduled seasons. The

revitalized BC Place will complement the Entertainment District in Vancouver, as will the development of PavCo's lands to the west of the stadium, currently scheduled to commence in late 2011.

The 2011/12 - 2013/14 PavCo Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*, and the BC Reporting Principles. The plan is consistent with government's strategic priorities and fiscal plan. I am accountable for the contents of the plan, including what has been included in the plan and how it has been reported.

All significant assumptions, policy decisions, events and identified risks, as of January 20, 2011, have been considered in preparing the plan. The performance measures presented are consistent with PavCo'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 PavCo's operating environment, forecast conditions, risk assessment, and past performance.

On behalf of the Board of Directors, I would like to thank the Minister of Tourism, Trade and Investment for her support of PavCo, and I would also like to thank management and staff for their commitment to PavCo and their contribution towards the success of the organization.



David Podmore
Board Chair

Organizational Overview

B.C. Pavilion Corporation (PavCo) has developed a reputation for excellence in the marketing and management of public facilities. Its facilities are operated to realize maximum economic benefit while optimizing financial performance. PavCo owns and operates BC Place Stadium (BC Place) and the expansion to the Vancouver Convention Centre (Convention Centre). PavCo operates the east building of the Convention Centre under a lease with Canada Place Corporation, a Federal Crown Corporation. PavCo's corporate office, BC Place, and the Convention Centre are all located in downtown Vancouver.

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

Through its activities, PavCo contributes to the growth of the tourism industry, as many out-of-town clients travel throughout British Columbia after attending events at its facilities. The newly expanded Convention Centre is the provincial flagship for conventions and leads initiatives to generate convention business throughout the Province. BC Place is the largest indoor gathering place in British Columbia and provides support to industry as a venue for trade and consumer shows, as well as being a major sports and entertainment centre.

Principal stakeholders of PavCo include: the Provincial Government; the Government of Canada and Tourism Vancouver as contributing partners to the expanded Convention Centre; businesses and associations representing the tourism and hospitality industry; clients leasing space for commercial activity and renting space for events; suppliers of goods and services to events; and the general public who attend events.

B.C. Pavilion Corporation was formed under the British Columbia Business Corporations Act, and acts as an agent for 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) on September 23, 1999.

Shareholder Direction

PavCo's sole Shareholder is the Province of British Columbia. The most recent *Shareholder's Letter of Expectations*, which outlines the respective roles and responsibilities of PavCo and the Shareholder to achieve the corporate mandate, includes specific Directives and Actions as follows:

Directive	Action Response
Report back on the Corporation's sales and marketing program for the expanded Vancouver Convention Centre, including performance measures and targets to monitor the success of the program and that support the tripling of non-resident delegate days by 2015.	Business levels for Fiscal years 2011 and 2012 will be the busiest in the history of the Vancouver Convention Centre. The sales and marketing focus is now on securing new out-of-province business for Fiscal 2013 and beyond. Progress updates against the performance targets are provided to the Minister.
Take the lead on marketing the Vancouver Convention Centre to the international marketplace. In addition, PavCo will act as a resource in the development of strategy and marketing initiatives for regional British Columbia conference centres.	PavCo is working cooperatively with tourism and hospitality industry representatives to ensure marketing activity and representation is in key international markets. PavCo will work with British Columbia's regional conference centres to implement a program that will assist leverage on the Convention Centre's marketing activities, in order to drive business throughout the Province.
Complete the BC Place Roof Replacement project by Fall 2011 within or below the approved capital budget, and report out quarterly to the Shareholder on progress of achieving construction milestones (cost, scope and schedule) and details of project benefits.	PavCo has awarded a stipulated price agreement for the construction of the BC Place roof replacement. Construction is on target for completion in Fall 2011 within budget. PavCo is reporting to the Shareholder on construction progress and achievement of milestones on a quarterly basis.
Continue to explore options and maximize private sector revenue for the public facilities owned/managed by the Corporation, and minimize reliance on government funding.	PavCo is seeking revenue opportunities for BC Place based on timing for the completion of installation of a retractable roof in Fall 2011. PavCo will pursue new business and revenue generating opportunities for BC Place and the Convention Centre, and will work with tourism partners to assist driving new revenue into British Columbia. PavCo has secured a contract for development of the lands to the west of BC Place and is working to achieve the best return from the development of these, and surrounding lands.

The complete version of the *Shareholder's Letter of Expectations* can be found on our website at <http://www.bcpavco.com/pdf/expect11.pdf>

PavCo's Operating Segments

Vancouver Convention Centre (Convention Centre)

Located on Vancouver's waterfront with a dramatic mountain backdrop, the Convention Centre offers one of the most beautiful settings in the world as well as easy access to all the major visitor amenities in the downtown core. The first-ever repeat winner of the International Association of Congress Centres' award for "World's Best Convention Centre" (2002, 2008), it is British Columbia's premier meeting and convention facility with a strong reputation for service excellence.

2010 was a remarkable year at the Convention Centre, beginning with participation in the 2010 Olympic and Paralympic Winter Games. As the International Broadcast Centre and Main Press Centre for the Games, the Convention Centre was home to over 10,000 media representatives from around the world. The Centre's West building also earned LEED® (Leadership in Energy and Environmental Design) Platinum certification for new construction by the Canada Green Building Council – making it the world's first convention centre to be honoured with the program's highest rating.

The Convention Centre, with its iconic East building and connected West building expansion, is able to host multiple, simultaneous events as well as large single events with upwards of 10,000 delegates. Since the close of the Olympics, the Centre has hosted an unprecedented level of event activity.

Meeting planners book major non-resident conventions up to ten years in advance of the events taking place, and the process of securing major conventions is extremely competitive as the host city and province gain significant benefit through spending by convention organizers and delegates during and after the events.

The Convention Centre is engaged in an extensive, strategic marketing campaign designed to optimize the facility's utilization. PavCo is committed to tripling the number of non-resident delegate days at the Convention Centre by 2015. The program includes the following actions to increase attendance:

- increasing the profile of the Convention Centre's brand in the international marketplace
- enhancing the Convention Centre product so as to make it stand out against its competitors
- investigating the production of new home grown shows for the facility
- cooperatively marketing Vancouver with its tourism partners, and supporting BC's regional conference centres in their development
- supporting pre- and post- event activity for event attendees to benefit the region's tourism markets
- increasing market representation in key areas

Further information on the Convention Centre may be found on its website

www.vancouverconventioncentre.com

PavCo's Operating Segments (cont.)

BC Place

BC Place is home to the Province's largest and most spectacular events. With 55,000 seats and 235,000 square feet of exhibit space, it is busy for more than 200 event days per year and is a venue that contributes to the social, cultural and economic fabric of the Lower Mainland and the Province.

BC Place opened in 1983 with the largest air-supported dome roof in the world, and was considered a technological marvel in its day. Since then, more than 27 million people have experienced an event at the facility. In 2010, BC Place hosted celebrations for the largest event to be held in British Columbia in a generation – the Opening and Closing ceremonies of the Vancouver 2010 Olympic Winter Games. Over three billion viewers worldwide watched as BC Place took a place of pride in the memories of British Columbians.

BC Place is currently undergoing a \$563 million revitalization that includes the largest retractable roof of its kind in the world. The new BC Place will be a state-of-the-art, modern facility. If the Province were to replace BC Place with a new multi-purpose facility today, it is estimated the cost would be in excess of \$1 billion.

New features will include the following:

- largest retractable roof of its kind in the world
- completely upgraded concessions and washrooms throughout the stadium
- new seating throughout the stadium
- significantly improved accessibility for disabled
- flexible and versatile seating configurations using a new, automated system, to suit a range of event requirements
- soccer-friendly enhancements and curtaining system
- new FIFA 2-star approved artificial turf
- giant center-hung HD video and scoreboard – the second largest of its kind in North America
- LED fascia boards that will wrap around the inner bowl of the stadium, and new advertising video boards
- new floor service points for improved service
- new glazing on all exterior glass to allow more light into the concourses
- new exterior plaza and features, including a new monument to Terry Fox
- new fire-suppression and life systems

The new cable-supported retractable roof at BC Place will create a truly year-round facility. Summer festival events will now be attracted by the blue-sky opening, and the comfortable atmosphere this will create for guests.

BC Place will become even more versatile, expanding the range of events that can be hosted, attracting additional clients from the international sport, consumer show, concert events, and entertainment sectors, as well as film and television productions, banquets, and other special events. BC Place will also continue to function as a regional emergency shelter in the event of a major disaster.

PavCo's Operating Segments (cont.)

Upon reopening with a retractable roof in fall 2011, BC Place will become home to British Columbia's first Major League Soccer (MLS) team – the Vancouver Whitecaps FC. The Vancouver Whitecaps FC will join the BC Lions as one of two national professional sports team to call BC Place their home. The new MLS franchise is expected to attract more than 300,000 visitors per season and provide the opportunity to host annual soccer exhibition matches with teams from around the world.

The new BC Place will not only be an attractive venue for guests, event organizers and potential sponsors - it will once again be regarded as an architectural marvel in the Vancouver skyline, and a place of pride for all British Columbians.

The revitalization program is further defined in the Capital Plan and Major Projects section of this Service Plan.

Further information on BC Place may be found on its website www.bcplace.com.

Corporate Services

PavCo operates a Corporate Services division which is led by the Chief Executive Officer (CEO), and manages PavCo's corporate structure and stakeholder reporting. The CEO directs the management teams at BC Place and the Convention Centre. Business loads at PavCo's facilities vary during the year due to scheduling of events, so where practical, and in instances when delivery of services can be carried out more efficiently, services are contracted to third party suppliers.

Corporate Governance

PavCo reports to the Minister of Tourism, Trade and Investment and is governed by an independent ten-member Board of Directors appointed by the Shareholder.

The Board of Directors provides leadership and direction to the Corporation in a manner consistent with the policies and directives of the Government of British Columbia as outlined in the annual *Shareholder's Letter of Expectations*. PavCo's Board of Directors acts in accordance with the *Best Practice Guidelines - Governance and Disclosure Guidelines for Governing Boards of BC Public Sector Organizations* (2005) published by the Board Resourcing and Development Office and can be found at www.fin.gov.bc.ca/brdo/governance/corporateguidelines.pdf.

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

Board/Committee	Members		Board/Committee Role
Board of Directors	Chair: Directors:	David Podmore Mark Andrew Derek Brindle Peter Brown Bob Bryant Susan Gomez John Horning Miriam Kresivo Terry Lyons Grant Ritchie	Ensure the Board and management operate in good faith, in compliance with regulatory and legal requirements, and to the highest ethical and moral standards. Individual biographies of the Board Chair and Directors are found at www.bcpavco.com/team.html
Audit	Chair: Members:	Terry Lyons John Horning Miriam Kresivo	Oversee the financial reporting process. Review financial statements, audit plans, reports, and controls with Auditors.
Construction	Chair: Members:	David Podmore Derek Brindle Peter Brown Terry Lyons Grant Ritchie	Monitor progress on the major capital projects including transition to operations for the refurbishment and upgrades to BC Place.
Corporate Governance	Chair: Members:	Miriam Kresivo John Horning Terry Lyons	Monitor governance, Board effectiveness, staffing, compensation issues, and the implementation of all structural changes to the organization.
Finance	Chair: Members:	Peter Brown Mark Andrew Miriam Kresivo	Monitor financial policies, reporting, conflicts of interest, financial budgets, forecasts, risk management, and other related matters.
Marketing & Communications	Chair: Members:	Bob Bryant Mark Andrew Susan Gomez	Monitor and advise on effective external communications policies and protocol for the organization. Provide overall direction and development of the sales and marketing process for the organization.

The Board of Directors has a meeting schedule, prepared in advance of each year, and the Committees meet as needed. All Committees review and develop policy in their specified areas and make recommendations to the Board.

PavCo has published a comprehensive charter of Board activities (outlined in the document *Board Governance Guidelines*), as well as several terms of reference and policies in accordance with the Province's Board Resourcing and Development Office's *Best Practices Guidelines*. These can be found on PavCo's website at www.bcpavco.com/resources.html.

The Executive Teams

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

Corporate Office

- | | |
|---------------------------|--|
| • Warren Buckley | President and Chief Executive Officer ⁽¹⁾ |
| • John Harding | Chief Financial Officer and Corporate Secretary ⁽¹⁾ |
| • Krista Freeman, BA, CGA | Director of Finance ⁽¹⁾ |

Vancouver Convention Centre

- | | |
|-----------------------|---|
| • Ken Cretney | General Manager ⁽¹⁾ |
| • David Heidt, CA | Vice-President, Business Administration |
| • Claire Smith, CMP | Vice-President, Sales and Marketing |
| • Catherine Wong, CMP | Vice-President, Operations |

BC Place Stadium

- | | |
|------------------|--------------------------------|
| • Howard Crosley | General Manager ⁽¹⁾ |
| • Brian Griffin | Director, Construction |
| • Graham Ramsay | Director, Business Development |
| • Harvey Repp | Director, Operations |

⁽¹⁾ Corporation Officers

Strategic Context

Key Strategic Issues

Optimizing Occupancy at the Facilities

Situation

The Convention Centre operates in a highly competitive, private sector driven business with international service standards. It must be competitive in terms of international expectations and be sensitive to the evolving dynamics of the industry.

Major growth in convention centre capacity, particularly in the US, has created a buyer's market where many centres are increasingly using financial incentives and subsidies in order to secure major conventions.

BC Place is undergoing major renovations resulting in the closure of the facility during the construction period. During the closure, events typically booked at the stadium have been relocated where possible.

Discussion

The Convention Centre has achieved a well-balanced mix of business from regional, national, US, and international markets, which has stabilized its operation through the economic and security-related disruptions of the past few years. The newly expanded Convention Centre is able to attract larger events which otherwise would have been turned away due to previous space limitations.

Management is actively engaged in the development of a variety of initiatives and programs which will align with and support the Convention Centre's service excellence focus and which are appropriate to the demands of the expanded facility and the new business levels expected.

Major international events that come to the Convention Centre are booked several years in advance. Infill business for the busy convention season is accepted only after the window of opportunity to book out of town activity has closed. This supports the purpose of the Convention Centre of both supporting business and bringing economic activity to British Columbia.

Action

PavCo is committed to maximizing the number of non-resident delegates and exhibitors booked at events, as they generate the highest economic returns for British Columbia.

PavCo has implemented an aggressive sales and marketing plan, and by partnering with a number of industry and facility organizations, including British Columbia's regional conference centres, will enhance overall provincial business opportunities and share the anticipated business growth arising from expansion with the other regions in the province.

Media coverage of the 2010 Olympic and Paralympic Winter Games has heightened awareness of British Columbia as an attractive destination for business and leisure tourism. Following this, PavCo has developed a Sports Marketing program to attract new sports themed events to both the Convention Centre and BC Place. These facilities are suitable for hosting significant sporting events, which together with other venues in British Columbia makes them viable for attracting major competitions. With more event space, and renovated facilities, the region is able to bid on events that would not have considered visiting previously.

A new marketing plan for BC Place showcasing the renovations and new roof is progressing in order to reflect the stadium as an essentially brand new facility to draw additional regional and international interest. The retractable roof creates the ability to attract a significant number of additional event days each year, including higher margin events.

Key Strategic Issues (cont.)

BC Place Revitalization

Situation

In 2011, a brand new BC Place is to be unveiled that will continue the tradition as an economic engine to expand business opportunities for British Columbia and become a new iconic venue for drawing communities together through sports, festivals, cultural events, and world class entertainment.

The multi-purpose stadium is currently undergoing an extensive revitalization process to meet expectations of the marketplace, customers and an ever-changing entertainment market. Additionally, to increase the current utilization of the site because of rising land values, and match the development of adjacent properties and neighboring areas, the revitalization also includes a multipurpose entertainment hub with world-class amenities.

BC Place remains British Columbia's largest event venue and the only one capable of hosting the province's largest and most successful sporting, entertainment and special events. Prior to closing, BC Place averaged over 200 event days a year, hosting a variety of exhibitions, consumer shows, and sports and entertainment events. When the new BC Place re-opens in the fall of 2011, the event days are anticipated to increase to over 220, once again making BC Place one of the busiest facilities of its kind in North America. Naming rights, sponsorship and advertising will also be critical to revenue generation. BC Place will be one of the few North American stadiums to host both professional football and soccer.

Discussion

Most of the profitable business is from regional markets rather than from out-of-province attendees. As a result, economic benefits generated by BC Place to British Columbia are lower than for the Convention Centre. One of the major reasons for a revitalized BC Place is the ability to attract new events in off-peak periods to diversify the mix of revenue sources, and maximize revenue opportunities from traditional and non-traditional sources. The summer months in previous years were not appealing to new business as it was a covered stadium. With the new retractable roof, options for summer business are greatly expanded.

In addition to the Whitecaps FC, Major League Soccer (MLS) franchise coming to BC Place in 2011, other sports and live entertainment categories also show potential for growth. As a multi-tenant building upon re-opening, date availability will be a key factor in the success moving forward. Many sporting events take place during the spring consumer show season which will result in a changing event mix.

The first year of operation will present both challenges and opportunities for overall business. Due to re-location of the Whitecaps and BC Lions and a still to be confirmed opening date, the fall months will be dominated by sports with limited availability for other weekend events. The first mega-event to be held in the revitalized facility is the 99th Grey Cup on November 27, 2011. Spring 2012 bookings are very strong with a combination of both traditional business and new events. The summer of 2012 will be the first opportunity to attract summer festival shows, with that process already underway through soliciting major promoters, artists and managers.

Action

BC Place continues its major revitalization plan with the installation of a new retractable roof and other significant upgrades. The facility closed for business in spring 2010 and will reopen in fall 2011. The stadium will become a cornerstone of an exciting entertainment district unfolding on the north shore of False Creek and the surrounding area, which will include Rogers Arena, theatres, restaurants and other commercial developments.

Significant marketing and targeted sales commenced in early 2010, targeting key promoters, event attendees and the public. The new BC Place will attract a new audience with high expectations for delivery of first class service.

Key Strategic Issues (cont.)

During the temporary closure of BC Place, the BC Lions have been relocated to a temporary stadium at the grounds of the former Empire Stadium at the PNE in Vancouver. The Whitecaps FC will also begin their 2011 season in the temporary venue. Both teams are tracking to exceed initial season ticket estimates and overall attendance numbers.

PavCo will seek other revenue opportunities for BC Place including Naming title rights and will continue pursuing additional adjacent land development opportunities to generate much greater economic and community benefits for the revitalized area and the Province.

PavCo Operations and the Global Economy

Situation

Changes in business cycles in local, national, and world economies can have a significant impact on operations and economic benefits generated by PavCo's operating facilities. Business downturns in the USA in particular, can negatively affect the numbers of out-of-country attendees at the Convention Centre.

Many new convention centres have been built in North America over the past few years, resulting in increased competition to attract new business.

A more competitive environment has created booking challenges for the Convention Centre. Increased global awareness for sustainability initiatives and environmental impacts is now becoming a factor in attracting and retaining business.

Discussion

Attendance from non-resident delegates and exhibitors at conventions generates the majority of economic benefits and profitability for the Convention Centre. Most major conventions are booked several years in advance so changes in bookings resulting from global economic fluctuations can impact business for an extended period. The Convention Centre also relies on regional and corporate events booked at shorter notice in the remaining available space to maximize occupancy. These infill events are profitable, but generate lower overall economic benefits than conventions and trade shows.

There is a strong positive synergy between the activities of the Convention Centre and the overall economic development objectives of the Province. Benefits arise not only from direct economic impact but also from enhanced business and professional development opportunities.

The recent economic downturn in the USA has also highlighted to PavCo the importance of diversification of its business base, through the increase of its share of business from other key markets.

At BC Place, most of the profitable business is from regional markets rather than from out-of-province attendees and attendance at trade and consumer shows can fluctuate due to effects of local economic cycles. As a result, economic benefits generated by BC Place to British Columbia are lower than for the Convention Centre. Major trade and consumer shows all require spring and fall dates, leaving limited availability for new shows or for existing shows to move dates. BC Place needs to attract new events in off-peak periods to diversify the mix of revenue sources, and maximize revenue opportunities from traditional and non-traditional sources.

For sporting events, changes in attendance and revenues is impacted by the success of the sports teams as well as the discretionary spending of fans.

Key Strategic Issues (cont.)

Action

PavCo's facilities manage these natural business cycles by attracting a diverse mix of markets and event types as well as by continually developing new markets.

An enhanced marketing program for the expanded Convention Centre is underway, with the objective of tripling non-resident attendance by 2015. The Convention Centre expansion includes a living 'green' roof and in-house blackwater treatment facility, and the Convention Centre's environmental policy includes a large recycling program, the utilization of fresh, local products, and an emphasis on energy conservation.

Improvements to BC Place will bring the facility up to clients' expectations and attract new business. The stadium renovations and installation of a retractable roof will offer greater flexibility in event layouts, extended operating seasons, enhanced acoustic and temperature control capabilities and will be a much more attractive, all season venue for traditional business streams while also competing for higher margin arts, culture and sporting events.

Staffing - Recruitment and Retention at BC Place

Situation

Workers at BC Place include full time exempt and union staff, part time union event staff, and outside suppliers' event staff. BC Place is presently closed for construction of a new roof, with no event staffing requirements during the construction period. Due to this extended "down time", many part-time and event-time employees have moved on to other opportunities, leaving uncertainty as to whether they will return when the building reopens in Fall of 2011.

To support the increased number of events and provide world-class guest experience, BC Place will require an increase in management staff as well as up to 700 part time and event time staff. Ability to recruit and retain qualified employees will be critical to the success of BC Place following re-opening.

Discussion

Several challenges arise in achieving such a large-scale recruitment:

- With the majority of the football season not played at BC Place in 2011, it will be difficult for frontline employees to commit to work the very limited number of shifts available.
- Laid off employees may no longer wish or be able to return to BC Place.
- Although the employment market shortages have eased since the economic downturn, there is still a shortage of job seekers in event type work, as it tends to be seasonal and with irregular shifts.
- As BC Place is under construction, it is inaccessible for recruitment and training purposes thus creating logistical difficulties for assembly of new staff.

Action

When BC Place reopens, it is expected many potential job seekers will be drawn to the iconic building and wanting to be part of Vancouver's hub of cultural and sporting excitement. The new retractable roof at BC Place will offer a contemporary, technological and green look and feel which adds to the progressive, dynamic image that the Province wishes to project in order to attract new, younger skilled workers, required to continue fuelling economic growth as the baby boomer generation retires.

Key Strategic Issues (cont.)

To successfully achieve large-scale recruitment, PavCo is implementing a proactive and aggressive strategy gearing up for BC Place's re-opening as follows:

- Early in 2011 BC Place will start the process of recalling all temporally laid-off employees.
- Employees will be connected and engaged through timely updates and communications.
- Employment information and printed materials on our website will be reworked to target both active and passive job seekers. (Passive candidates refer to those people whom may not have previously considered BC Place as a potential employer, or even their desire to acquire event-time work.) Our recruitment information will induce them to seek out more information about potential job opportunities via the website.
- Work with the Marketing Department to create the "wow" factor for recruitment.
- Build community partnerships to generate a recruitment buzz.
- Engage the Union in spreading the word, and promoting employee referrals.
- Implementing an Online Applicant Tracking System that features exciting employment opportunities for job seekers as well as being administratively efficient for management.
- Streamline the recruitment and selection process to accommodate the high volume of applicants, yet ensure quality hires.
- Identify and investigate space options for recruitment and training purposes, with training programs for all returning and new staff taking place before BC Place's first event.

PavCo will continue to review staffing positions to ensure pay scales are competitive and adhere to Public Sector Employers' Council (PSEC) guidelines. The Corporation will also continue to provide learning and development opportunities to promote career growth and support succession planning.

Goals, Key Strategies, Performance Measures and Targets

Strategic Goals

PavCo has the following strategic goals:

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

The performance measures used to evaluate PavCo's strategic goals (by facility) are both similar and vary in nature and reflect the different types of business generated by each facility as shown in the following summary table.

Goal		Strategies	Measures	Applicable Facility	
				Convention Centre	BC Place
1	Maximize Revenues and Economic Growth	Improve Shareholder Investment Return	(1) Economic Benefits Generated (2) Non Resident Delegate Days (3) Total Attendance	√ √	√ √
2	Maintain and Increase Client Services and Satisfaction	Provide High Service Levels and Promote PavCo Facilities as Preferred Venues	(1) Service Quality Levels (2) Existing Business Retention	√	√ √
3	Maintain and Improve PavCo Facilities	Implement Repair and Maintenance Plans and Effectively Manage Capital Improvement Programs	(1) Achieve Capital Work Milestones	√	√
4	Increase Innovation, Learning and Growth	Support Employee Development and Implement Contemporary Compensation System	The Employee Retention measure for BC Place has been suspended until meaningful statistics are available for the year following reopening		√

Strategic Goals (cont.)

GOAL 1

Maximize Revenues and Economic Growth and Use Funding in a Manner that Provides Optimum Return to the Shareholder

We strive to achieve our mandate, which is to generate economic and community benefit for the people of British Columbia, through the prudent management of public facilities. The events held at our facilities support British Columbia's business and leisure tourism industry, as well as its trade development infrastructure. Our clients and guests from out-of-province fill hotel rooms, patronize provincial businesses, and conduct pre-and post-event activities throughout the Province.

PavCo also strives to meet its financial targets each year to ensure financial sustainability and to minimize its reliance on Shareholder funding. Client expectations and competition from other venues is causing downward pressure on revenues, while facility operations and external challenges are creating an upward pressure on costs.

It is important for PavCo to maximize private sector revenue and to use the funding provided in the areas most likely to generate long-term economic benefits to British Columbia and profitability to the organization.

Key Strategies

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

- creating a compelling vision and model for marketing the newly expanded Convention Centre
- seeking events from out-of-province which will generate the maximum amount of economic benefits to our community
- seeking and creating high-profile events that will promote growth and support for British Columbia's business base
- pursuing global markets for long-term growth
- diversifying markets to stabilize long term business
- repositioning our facilities as being more flexible to users
- increasing operational efficiencies

Performance Measures and Targets

Compare Economic Benefits Generated - Economic impacts are calculated based on surveyed or estimated expenditures by organizers and visitors at events in our facilities, subsequent spending in the Province following the event, and the multiplier effect through the economy of such spending. Projections for Fiscal 2011 and subsequent years have been prepared by PavCo management based on anticipated attendance and activity at the facilities.

Strategic Goals (cont.)

Compare Economic Benefits Generated

Economic Impact from out-of-Province Visitors (in \$millions)

Performance Measure	Actual 2009/10 ¹	Forecast 2010/11 ^{2,3}	Targets		
			2011/12	2012/13	2013/14
Convention Centre Economic output	\$ 264	\$ 678	\$ 823	\$ 648	\$697
BC Place out of Province spending	\$ 16	\$ 2	\$ 17	\$ 25	\$29

¹ Benefits generated through activity at BC Place and the Convention Centre in Fiscal 2010 do not include those related to activities at the 2010 Olympic and Paralympic Winter Games as those are accounted for elsewhere by Government. Economic Output for Fiscal 2010 was previously reported at \$215 million. This has been updated due to higher non-resident attendance than previously recorded.

² The Convention Centre Economic output in Fiscal 2011 increases with a full year of operations at the expanded facility.

³ There will be limited direct economic impact generated through BC Place operations in Fiscal 2011 as the facility is closed for most of the year due to the revitalization project.

Economic Impact from all Spending from Events at BC Place (in \$millions)

Performance Measure	Actual 2009/10 ¹	Forecast 2010/11 ²	Targets		
			2011/12	2012/13	2013/14
BC Place from all spending	\$ 40	\$ 4	\$ 56	\$ 85	\$100

¹ Benefits generated from activity in Fiscal 2010 do not include those related to activities at the 2010 Olympic and Paralympic Winter Games as those are accounted for elsewhere by Government.

² There will be limited direct economic impact generated through BC Place operations in Fiscal 2011 as the facility is closed for most of the year due to the revitalization project.

Gross Domestic Product from Events at Vancouver Convention Centre (in \$millions)

Performance Measure	Actual 2009/10 ¹	Forecast 2010/11	Targets		
			2011/12	2012/13	2013/14
Convention Centre Gross domestic product	\$ 90	\$ 229	\$ 279	\$ 220	\$236

¹ Benefits generated from activity in Fiscal 2010 do not include those related to activities at the 2010 Olympic and Paralympic Winter Games as those are accounted for elsewhere by Government. GDP for Fiscal 2010 was previously reported at \$73 million. This has been updated due to higher non-resident attendance than previously recorded.

Increased non-resident delegate days at the Convention Centre - As the economic benefit generated by non-resident delegates represents 'new' money coming into the BC economy, this is the first priority and primary performance indicator for the Convention Centre. Non-resident delegate days (NRDD's) are the combination of non-resident delegate numbers and the days they spend at events hosted at the Convention Centre.

Strategic Goals (cont.)

Increased Attendance at BC Place - Increased attendance levels at BC Place drives higher sales of stadium services, including food and beverage sales. As the number of patrons and events increase, the facility becomes more attractive to corporate sponsors to purchase interior signage and exclusive supply rights.

NRDD's at the Convention Centre and BC Place Attendance

Performance Measure	Actual 2009/10 ¹	Forecast 2010/11	Targets		
			2011/12	2012/13	2013/14
Convention Centre – Non Resident Delegate Days	156,571	415,000	522,000	403,000	425,000
BC Place – Attendance ²	1,270,000	81,000	629,000	1,400,000	1,500,000

¹ Attendance numbers for Fiscal 2010 do not include Media for the 2010 Olympic and Paralympic Winter Games. Non-resident delegate days at the Convention Centre for Fiscal 2010 was previously reported at 128,390. This has been updated.

² During Fiscal 2010, some regularly schedule events at BC Place were displaced due to VANOC's occupancy for the 2010 Olympic and Paralympic Winter Games. Attendance for Fiscal 2010 includes 2010 Olympic and Paralympic Winter Games events. Due to the revitalization project, only one event occurred in Fiscal 2011; there is also a partial closure during Fiscal 2012 while the project is completed.

GOAL 2

Maintain and Increase Client Services and Satisfaction

By increasing satisfaction of our customers, PavCo's reputation as an organization capable of attracting and producing world-class events will drive future attendance levels. This will further enable us to achieve our primary goal of maximizing economic and community benefits in British Columbia. Many of our guests from out-of-province spend extra time in the province post-event, and often return with their families as tourists at a later date.

Key Strategies

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

Strategic Goals (cont.)

Performance Measures and Targets

Service Quality Survey Scores - Quality Surveys with clients and guests are conducted at our facilities to determine their expectations and satisfaction levels. We will improve service levels where possible. The event business is very competitive and client satisfaction is critical. Negative experiences can lead to clients failing to return or not recommending our facilities to other potential clients.

Percentage Retention of Existing Business - At BC Place, most of our business is from repeat clients who return on a regular basis. We strive to retain our core business. It is very costly to attract new events and also disruptive to shows if event schedules are changed. We will improve our service levels wherever possible in order to retain our clients.

Service Quality and Business Retention

Performance Measure	Actual 2009/10	Forecast 2010/11	Targets		
			2011/12	2012/13	2013/14
Service Quality: Convention Centre BC Place ¹	87%	90%	90%	90%	95%
	82%	N/A	85%	90%	90%
Existing Business Retention: BC Place ²	48%	N/A	N/A	95%	95%

¹ BC Place will be closed for Fiscal 2011, so service quality cannot be measured for the year.

² All events will be displaced or cancelled in Fiscal 2011 due to closure for the revitalization project. Measurement of business retention will resume in Fiscal 2013.

GOAL 3

Maintain and Improve the Facilities Under our Management

PavCo is striving to provide significant public amenities that surpass market expectations and standards.

We will maintain and improve our facilities to the best standard possible within our means in order to attract new clients. We are developing repair and improvement plans at our facilities, and also look for ways to enhance some of our services. Capital upgrades to our properties will make us more competitive with other facilities and should result in an increase in overall occupancy and profitability.

The refurbishment and replacement of the roof at BC Place is underway to meet acceptable standards for clients and guests.

Strategic Goals (cont.)

Key Strategy

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

Performance Measure and Targets

Achieving Major Capital Work Milestones – Final renovations to the existing Convention Centre are complete. The BC Place revitalization program is underway; Phase 1 improvements are complete and Phase 2 improvements continue and include construction of the retractable roof.

Major Capital Work - Milestones

Performance Measure	Actual 2009/10	Forecast 2010/11	Targets		
			2011/12	2012/13	2013/14
<u>Convention Centre Expansion:</u>					
Renovations to existing facility ¹	85% Complete	100% Complete	-	-	-
<u>BC Place Revitalization Program:</u>					
Phase 1 Interiors	100% Complete	-	-	-	-
Phase 1 Structural Upgrades	100% Complete	-	-	-	-
Major Maintenance	12% Complete	75% Complete	100% Complete	-	-
Furniture Fixtures and Equipment	Commenced	75% Complete	100% Complete	-	-
Retractable Roof	10% Complete	75% Complete	100% Complete	-	-

¹ The renovations to the existing Convention Centre were substantially completed prior to the 2010 Olympic and Paralympic Winter Games; some renovation work and finishes were deferred until after the Games.

Strategic Goals (cont.)

GOAL 4 *Increase Innovation, Learning, and Growth*

We strive to keep our employees' skills at optimum levels so that they can participate in our operations in a professional and meaningful way. The new skills that they acquire through their learning activities will maintain PavCo as a leading organization for innovation and creativity in its industry sector. We will monitor training activity and measure the rate of staff retention.

Key Strategies

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

Performance Measure and Targets

Employee Involvement – Our facilities are home to many professionally trained and skilled employees, as well as part time event staff. During recent years, and for the next two fiscal years, construction activity at our facilities will result in temporary closures and disruption of event schedules. During these times it is critical to retain as many staff as possible, as the cost of recruiting is considerable. Our highest incidence of turnover is at BC Place as the result of the cyclical nature of our events.

Change to Goals and Performance Measures Since Publication of the February 2010 Service Plan

Goal / Measure February 2010	Revised Goal / Measure	Reason for Change
Goal 4 – Employee Involvement, measure employee retention at BC Place	Goal remains, measure discontinued	BC Place is closed for renovation. Retention statistics will not be meaningful until the facility has reopened and been operational for a year

Capital Plan & Major Capital Projects

BC Place

BC Place has been closed since April 2010 and construction continues on its \$563 million revitalization program which includes a new retractable roof. Significant progress on the roof replacement can be recognized in Vancouver's skyline with the completion of the steel masts and cable installations. The fixed fabric portion of the roof and the retractable mechanism will be installed during Fiscal 2012.

Deferred maintenance within the facility is ongoing with upgrades to its mechanical, electrical, and life safety systems, as well as seismic upgrades. Substantial completion of the revitalization program is scheduled for the Fall 2011 when the stadium will host the 2011 Grey Cup and showcase the new facility.

The \$563 million budget and scope of the BC Place revitalization program consists of the following elements:

Scope	(in \$millions)		Status
Phase 1 Interior Renovations	\$	55.0	Completed Fiscal 2010
Deferred Maintenance		40.0	To be completed Fiscal 2012
<i><u>Stadium Retrofit</u></i>			
Phase 1 Structural Upgrades	25.0		Completed Fiscal 2010
Upgrades & Retractable Roof	<u>433.0</u>	458.0	To be completed Fiscal 2012
Furniture, Fixtures, and Equipment		10.0	To be completed Fiscal 2012
Total		\$563.0	

PavCo has worked to assist certain events in relocating during the closure. The BC Lions and the new MLS Vancouver Whitecaps will utilize the temporary stadium located at the Pacific National Exhibition's Empire Field until BC Place opens in the Fall 2011. While other events were temporarily relocated to the Convention Centre, PavCo expects the return of major consumer shows like the Auto and Boat shows to the new stadium in Fiscal 2012.

Further details of the revitalization project may be found at website www.bcplace.com.

Vancouver Convention Centre

Renovations to the existing convention facility at Canada Place which were deferred due to the 2010 Olympic and Paralympic Winter Games, have been completed in Fiscal 2011. The Convention Centre Expansion project is forecasted to complete at a total cost of \$836 million, which is \$47 million under its approved budget of \$883 million.

Major Capital Expenditures (in \$ millions)

Scope of Work	Actual 2009/10	Forecast 2010/11	Targets		
			2011/12	2012/13	2013/14
Convention Centre Expansion	\$ 40.7	\$ 9.9	\$ -	\$ -	\$ -
BC Place Revitalization Program	74.7	298.2	148.5	-	-
Total Capital Expenditures	\$ 115.4	\$ 308.1	\$ 148.5	\$ -	\$ -

Summary Financial Outlook

Financial Forecast

Five-Year Financial Comparison for Operations (in \$ millions) - PavCo Consolidated ¹

	Fiscal 2009/10 Actual ^{2,3}	Fiscal 2010/11 Forecast	Fiscal 2011/12 Budget	Fiscal 2012/13 Budget	Fiscal 2013/14 Budget
Revenues					
– Sales and other income	32.925	35.413	41.975	46.728	55.010
– Contributions ⁴					
• Sustaining	21.371	9.042	10.533	9.142	9.142
• Deferred Contributions	<u>39.684</u>	<u>26.758</u>	<u>34.557</u>	<u>42.426</u>	<u>42.741</u>
Total Revenues	93.980	71.213	87.065	98.296	106.893
Expenses					
– Cost of sales	14.665	16.113	19.732	19.482	21.114
– Operating costs	52.657	49.902	52.474	39.909	48.358
– Amortization ⁵	<u>26.658</u>	<u>30.333</u>	<u>38.132</u>	<u>46.001</u>	<u>46.316</u>
Total Expenses	93.980	96.348	110.338	105.392	115.788
Net Income (deficit) after government subsidy	-	(25.135)	(23.273)	(7.096)	(8.895)
Debt	29.731	150.000	150.000	150.000	148.322
Retained earnings (operating deficiency)	27.813	2.678	(20.595)	(27.691)	(36.586)
Major capital expenditures ⁶	121.686	310.526	150.547	-	-
Annual sustaining capital work	0.551	4.232	7.820	7.820	7.934

¹ PavCo's financial reporting, including forecast information, was prepared using Generally Accepted Accounting Principles (GAAP), and is stated in Public Sector Accounting Board (PSAB) format.

² Fiscal 2010 was the first year of operations for the expansion of the Convention Centre, and includes financial results for the combined facility.

³ Comparative results for Fiscal 2010 have been restated in PSAB format. This has resulted in a reduction in reported revenues \$8.678 million, offset by a reduction in cost of sales of \$8.614 million, and a reduction of operating costs of \$0.064 million.

⁴ The Government contribution is to cover operations shortfalls and renewal of capital assets. Funding is provided through the Ministry of Tourism, Trade and Investment.

⁵ Amortization will increase in Fiscal 2011, with amortization of the Convention Centre construction costs. It will further increase in Fiscal 2012 and Fiscal 2013 following renovations to BC Place.

⁶ Major capital expenditures include approved capital projects of over \$50 million, plus other major capital projects.

Key Assumptions

- The core business units are the Vancouver Convention Centre and BC Place.
- PavCo will work with the Shareholder to determine options for funding future forecast deficits to ensure financial stability.

Financial Forecast (cont.)

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

Forecast Risks and Sensitivities

- Fluctuations in the value of the Canadian dollar against other currencies could affect the amount of out-of-country business attracted to PavCo's facilities.
- Fuel costs are a major component of facility operating costs. Rising fuel costs and cold winter weather can significantly add to costs during the winter months.
- BC Place is closed for all of Fiscal 2011, and to Fall of Fiscal 2012 for its revitalization project.

Operating Segment Summary Information

Vancouver Convention Centre

Five-Year Financial Comparison for Operations (in \$ millions)

	Fiscal 2009/10 Actual ¹	Fiscal 2010/11 Forecast	Fiscal 2011/12 Budget	Fiscal 2012/13 Budget	Fiscal 2013/14 Budget
Revenues					
– Sales ²	22.151	34.174	35.437	30.626	34.984
– Deferred contributions	2.303	2.400	2.400	2.400	2.400
– Amortization deferred asset contributions	<u>18.013</u>	<u>20.940</u>	<u>21.010</u>	<u>20.794</u>	<u>20.661</u>
Total Revenues	42.467	57.514	58.847	53.820	58.045
Expenses					
– Operating costs ³	34.336	41.400	39.415	35.834	38.275
– Amortization	<u>19.708</u>	<u>21.040</u>	<u>21.110</u>	<u>20.894</u>	<u>20.761</u>
Total Expenses	54.044	62.440	60.525	56.728	59.036
Net Income (Deficit) before Government operating contributions	(11.577)	(4.926)	(1.678)	(2.908)	(991)

Major capital expenditures ⁴	43.221	10.443	-	-	-
Annual sustaining capital work	0.136	3.712	4.000	4.000	4.000

¹ Comparative results for Fiscal 2010 have been restated in PSAB format. This has resulted in a reduction in reported revenues \$1.140 million, offset by a reduction in operating costs of \$1.140 million.

² Fiscal 2010 was the first year of operations for the expanded Convention Centre. There were partial closures of the facilities during the year for ongoing upgrades, construction and renovations, and the 2010 Olympic and Paralympic Winter Games.

³ Operating costs for the Fiscal years 2010 to 2011 include amounts for sales and marketing initiatives.

⁴ Includes approved capital projects of over \$50 million, plus other major capital projects.

BC Place Stadium

Five-Year Financial Comparison for Operations (in \$ millions)

	Fiscal 2009/10 Actual ¹	Fiscal 2010/11 Forecast ²	Fiscal 2011/12 Budget ³	Fiscal 2012/13 Budget	Fiscal 2013/14 Budget
Revenues					
– Sales	10.541	0.793	6.518	14.111	17.946
– Amortization of deferred contributions	<u>19.294</u>	<u>3.386</u>	<u>11.115</u>	<u>19.207</u>	<u>19.660</u>
Total revenues	29.835	4.179	17.633	33.318	37.606
Expenses					
– Operating costs ⁴	30.991	22.358	30.859	21.566	21.803
– Amortization	<u>6.876</u>	<u>9.261</u>	<u>16.990</u>	<u>25.083</u>	<u>25.535</u>
Total Expenses	37.867	31.619	47.849	46.649	47.338
Net Income (Deficit) before Government contributions	(8.032)	(27.440)	(30.216)	(13.331)	(9.732)

Major capital expenditures ⁵	78.465	300.083	150.547	-	-
Annual sustaining capital work	0.240	0.500	3.800	3.800	3.914

¹ Comparative results for Fiscal 2010 have been restated in PSAB format. This has resulted in a reduction in reported revenues \$7.538 million, offset by a reduction in operating costs of \$7.538 million.

² The facility is closed for its revitalization project in Fiscal 2011 and will receive revenues from only one event.

³ Fiscal 2012 includes closure until Fall 2011 for completion of its revitalization project.

⁴ Fiscal 2011 and Fiscal 2012 operating costs include the costs of rental and maintaining the temporary sports stadium at Empire Field

⁵ Includes approved capital projects of over \$50 million, plus other major capital projects.

Corporate Services

Five-Year Financial Comparison (in \$ millions)

	Fiscal 2009/10 Actual	Fiscal 2010/11 Forecast	Fiscal 2011/12 Budget	Fiscal 2012/13 Budget	Fiscal 2013/14 Budget
Revenues	0.233	0.446	0.020 ¹	1.991	2.080
Amortization of deferred contributions	<u>0.074</u> 0.307	<u>0.032</u> 0.478	<u>0.032</u> 0.052	<u>0.025</u> 2.016	<u>0.020</u> 2.100
Expenses					
– Operating costs	1.995	2.256	1.932	1.991	9.394 ²
– Amortization	<u>0.074</u>	<u>0.032</u>	<u>0.032</u>	<u>0.025</u>	<u>0.020</u>
Total Expenses	2.069	2.288	1.964	2.016	9.414
Net Income (Deficit) before Government contributions	(1.762)	(1.810)	(1.912)	-	(7.314)
Annual sustaining capital work	0.175	0.020	0.020	0.020	0.020

¹ Revenues will decrease after Fiscal 2011, with the draw down on cash reserves to fund BC Place upgrades.

² Costs for Fiscal 2014 include interest payable on \$150 million debt at BC Place.

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