

B.C. Pavilion Corporation

2019/20 – 2021/22 SERVICE PLAN

February 2019



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Board Chair Accountability Statement



The 2019/20 – 2021/22 B.C. Pavilion Corporation Service Plan was prepared under my direction in accordance with the *Budget Transparency and Accountability Act*. 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. I am responsible for the validity and reliability of the information included in the plan.

All significant assumptions, policy decisions, events and identified risks, as of February 2019 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.

A handwritten signature in black ink, which appears to read "Ian Aikenhead". The signature is fluid and cursive.

Ian Aikenhead, Q.C.
Board Chair

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Strategic Direction and Alignment with Government Priorities

B.C. Pavilion Corporation (PavCo) is aligned with the government's key priorities and will continue to meet its mandate of generating economic and community benefit for the people of British Columbia by focusing on initiatives to increase non-resident delegate and overall attendance at events, while balancing the need to prudently manage its public facilities – BC Place and the Vancouver Convention Centre.

As outlined in its 2019/20 Mandate Letter from the Minister of Tourism, Arts and Culture, PavCo will focus on five strategic priorities in the coming year:

- Ensure PavCo's programs and investments are aligned with provincial tourism priorities and other emerging government priorities.
- Continue to maximize private sector revenue for the public facilities owned and managed by PavCo through implementation of the 5-year Attendance and Economic Benefit Target Plan.
- Continue to support and promote community events and business opportunities that attract and benefit British Columbians through execution of the PavCo Engagement Strategy.
- Building on the success of the Vancouver Convention Centre, continue to act as a global sustainability leader, and explore 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.

PavCo is aligned with the government's key priority to build a strong, sustainable economy for British Columbia:

| Government Priorities | B.C. Pavilion Corporation Aligns with These Priorities By: |
|---|---|
| Making life more affordable | <ul style="list-style-type: none"> • Managing PavCo's facilities and assets prudently. (Goal 1) • Identifying opportunities to optimize operating costs and become more efficient. (Objective 1.1) |
| Delivering the services people count on | <ul style="list-style-type: none"> • Providing exceptional customer service. (Goal 2) • Ensuring event planning and operations provide superior value to clients. (Objective 2.1) • Providing an exceptional service culture that ensures PavCo and its suppliers' staff provide seamless superior service delivery. (Objective 2.1) |
| A strong, sustainable economy | <ul style="list-style-type: none"> • Creating economic and community benefit by generating in excess of \$450 million per year of economic benefit while minimizing its reliance on government funding. (Goal 1) • Executing sales and marketing initiatives through greater collaboration with partners and leveraging relationships with decision makers to attract events that will optimize economic benefit for B.C. (Objective 1.1) |

Operating Environment

The Vancouver Convention Centre continues to actively pursue convention and event business from across British Columbia and around the world, attracting non-resident delegates and maximizing economic impact for the province. In a highly competitive marketplace with increasing hotel occupancy and accompanying rates, it is critical the Convention Centre targets high-yield business during periods with available occupancy. PavCo strives to ensure the optimum mix of business is booked to maximize revenue, while maintaining its mandate to generate economic and community benefit for the people of British Columbia.

Globally, competition to secure convention business remains intense as convention centre supply has outgrown demand, keeping the supply of meeting space choices high and applying pressure to the bidding process. Destination cities are offering rich incentives to attract convention business, requiring PavCo to develop new ways to provide added value to clients in an effort to remain competitive.

Attendance at BC Lions Football Club home games and Vancouver Whitecaps FC home matches has a direct impact on PavCo's financial results. BC Place remains committed to working collaboratively with the teams to build attendance and support initiatives that generate revenue. On dates that are not booked by the teams, BC Place continues to maximize event opportunities including regional, national and international championship sporting events, as well as live entertainment, special events, community gatherings, and film and television business.

Limited local hotel inventory coupled with increased hotel occupancy pose risks for PavCo as it becomes more challenging for clients to build significant room blocks at competitive rates. Further challenges faced by PavCo results from the tightened labour market in Vancouver.

Diversification of markets will continue to be a focus for PavCo to address potential risks in any one market. In addition, the organization will continue to monitor trends and risks and will shift its marketing and response efforts appropriately.

The Economic Forecast Council (EFC) expects B.C.'s real GDP to grow by 2.5 per cent in 2019 and 2.6 per cent in 2020. Meanwhile for Canada, the EFC projects national real GDP growth of 1.9 per cent in 2019 and 1.8 per cent in 2020. As such, B.C.'s economic growth is expected to outperform Canada's in the coming years. Risks to the economic outlook are weighted to the downside and include uncertainty regarding global trade policy, weakening global economic activity, as well as ongoing economic challenges in Asia and the euro zone. Additionally, there are risks related to monetary policy tightening and the volatility associated with commodity prices and the exchange rate outlook.

Major changes in the forecasted economic growth numbers and uncertainties surrounding trade and travel policies in the US may impact the ability to attract US events and delegates; however, the value of the Canadian dollar against the US dollar may present a value incentive for US-based customers.

Performance Plan

PavCo values the relationship it has with its responsible ministry, the Ministry of Tourism, Arts and Culture. PavCo regularly engages with the Ministry on strategic priorities and new opportunities and will continue to do so on future projects to deliver on its mandate, including aligning programs and investments with the strategies outlined by the Ministry as well as other emerging government priorities.

PavCo selected its goals to focus on the most significant areas of impact to its business and align with government's strategic direction. The objectives, strategies and performance measures used to evaluate progress on PavCo's strategic goals reflect the different types of business generated by each facility.

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

In 2019/20, PavCo is forecast to generate in excess of \$430 million per year of economic benefit and provide significant community benefit for the people of British Columbia through the prudent management of its public facilities. The events held at PavCo's facilities support British Columbia's tourism and hospitality industries, as well as trade development. PavCo's clients and guests procure hotel rooms, local hospitality services and goods and services produced by B.C.-based businesses.

PavCo's facilities are two of the largest community gathering places in the province of British Columbia and host events such as global summit meetings and world-class sporting, community, cultural and entertainment events. In addition, the events and conventions held at BC Place and the Vancouver Convention Centre provide a platform for an important exchange of information and knowledge across industry sectors, including medicine, education, technology and science. These events also advance business development opportunities for residents of B.C.

Objective 1.1: Improved attendance and economic benefits to province

PavCo strives to maximize the positive economic impact it brings to the province each year and minimize its reliance on government funding. This is achieved by balancing competitiveness within the marketplace, while managing the ongoing costs of operating two world-class facilities. PavCo continues to implement its 5-year Attendance and Economic Benefit Target Plan, which outlines the specific measures that will be undertaken to achieve attendance and economic benefit targets from events hosted at BC Place and conferences and events hosted at the Vancouver Convention Centre. PavCo also continues to execute its Engagement Strategy to enhance positive client interactions with major annual clients and anchor licensees.

Key Strategies:

- Execute sales and marketing initiatives, such as increased collaboration with partners and leveraging relationships with decision makers, to attract events that will optimize economic benefit for B.C.

- Engage with local community and other stakeholders to increase awareness of PavCo's activities and provide opportunities to enhance community benefit
- Pursue business development in international markets for long-term revenue growth and to generate economic benefit.
- Diversify markets to stabilize long-term business.
- Determine ways to reduce operating costs and improve efficiencies through a continual model of improvement throughout the organization.

| Performance Measures | | 2017/18 Actual | 2018/19 Forecast | 2019/20 Target | 2020/21 Target | 2021/22 Target |
|---|--|-------------------|---------------------|-------------------|-------------------|-------------------|
| Total Economic Impact | | | | | | |
| 1.1a | Economic impact at Vancouver Convention Centre from all spending by visitors from outside Metro Vancouver ¹ | \$304m | \$337m | \$333m | \$316m | \$300m |
| 1.1b | Economic impact at BC Place from all spending | \$165m | \$130m | \$100m | \$100m | \$100m |
| Economic Impact from out of province (non-resident) attendance | | | | | | |
| 1.1c | Economic impact at Vancouver Convention Centre from spending by visitors from outside British Columbia ¹ | \$252m | \$280m | \$285m | \$271m | \$250m |
| 1.1d | Economic impact at BC Place from spending by visitors from outside British Columbia ¹ | \$33m | \$26m | \$22m | \$22m | \$22m |
| 1.1e | Delegate days to Vancouver Convention Centre by visitors from outside British Columbia ² | 388,000 | 458,000 | 436,000 | 418,000 | 425,000 |
| 1.1f | Delegate days for all visitors outside Metro Vancouver to Vancouver Convention Centre ² | 526,000 | 587,000 | 564,000 | 535,000 | 532,000 |
| 1.1g | Total attendance at BC Place events ³ | 1,160,000 | 1,030,000 | 1,000,000 | 1,000,000 | 1,000,000 |
| 1.1h | Operating deficit target, before government sustaining contributions ⁴ | \$20.059m | \$12.673m | \$16.588m | \$18.179m | \$2.568m |

Data Source:

¹ Economic impact is calculated using the BC Stats model and is based on estimated expenditures by organizers and visitors at events in the facilities; subsequent spending in the province following the event; the multiplier effect through the economy of such spending. Projections for 2018/19 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 Delegate days for attendees at Vancouver Convention Centre for fiscal 2017/18 were actual days recorded in PavCo's event management system. Forecasted delegate days for fiscal 2018/19 and onward targets are based on confirmed and tentative bookings in the event management system.

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

⁴ 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 proceeds of a potential land sale, interest, amortization, redevelopment, grants to third parties and contributions are: 2017/18 \$0.226m, 2018/19 (\$1.035m), 2019/20 (\$5.385m), 2020/21 (\$6.252 m) and 2021/22 (\$8.982m). Fiscal Year 2018 included a one time First Nations accommodations payment of \$8.5 million related to the development of lands around BC Place

Linking Performance Measures to Objectives:

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

1.1a – 1.1d The economic impact measurement is a standard indicator for understanding economic benefits for the province.

1.1e – 1.1f Delegate days – the number of attendees at conferences – is a useful measure in understanding attendance levels and contributes to the economic benefit for the province.

1.1g Total attendance at BC Place events contributes to the economic benefit for the province.

1.1h Meeting operating deficit targets, before government sustaining contributions, is an indication that PavCo is optimizing corporate profit.

Discussion:

PavCo is on-track to meet its attendance and economic impact targets for 2018/19. For 2019/20 forward, PavCo will continue to focus on improvements to its internal operating environment, concentrating its efforts on streamlining operations, and identifying further opportunities for revenue generation and cost savings at both the Vancouver Convention Centre and BC Place.

Vancouver Convention Centre

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

As verified through delegate surveying, the average non-resident delegate spends \$1,434 (per visit) as a result of attending an event at the Vancouver Convention Centre, the majority of which is spent on accommodations, meals, retail and transportation.

Changes in projections from previously reported amounts reflect greater certainty around upcoming forecast periods. As projected periods get closer, greater reliance is placed on actual events booked and less so on assumptions around pick-up events for the year.

Large convention bookings are often cyclical in nature and, as many larger groups confirm years in advance. PavCo balances long-term bookings with business that have a shorter booking window, targeting corporate, symposia, culture, entertainment and film as well as new trade and consumer shows. This approach ensures an optimum mix of business to maximize revenue and space utilization, while meeting PavCo's mandate to generate economic and community benefits.

BC Place Stadium

As the largest multipurpose facility of its kind in the region, BC Place provides a venue for sport, entertainment and cultural activity that would not otherwise take place in British Columbia. Revenues at BC Place are primarily driven by event attendance, advertising and sponsorship activity. Increased attendance drives higher sales of stadium services, primarily food and beverage. BC Place will

continue to implement initiatives for attendance building through joint marketing programs with its primary tenants, as well as initiatives aimed at increasing in-stadium food and beverage sales per person (per capita sales).

BC Place aims to manage the events schedule to achieve the best possible yield from key business sectors. Throughout the calendar year, a significant number of prime dates (specifically weekend dates) are either confirmed as occupied or tentatively held by resident sports teams. To operate efficiently and maximize revenues from the limited date availability, sales efforts focus on high-margin event opportunities, including regional, national and international championship sporting events, as well as live entertainment, special events and film and television business. The live entertainment market remains very cyclical in nature; revenue from these events is projected only when there is high certainty they will transpire.

There are no substantive changes to this goal or associated performance measures since PavCo's 2018/19 – 2020/21 Service Plan. This goal supports government's priorities to build a strong and sustainable economy and to make life more affordable for British Columbians. PavCo will continue to pursue high quality, national and international events.

PavCo expects to meet its 2018/19 targets as outlined in its previous Service Plan. Projections for 2019/20 and future years have been prepared by PavCo management based on anticipated attendance and activity. These projections are derived from the events confirmed on BC Place and Vancouver Convention Centre's books, clients' attendance forecasts and a forecast of future events that are expected to occur.

Goal 2: Provide exceptional customer service

PavCo continues to build its reputation as an organization capable of hosting world-class events. Exceptional client and guest satisfaction elevates PavCo's reputation among industry stakeholders, drives future attendance levels and attracts new clients. This ensures PavCo achieves its goal of maximizing economic benefit and corporate profit.

Objective 2.1: Deliver exceptional customer service to support growth

Key Strategies:

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

| Performance Measures | 2017/18 Actual | 2018/19 Forecast | 2019/20 Target | 2020/21 Target | 2021/22 Target |
|--|---------------------------|-----------------------------|---------------------------|---------------------------|---------------------------|
| 2.1a Service Quality - Loyalty Index, Convention Centre ¹ | 9.4/10 | 9.2/10 | Maintain or improve | Maintain or improve | Maintain or improve |
| 2.1b Client Satisfaction, BC Place ² | 4.8/5 | 4.1/5 | Maintain or improve | Maintain or improve | Maintain or improve |
| 2.1c Guest Satisfaction, BC Place ³ | 4.1/5 | 4.1/5 | Maintain or improve | Maintain or improve | Maintain or improve |

¹ Data Source: At the Vancouver Convention Centre, a Client Loyalty Index is used to measure service quality. This combines overall satisfaction with the client's likelihood to rebook and recommend the facility as measured by surveys conducted by Sentis Market Research. The survey, which is sent to all clients, also includes questions on: true value for price, event planning process and event execution. Results are combined to determine an overall Loyalty Index that is measured as a score out of 10.

² Data Source: A comprehensive on-line Client Satisfaction Survey was developed in 2013 and is sent to all clients who hold events at BC Place. Data from the survey measures client experience from the time of booking up to the preparation of the final billing for the event. Year-over-year variability is anticipated due to the limited sample sizes available for the Client Satisfaction Survey. Client Satisfaction scores in fiscal year 17/18 was an anomaly year given a smaller than usual sample size and fewer comparable events. The fiscal year 19/20 forecast score returns to more historical and anticipated levels. Scores are from a total out of 5.

³ Data Source: Guest satisfaction surveys are regularly undertaken at BC Place, including capturing results collected via touch-screen stations distributed throughout the Stadium. Results are collected during BC Lions games, Whitecaps FC matches and other public events. Data from the survey measures guest satisfaction in guest service, food and beverage and overall experience at the facility. Scores are from a total out of 5.

Linking Performance Measures to Objectives:

2.1a – 2.1c Meeting client loyalty index, and client and guest satisfaction is an indication that the facility is providing exceptional customer service to support growth.

Discussion:

PavCo's customer service measures supports government's priority to deliver services British Columbians can count on. Surveys are conducted with clients and guests to determine their satisfaction levels and expectations. Results and feedback from surveys are reviewed across departments to discuss and evaluate successes and identify areas for improvement.

PavCo is on-track to meet its customer service targets for 2018/19.

Goal 3: Build a highly engaged workforce

PavCo recognizes the importance of attracting and retaining high quality employees and sustaining an effective environment for producing a highly engaged workforce. Employees play a vital role in meeting organizational objectives, especially related to client and guest experience. Engaged employees are also more productive, more collaborative, more committed to their work and more innovative.

Objective 3.1: Attract and retain a highly engaged workforce

The PavCo management team has developed a people strategy for the organization that is designed to support a high level of employee engagement. The key strategies are outlined below.

Key Strategies:

- Enable employees to be dynamic and productive and contribute to our positive work culture through industry-leading policies, employee programs and practices, and technology infrastructure.
- Modernize our total compensation and wellness programs to attract good candidates, retain top performers and maintain employee well-being while also ensuring financial prudence.

- Optimize leader and employee effectiveness by investing in talent management programs, including leadership development, succession planning, career and professional development, and performance management.
- Ensure our employee relations climate remains respectful, fair and is always being refined.

| Performance Measures | 2017/18 Actual | 2018/19 Forecast | 2019/20 Target | 2020/21 Target | 2021/22 Target |
|--|----------------------|---------------------------|---------------------|---------------------|---------------------|
| 3.1a Employee Engagement - Score on Annual Employee Survey, PavCo-wide ¹ | n/a (new measure) | 64% | Maintain or improve | Maintain or improve | Maintain or improve |
| 3.1b Employee Engagement - Score on Annual Employee Survey, BC Place ² | 3.8/5 | 3.7/5 57% ⁴ | Maintain or improve | Maintain or improve | Maintain or improve |
| 3.1c Employee Engagement - Score on Annual Employee Survey, Convention Centre ³ | 4.0/5 | 4.1/5 73% ⁴ | Maintain or improve | Maintain or improve | Maintain or improve |

¹ Data Source: As of 2018-19, all full-time and part-time PavCo employees (at BC Place, the Vancouver Convention Centre and PavCo Head Office) were invited to participate in an annual employee engagement survey, conducted by Great Place to Work[®].

² Data Source: As of 2018-19, all full-time and part-time PavCo employees at BC Place were invited to participate in the organization-wide annual employee engagement survey described in Note #1 above.

³ Data Source: As of 2018-19, all full-time and part-time PavCo employees at the Vancouver Convention Centre were invited to participate in the organization-wide annual employee engagement survey described in Note #1 above.

⁴ Employee engagement was formerly expressed as a mean score out of five on a subset of Employee Engagement Survey questions. Starting in FY2018/19, this measurement will be expressed as an overall “percentage favourable”. During this transition year, both the subset mean and the overall percentage favourable results are reported. Targets for future years are based on the overall percentage favourable results.

Linking Performance Measures to Objectives:

3.1a – 3.1c Employee engagement scores are direct indicators of a highly engaged workforce.

Discussion:

PavCo’s employees are its greatest resource; engaged employees are a crucial factor in achieving PavCo’s strategic goals. By soliciting feedback and ensuring two-way communication, PavCo enhances employee trust, develops an engaged workforce and builds a positive culture. This goal links to government’s priority to support a strong, sustainable economy.

For previous years up to FY2017-18, Employee Engagement Survey scores reflect the results of the BC Place-specific annual employee engagement survey of all full-time and part-time employees, including event and non event staff. The previous target was to reach and maintain a positive Employee Engagement Index of 4 out of 5. Each fiscal year, departments create individual responses and plans, with the goal to maintain or improve the annual employee engagement survey scores.

Beginning FY2018-19, all full-time and part-time PavCo employees (at BC Place, the Vancouver Convention Centre and PavCo Head Office) were invited to participate in an annual employee

engagement survey, conducted by Great Place to Work[®]. A single engagement measure across PavCo allows management to compare the results internally and externally. It also gives leadership the ability to update the overall People Strategy based on employee feedback and prioritize actions and investments that will have the greatest positive impact on employees. The use of the Great Place to Work[®] annual survey also allows PavCo to benchmark engagement scores to those of other organizations.

Based on the results of the former Employee Engagement Survey (eliminated from FY2018-19), the Vancouver Convention Centre is on track to exceed its 2017/18 results for employee engagement (4.0/5), with an Employee Engagement Index of 4.1/5; however, it will not meet its employee engagement targets for 2018/19 (4.4/5). BC Place's employee engagement score for 2018/19 is forecast to be 3.7/5, below this fiscal year's target of 4.0/5 and last year's score of 3.8 – due in part to the transition to the new survey format which resulted in a lower response rate among Event staff who historically have responded with higher engagement compared to other staffing groups.

Under the new annual employee engagement survey, conducted by Great Place to Work[®], the overall PavCo employee engagement score was 64% favourable, with the Vancouver Convention Centre scoring 73% favourable and BC Place scoring 57% favourable. These will be the new baseline scores for future measurements, and PavCo is in the process of building action plans to maintain or improve upon these scores for future years.

In 2019/20, PavCo will focus on initiatives to improve employee engagement across both facilities and head office. The annual survey, conducted by Great Place to Work[®], measures the average percentage of favourable employee ratings on the following dimensions:

- Credibility – open, accessible leadership, competence in coordinating human and material resources, and integrity in carrying out vision with consistency
- Respect – support for professional development, showing appreciation, collaboration with employees on relevant decisions, caring for employees as individuals with personal lives
- Fairness – balanced treatment for all in terms of rewards, absence of favoritism and discrimination
- Pride – in personal job and individual contributions, in work produced by one's team or work group, and in the organization's products and standing in the community
- Camaraderie – Ability to be oneself, a socially friendly and welcoming atmosphere, a sense of "family" or "team".

PavCo has eliminated 'Retention of BC Place Event staff' as a Performance Measure as it has not been found to be effective measurement of a highly engaged part time workforce. Retention rates for entry level and part time positions are more strongly correlated to external factors such as the local labour market conditions than to internal factors such as employee engagement and culture, which continue to be strong for the Event staff group at BC Place.

Financial Plan

Summary Financial Outlook

| PAVCO | | | | |
|--------------------------------|----------------|----------------|----------------|-----------------------|
| (\$m) | 2018/19 | 2019/20 | 2020/21 | 2021/22 |
| | Forecast | Budget | Budget | Budget |
| Revenues | | | | |
| Sales | 74.473 | 72.230 | 69.601 | 72.406 |
| Other Revenues | 3.360 | 3.060 | 3.015 | 18.016 ⁽¹⁾ |
| Amortization of Contributions: | | | | |
| Sustaining | 9.286 | 9.455 | 9.501 | 9.501 |
| Deferred | 35.414 | 36.141 | 36.845 | 36.677 |
| Total Revenue | 122.533 | 120.886 | 118.962 | 136.600 |
| Expenses | | | | |
| Cost of Sales | 37.279 | 35.538 | 33.726 | 35.100 |
| Staff | 21.178 | 23.133 | 23.595 | 24.195 |
| Operating | 14.274 | 14.499 | 14.715 | 15.013 |
| General and Administration | 3.846 | 4.355 | 4.433 | 4.522 |
| Business Development | 0.605 | 1.069 | 1.111 | 1.120 |
| Fees | 1.629 | 2.001 | 2.031 | 2.064 |
| Redevelopment | 0.320 | 0.000 | 0.000 | 0.000 |
| Government transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| Loan Interest | 4.580 | 4.488 | 4.435 | 4.252 |
| Amortization | 42.209 | 42.936 | 43.594 | 43.401 |
| Total Expenses | 125.920 | 128.019 | 127.640 | 129.667 |
| Net Income / Deficit | -3.387 | -7.133 | -8.678 | 6.933 |
| Total Debt | 137.719 | 134.898 | 131.984 | 128.973 |
| Retained Earnings | -22.566 | -29.699 | -38.377 | -31.444 |
| Capital Expenditures | 14.836 | 10.000 | 10.000 | 10.000 |

Notes:

(1) Amount includes \$15m of net proceeds related to a potential land sale

Key Forecast Assumptions, Risks and Sensitivities

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

Management's Perspective on the Financial Outlook

PavCo recognizes that global economic conditions are unstable. In response, PavCo is implementing new marketing strategies designed to leverage the outstanding reputations and operational capabilities of both facilities.

The Vancouver Convention Centre continues to receive international acclaim and recognition for excellence. In 2018/19, the Convention Centre again received the honour of 'Best Convention Centre Service in North America' by the Watkins Research Group in its 2018 Meeting Planners report that surveys nearly 1,000 North American meeting and convention organizers. This is a second consecutive honour for the Convention Centre in this biennial report considered the most comprehensive and authoritative ranking in the industry. PavCo will leverage this recognition in sales and marketing initiatives to further enhance the Convention Centre's reputation.

BC Place is implementing aggressive marketing strategies to build on the success of hosting major international events, including the FIFA Women's World Cup, the Canada Sevens, FIFA World Cup Qualification matches and other championship sporting events. In addition to major sporting and entertainment events, there will be an increased focus on attracting a diverse range of special and emerging events that showcase the versatility of the Stadium.

PavCo maintains its focus on continuous improvement and internal efficiency to enhance profitability without diminishing service levels to its clients and guests.

PavCo continues to pursue development of surplus lands and increase advertising revenues to optimize corporate profits.

Sensitivity Analysis

Hydro costs are a major component of facility operating costs. Fluctuating fuel and energy usage can significantly impact costs during the winter months. In addition, 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.

Local hotel market conditions continue to pose a threat to PavCo. It is increasingly difficult for clients to secure long range hotel room blocks at a reasonable rate, coupled with limited hotel inventory and high occupancy. This could pose challenges for the Convention Centre to effectively book events into the future. The tightening labour market, increases in the minimum wage and the resulting compression effect on salaries and wage costs to all levels will also impact overall staffing costs at PavCo through the Service Plan period.

Appendix A: Hyperlinks to Additional Information

Corporate Governance

[B.C. Pavilion Corporation \(PavCo\)](#)

[Board of Directors](#)

[Board Committees](#)

[PavCo Senior Management](#)

[BC Place Senior Management](#)

[Vancouver Convention Centre Senior Management](#)

[Board Governance Principles](#)

Board governance information on the corporation's website includes all information required for BC Public Sector Organizations.

Organizational Overview

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

PavCo's shareholder is the Government of British Columbia.

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

Vision

To be the global leader in outstanding venues and events.

Mission

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

Economic and Community Benefit

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

Stakeholders

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

PavCo stakeholders also include but are not limited to: Tourism Vancouver, as a contributing partner to the expanded Convention Centre; the city, businesses and associations representing the tourism and hospitality industry; clients leasing space for commercial activity and renting space for events; suppliers of goods and services to events; neighbours and the general public.

Services at PavCo's facilities are delivered by employees, official suppliers as well as suppliers of goods and services to events.

Appendix B: Subsidiaries and Operating Segments

Operating Segments – Vancouver Convention Centre and BC Place Stadium

Summary Financial Outlook Table for Vancouver Convention Centre

| VCC | | | | |
|--------------------------------|---------------------|-------------------|-------------------|-------------------|
| (\$m) | 2018/19 Forecast | 2019/20 Budget | 2020/21 Budget | 2021/22 Budget |
| Revenues | | | | |
| Sales | 57.111 | 56.888 | 55.812 | 57.812 |
| Other Revenues | 0.153 | 0.000 | 0.000 | 0.000 |
| Amortization of Contributions: | | | | |
| Sustaining | 1.060 | 1.389 | 1.416 | 1.445 |
| Deferred | 19.207 | 19.859 | 20.233 | 20.739 |
| Total Revenue | 77.531 | 78.136 | 77.461 | 79.996 |
| Expenses | | | | |
| Cost of Sales | 29.049 | 29.101 | 28.352 | 29.468 |
| Staff | 12.173 | 13.621 | 13.893 | 14.299 |
| Operating | 10.082 | 10.380 | 10.599 | 10.728 |
| General and Administration | 2.180 | 2.351 | 2.389 | 2.437 |
| Business Development | 0.513 | 0.648 | 0.682 | 0.682 |
| Fees | 0.804 | 0.961 | 0.970 | 0.982 |
| Redevelopment | 0.000 | 0.000 | 0.000 | 0.000 |
| Government transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| Loan Interest | 0.000 | 0.000 | 0.000 | 0.000 |
| Amortization | 19.487 | 20.155 | 20.509 | 20.993 |
| Total Expenses | 74.288 | 77.217 | 77.394 | 79.589 |
| Net Income | 3.243 | 0.919 | 0.067 | 0.407 |
| Capital Expenditures | 5.200 | 5.000 | 5.000 | 5.000 |

Summary Financial Outlook Table for BC Place Stadium

| BCP | | | | |
|--------------------------------|---------------------|-------------------|-------------------|-----------------------|
| (\$m) | 2018/19 Forecast | 2019/20 Budget | 2020/21 Budget | 2021/22 Budget |
| Revenues | | | | |
| Sales | 17.362 | 15.341 | 13.789 | 14.594 |
| Other Revenues | 3.207 | 3.060 | 3.015 | 18.016 ⁽¹⁾ |
| Amortization of Contributions: | | | | |
| Sustaining | 8.226 | 8.066 | 8.085 | 8.056 |
| Deferred | 16.207 | 16.282 | 16.611 | 15.940 |
| Total Revenue | 45.002 | 42.749 | 41.500 | 56.606 |
| Expenses | | | | |
| Cost of Sales | 8.230 | 6.436 | 5.374 | 5.632 |
| Staff | 9.005 | 9.512 | 9.702 | 9.896 |
| Operating | 4.192 | 4.119 | 4.201 | 4.285 |
| General and Administration | 1.666 | 2.004 | 2.044 | 2.085 |
| Business Development | 0.092 | 0.421 | 0.429 | 0.438 |
| Fees | 0.825 | 1.040 | 1.061 | 1.082 |
| Redevelopment | 0.320 | 0.000 | 0.000 | 0.000 |
| Government transfers | 0.000 | 0.000 | 0.000 | 0.000 |
| Loan Interest | 4.580 | 4.488 | 4.435 | 4.252 |
| Amortization | 22.722 | 22.781 | 23.085 | 22.408 |
| Total Expenses | 51.632 | 50.801 | 50.331 | 50.078 |
| Net Income / Deficit | -6.630 | -8.052 | -8.831 | 6.528 |
| Capital Expenditures | 9.636 | 5.000 | 5.000 | 5.000 |

Notes:

(1) Amount includes \$15m of net proceeds related to a potential land sale

